NORTHERN UTILITIES, INC.

Supplementary Filing Requirements

Pursuant to PUC 1604.01 (a)

TABLE OF CONTENTS

In accordance with the New Hampshire code of Administrative Rules PUC 1604.01 (a), Northern Utilities, Inc. ("NU") has prepared responses to the following requests as provided herein:

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Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(1) The utility's internal financial reports for the following periods:

a. For the first and last month of the test year;

b. For the entire test year; and

c. For the 12 months or 5 quarters prior to the test year;

Response:

Please find attached internal financial reports (balance sheets and income statements) for the above requested periods. The balance sheets are for the combined company Northern Utilities, Inc. The income statements are for the New Hampshire division of Northern Utilities, Inc.

NORTHERN UTILITIES, INC.
Balance Sheet

	December 2011	January 2012	December 2012
ASSETS			
UTILITY PLANT			
Utility Plant (101-106, 114)	$267,469,739.85	$271,189,787.55	$296,071,375.75
Construction Work in Progress (107)	9,978,142.06	6,020,142.49	7,596,170.29
Total Utility Plant	277,447,881.91	277,209,930.04	303,667,546.04
Less: Accum. Depr. & Amort (108-111,115)	87,597,023.36	88,018,671.79	66,843,747.86
Net Utility Plant	189,850,858.55	189,191,258.25	236,823,798.18
OTHER PROPERTY & INVEST			
Nonutility prop less depr (121)	2,505,728.73	2,505,728.73	2,532,203.29
Accum Amort - Non Utility (122)	(2,125,132.09)	(2,145,493.65)	(2,237,080.54)
Total other prop. & invest.	380,596.64	360,235.08	295,122.75
CURRENT ASSETS			
Cash (131)	215,919.94	205,950.20	791,546.50
Special Deposits (132-134)	50,000.00	50,000.00	50,000.00
Working Funds (135)	2,000.00	2,000.00	2,000.00
Margin Deposit (136)	2,574,030.00	2,491,141.16	1,150,573.98
Accounts Receivable (142)	17,560,710.29	22,608,053.37	19,061,596.01
Other Accounts Receivable (143)	(34,671.70)	18,972.22	12,598.07
(Less) Accum. Prov. - Uncoll. Acct (144)	(420,451.00)	(486,493.00)	(625,976.00)
A/R from assoc, comp (146)	879,618.07	254,647.96	854,924.94
Plant Material & Operating Supplies (154)	1,332,978.61	1,341,150.33	2,028,749.64
Stores Expenses Undistributed (163)	314,717.30	376,291.98	176,703.16
Inventory (164)	892,421.01	468,370.36	717,966.92
Prepayments (165)	2,019,832.81	2,116,859.04	2,302,228.50
Accrued revenues (173)	4,408,620.42	4,522,473.16	6,848,367.17
Price Risk Asset (173.30 & 175)	1,662,840.00	1,763,650.00	712,240.00
Misc. current assets (171 & 173.31 & 174.05)	1,361,886.62	1,216,414.90	642,500.66
Exchange Gas Receivable - W10 (174.25)	12,428,315.31	8,356,231.55	8,651,974.14
Total Current Assets	45,248,767.68	45,305,713.23	43,377,993.69
DEFERRED DEBITS			
Unamortized Debt Expense (181)	876,232.95	869,731.88	798,220.12
Other Regulatory Assets (182)	18,467,855.75	17,156,350.40	22,695,956.90
Prel. Survey & Inv. Chgs (183)	19,593.77	19,593.77	31,205.00
Clearing Accounts (184)	196,794.94	938,383.38	133,780.49
Misc. Deferred Debits (186)	9,482,702.99	9,448,570.54	8,199,655.58
Unrecovered Gas Costs (191)	15,426,436.54	13,615,308.78	11,792,449.69
Total Deferred Debits	44,469,616.94	42,047,938.75	43,651,267.78
TOTAL ASSETS	$279,949,839.81	$276,905,145.31	$324,148,182.40

	December 2011	January 2012	December 2012
LIABILITIES AND CAPITAL			
PROPRIETARY CAPITAL			
Common stock issued (201)	$1,000.00	$1,000.00	$1,000.00
Other Paid-In Capital (208-211)	73,199,000.00	73,199,000.00	113,199,000.00
Retained earnings (216)	(448,302.99)	1,531,321.83	1,072,237.17
Total proprietary capital	72,751,697.01	74,731,321.83	114,272,237.17
LONG TERM DEBT			
Other long-term debt (224)	105,000,000.00	105,000,000.00	105,000,000.00
Total long-term debt	105,000,000.00	105,000,000.00	105,000,000.00
CURRENT LIABILITIES			
Accounts payable (232)	24,723,033.31	24,408,223.68	21,673,904.83
Notes Payable to Associated Co. (233)	54,906,729.81	46,666,011.03	32,791,606.62
A/P to assoc. co's (234)	3,210,451.79	5,381,094.46	2,045,369.79
Customer deposits (235)	1,329,635.59	1,304,923.27	1,103,106.43
Taxes accrued (236)	47,865.96	2,452,521.35	69,986.86
Interest accrued (237)	976,825.89	1,584,410.39	927,463.23
Tax Collections Payable (241)	(14,016.19)	78,809.32	163,156.09
Misc current liabilities (242)	1,121,430.33	1,610,819.88	1,946,327.25
Price Risk Liability (244)	2,329,020.00	2,370,410.00	740,440.00
Total current liabilities	88,630,976.49	85,857,223.38	61,461,361.10
DEFERRED CREDITS			
Cust. adv. for const. (252)	566,967.49	566,967.49	466,967.49
Other deferred credits (253)	16,250,009.37	13,640,403.33	20,425,377.64
Other regulatory liabilities (254)	804,226.77	803,417.16	24,461,659.99
Accum def. ITC (255)	43,595.83	41,558.83	19,151.83
Accum. def. inc taxes (283)	(4,097,633.15)	(3,735,746.71)	(1,958,572.82)
Total deferred credits	13,567,166.31	11,316,600.10	43,414,584.13
TOTAL LIABILITIES AND CAPITAL	$279,949,839.81	$276,905,145.31	$324,148,182.40

	YTD December 2011	MTD January 2012	MTD December 2012	YTD December 2012
OPERATING REVENUES				
Sales:				
Residential (480)	$25,714,249.57	$4,138,477.58	$2,970,891.96	$23,609,442.52
General Service (481)	24,707,863.45	3,939,447.13	2,480,590.68	20,576,067.06
Sales for Resale (483)	6,585,293.37	1,555,198.27	867,733.26	6,905,593.29
Other Sales (495)	218,135.36	(1,079,024.12)	2,465,471.62	(3,925,015.50)
Total Sales (Non External Supplier)	57,225,541.75	8,554,098.86	8,784,687.52	47,166,087.37
Other Operating Revenues:				
Late Charge (487)	130,137.76	8,983.47	3,438.36	114,640.00
Misc. Service Revenues (488)	845,912.51	75,464.91	70,796.45	833,827.42
Firm Transport Revenues (484, 489) (Ext Sup)	5,669,688.94	808,295.49	811,738.21	6,575,379.53
Other Revenues	(71,199.18)	(13,972.45)	29,063.07	39,049.38
Total Other Operating Revenues	6,574,540.03	878,771.42	915,036.09	7,562,896.33
TOTAL OPERATING REVENUES	63,800,081.78	9,432,870.28	9,699,723.61	54,728,983.70
OPERATING EXPENSES				
Operation & Maint. Expenses:				
Production (710-813)	41,418,952.69	6,356,482.70	5,526,040.04	29,958,315.69
Transmission (850-857)	263,006.55	41,245.55	34,039.04	373,256.40
Distribution (870-894)	3,237,359.88	238,246.64	234,675.11	2,884,875.95
Cust. Accounting (901-905)	1,875,099.77	143,073.76	143,930.73	1,843,376.81
Cust. Service & Info (906-910)	793,034.11	51,216.91	186,990.57	1,120,551.32
Admin. & General (920-935)	4,659,440.21	407,349.69	395,712.09	5,076,080.23
Total O & M Expenses	52,246,893.21	7,237,615.25	6,521,387.58	41,256,456.40
Other Operating Expenses:				
Deprtn. & Amort. (403-407)	3,601,812.63	182,038.89	421,960.50	4,308,461.33
Taxes-Other Than Inc. (408)	2,327,257.48	234,875.86	137,081.38	2,535,636.50
Federal Income Tax (409)	558,125.14	765,970.84	(1,528,750.56)	(4,635.69)
State Franchise Tax (409)	181,701.21	209,281.65	(518,232.15)	21,353.92
Def. Income Taxes (410,411)	40,950.80	(402,111.84)	2,959,985.26	1,077,258.71
Total Other Operating Expenses	6,709,847.26	990,055.40	1,472,044.43	7,938,074.77
TOTAL OPERATING EXPENSES	58,956,740.47	8,227,670.65	7,993,432.01	49,194,531.17
NET UTILITY OPERATING INCOME	4,843,341.31	1,205,199.63	1,706,291.60	5,534,452.53
OTHER INCOME & DEDUCTIONS				
Other Income:				
AFUDC - Other Funds (41901)	0.00	0.00	713.92	19,796.55
Other (415- 421)	227,334.32	6,392.07	8,191.30	274,614.68
Other Income Deduc. (425, 426)	78,007.24	5,634.57	23,598.32	206,525.25
Taxes Other than Income Taxes:				
Income Tax, Other Inc & Ded	59,148.46	300.05	(5,819.93)	34,811.64
Net Other Income & Deductions	90,178.62	457.45	(8,873.17)	53,074.34
GROSS INCOME	4,933,519.93	1,205,657.08	1,697,418.43	5,587,526.87
Interest Charges (427 - 432)	3,736,863.68	329,283.32	302,787.19	3,928,072.04
NET INCOME	$1,196,656.25	$876,373.76	$1,394,631.24	$1,659,454.83

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(2) Annual reports to stockholders and statistical supplements, if any, for the most recent 5 years;

Response:

Northern Utilities, Inc. does not make an annual report to stockholders. Please see response to Request No. 25.02 for Unitil Corporation's annual reports to stockholders for the most recent five years.

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with PUC 1604.01(a), please provide:

(3) Federal income tax reconciliation for the test year.

Response:

Please see PUC 1604.01(a) - 03 Attachment 1 which is the federal income tax reconciliation for Northern Utilities New Hampshire Division for the test year.

PUC 1604.01(a)(3)
Attachment 1

Northen Utilities, Inc. New Hampshire Division

	2012
Statutory Federal Income Tax Rate	34%
Income Tax Effects of:	
State income taxes - Net of Federal Benefit	7%
Utility Plant Differences	-1%
Tax Credits and Other, net	0%
Effective Income Tax Rate	40%

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with PUC 1604.01(a), please provide:

(4) Detailed computation of New Hampshire and federal income tax factors on the increment of revenue needed to produce a given increment of net operating income;

Response:

Please refer to PUC 1604.01(a) - 04 Attachment 1 which is the computation of Gross-Up Factor for Revenue Requirement.

NORTHERN UTILITIES, INC NEW HAMPSHIRE DIVISION
COMPUTATION OF GROSS-UP FACTOR FOR REVENUE REQUIREMENT
12 MONTHS ENDED DECEMBER 31, 2012

LINE NO	DESCRIPTION	RATE	
1	Revenue		1.0000
2	State Income Tax	8.50%	0.0850
3	Subtotal taxable income - Federal		0.9150
4	Federal Income Tax	35.00%	0.3203
5	Net Operating Income		0.5948
6	Gross-up Factor (1/Line 5)		1.6814

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(5) Detailed list of charitable contributions charged in the test year showing donee and the amount according to the following guidelines:

a. If the utility's annual gross revenues are less than $100,000, all contributions shall be reported;
b. If the utility's annual gross revenues are $100,000 or are between $100,000 and $10,000,000, all contributions of $1,000 and more shall be reported;
c. If the utility's annual gross revenues are $10,000,000 or are between $10,000,000 and $100,000,000, all contributions of $2,500 and more shall be reported;
d. If the utility's annual gross revenues are $100,000,000 or are in excess of $100,000,000, all contributions of $5,000 and more shall be reported; and
e. For utilities in categories b., c. and d. above, the reporting thresholds for a particular charity shall be on a cumulative basis, indicating the number of items comprising the total amount of contribution;;

Response:

Please see attached list of charitable contributions in excess of $2,500. These contributions were all charged below the line.

NORTHERN UTILITIES, INC.
LIST OF CHARITABLE CONTRIBUTIONS
01/01/2012 - 12/31/2012

Charitable Contributions in excess of $2,500

ORGANIZATION		AMOUNT
AMERICAN RED CROSS	SPONSORSHIP	$ 5,000
CHILDREN'S MUSEUM OF NH	SPONSORSHIP	10,000
NH CATHOLIC CHARITIES	DONATION	7,500
RENSSELAER POLYTECHNIC INSTITUTE	SCHOLARSHIP	5,000
TOUCH THE FUTURE	SPONSORSHIP	5,000
UNITED WAY OF GREATER SEACOAST	DONATION	5,000
WILDCAT SPORTS PROPERTIES	DONATION	19,148
GRAND TOTAL		$ 56,648

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(6) List of advertising charged in the test year above the line showing expenditure by media and by subject matter according to the following guidelines:

a. If the utility's annual gross revenues are less than $100,000, all expenditures shall be reported;
b. If the utility's annual gross revenues are $100,000 or are between $100,000 and $10,000,000, all expenditures of $1,000 and more shall be reported;
c. If the utility's annual gross revenues are $10,000,000 or are between $10,000,000 and $100,000,000, all expenditures of $2,500 and more shall be reported; and
d. If the utility's annual gross revenues are $100,000,000 or are in excess of $100,000,000, all expenditures of $5,000 and more shall be reported;

Response:

Please see attached list of advertising in excess of $2,500. These expenses were all charged above the line.

NORTHERN UTILITIES, INC.
LIST OF ADVERTISING BY MEDIA AND SUBJECT MATTER
01/01/2012 - 12/31/2012

Advertising above the line in excess of $2,500

Media	Subject Matter	Amount
Newspaper	Always Call Dig Safe - 811 Before You Dig!	$ 472
Newspaper	Carbon Monoxide is Impossible to See, but not to Prevent	784
Newspaper	Ice & Snow Can Do Unexpected Damage to Your Meters & Vents	312
Newspaper	If You Have Stainless Steel Tubing On Your Home You May Need to Protect Yourself	164
Newspaper	Natural Gas Keeps Your Home Clean and Warm. You Can Keep it Safe	640
Newspaper	Old Appliance? Check Your Gas Connector	472
Newspaper	Top Three Things You Should Know About Gas Leaks	160
	Subtotal - Newspaper Advertising	$ 3,004
Radio	Always Call Dig Safe - 811 Before You Dig!	$ 1,816
Radio	Carbon Monoxide is Impossible to See, but not to Prevent	3,995
Radio	Gas pipeline safety radio spots	1,100
Radio	Ice & Snow Can Do Unexpected Damage to Your Meters & Vents	1,100
Radio	If You Have Stainless Steel Tubing On Your Home You May Need to Protect Yourself	1,846
Radio	Natural Gas Keeps Your Home Clean and Warm. You Can Keep it Safe	3,995
Radio	Old Appliance? Check Your Gas Connector	2,434
Radio	Top Three Things You Should Know About Gas Leaks	1,925
	Subtotal - Radio Advertising	$ 18,211
	Grand Total	$ 21,215

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with PUC 1604.01(a), please provide:

(7) The utility's most recent cost of service study.

Response:

The Company cost of service study is attached to the Testimony of David Chong.

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(8) The utility's most recent construction budget.

Response:

See table below of Northern Utilities, New Hampshire division's most recently approved construction budget for 2013.

Capital Budget 2013 Northern NH

Description	Total Project Cost w/Constr OH	Total Estimated Customer Contribution	Total Expenditure
Blankets:Gas	5,885,676	27,023	5,858,653
Communications:Gas	-	-	-
Distribution:Gas	7,820,761	638,843	7,181,917
Tools, Shop, Garage:Gas	33,600	-	33,600
Office:Gas	5,000	-	5,000
Transportation:Gas	6	-	6
Gas Totals:	13,745,042	665,866	13,079,176
Blankets:Water Heater	112,883	-	112,883
Hotwater Totals:	112,883	-	112,883
Office:General	22,000	-	22,000
Structures:General	77,800	-	77,800
General/Common Totals:	99,800	-	99,800
Totals:	**$ 13,957,725**	**$ 665,866**	**$ 13,291,859**

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(9) The utility's chart of accounts, if different from the uniform system of accounts established by the commission as part of PUC 300, PUC 400, PUC 500, PUC 600 and PUC 700;

Response:

Please see the Attachment (Chart of Accounts Report).

Account Code	Description	Type
30-40-00-00-101-00-00	NH GAS PLANT IN SERVICE	Assets
30-40-00-00-105-00-00	PROPERTY HELD FOR FUTURE USE - NH	Assets
30-40-00-00-105-01-00	RAC RECOVERY - NH	Assets
30-40-00-00-106-00-00	GS CMPL CNST NT CLSS - NH	Assets
30-40-00-00-106-01-00	CAPITALIZE NU PROJECTS-NH	Assets
30-40-00-00-107-00-00	GAS CONST IN PROGRESS - NH	Assets
30-40-00-00-107-90-00	CONST WORK IN PROGRESS-CONST (GA)	Assets
30-40-00-00-108-01-00	ACCUM DEPR GENERAL PLANT - NH	Assets
30-40-00-00-108-01-01	GAS GEN RETIREMENTS - NH	Assets
30-40-00-00-108-01-02	RWIP GAS GEN SALVAGE - NH	Assets
30-40-00-00-108-01-03	RWIP GAS GEN COST OF REMOVAL - NH	Assets
30-40-00-00-108-01-04	WATER HEATER SALVAGE - NH	Assets
30-40-00-00-108-04-00	ACCUMULATED DEPRECIATION - COR	Assets
30-40-00-00-111-05-00	ACCUM AMORT COMPUTER SW	Assets
30-40-00-00-111-05-01	COMPUTER SW RETIREMENT	Assets
30-40-00-00-114-00-00	GROSS PLANT ACQUISITION ADJ - NH	Assets
30-40-00-00-114-01-00	GROSS PAA - UNREGULATED	Assets
30-40-00-00-115-00-00	ACCUMULATED AMORTIZATION - PAA - NH	Assets
30-40-00-00-131-00-00	CASH - REMITTANCE	Assets
30-40-00-00-131-00-01	CASH - SUSPENSE - NH	Assets
30-40-00-00-131-00-02	CASH - SUPPLY - NH	Assets
30-40-00-00-135-00-00	CASH - PETTY CASH - NH	Assets
30-40-00-00-136-00-00	MARGIN DEPOSIT	Assets
30-40-00-00-141-00-00	N/R-LAFUT - NH	Assets
30-40-00-00-142-00-00	A/R - OTHER - NH	Assets
30-40-00-00-142-01-00	A/R- SALES - NH	Assets
30-40-00-00-142-01-02	A/R- SALES - COG - NH	Assets
30-40-00-00-142-02-00	A/R MANUAL ENTRIES - NH	Assets
30-40-00-00-142-03-00	A/R SUNDRY - NH	Assets
30-40-00-00-142-03-02	A/R MISC ACCRUALS - NH	Assets
30-40-00-00-142-04-04	A/R REIMBURSABLE PROJECTS - NH	Assets
30-40-00-00-143-00-00	A/R - OTHER - NH	Assets
30-40-00-00-143-03-03	A/R DRUG SUBSIDY - NH	Assets
30-40-00-00-143-25-00	A/R CUST PURCH- WATER HEATERS	Assets
30-40-00-00-143-27-00	A/R EMPLOYEE PC PURCHASES - NH	Assets
30-40-00-00-143-66-00	A/R - 3RD PARTY SALES & TRANS - NH	Assets
30-40-00-00-144-00-00	AFDA - (BEG BAL) - DISTRIBUTION - NH	Assets
30-40-00-00-144-00-05	AFDA - R-5 NU CONVERTED W-OFFS - DIST	Assets
30-40-00-00-144-00-06	AFDA - R-6 NU CONVERTED W-OFFS	Assets
30-40-00-00-144-00-10	AFDA - R-10 NU CONVERTED W-OFFS	Assets
30-40-00-00-144-00-11	AFDA - R-11 NU CONVERTED W-OFFS	Assets
30-40-00-00-144-00-27	AFDA - NON-DISTRIBUTION - NH	Assets
30-40-00-00-144-00-40	AFDA - G-40 NU CONVERTED W-OFFS	Assets
30-40-00-00-144-00-41	AFDA - G-41 NU CONVERTED W-OFFS	Assets

Account Code	Description	Type
30-40-00-00-144-00-42	AFDA - G-42 NU CONVERTED W-OFFS	Assets
30-40-00-00-144-00-50	AFDA - G-50 NU CONVERTED W-OFFS	Assets
30-40-00-00-144-00-51	AFDA - G-51 NU CONVERTED W-OFFS	Assets
30-40-00-00-144-00-52	AFDA - G-52 NU CONVERTED W-OFFS	Assets
30-40-00-00-144-00-60	AFDA - SIMPLEX CONVERTED W-OFFS	Assets
30-40-00-00-144-00-61	AFDA - NAT GYPSUM CONVERTED W-OFFS	Assets
30-40-00-00-144-00-62	AFDA - FOSS - CONVERTED W-OFFS - NH	Assets
30-40-00-00-144-01-00	ALLOW FOR DOUBTFUL ACCTS - NH - DISTR	Assets
30-40-00-00-144-02-00	AFDA - COM - NON CLASS SPECIFIC - DIST	Assets
30-40-00-00-144-04-00	AFDA - BEG BAL - NON DIST - NH	Assets
30-40-00-00-144-04-05	AFDA - R-5 NU CONVERTED W-OFFS - NON DIST	Assets
30-40-00-00-144-05-00	AFDA - RECOVERIES - DIST - NH	Assets
30-40-00-00-144-05-01	AFDA - RECOVERIES - CGA - NON DIST - NH	Assets
30-40-00-00-144-07-00	AFDA - CGA - NON DIST - NH	Assets
30-40-00-00-144-10-00	AFDA-EXT SUPPLIER 1 - W-OFFS - NH	Assets
30-40-00-00-144-16-00	ALLOW FOR DOUBTFUL ACCTS - SUNDRY - NH	Assets
30-40-00-00-144-16-01	AFDA - W/OFFS - SUNDRY - NH	Assets
30-40-00-00-144-16-20	AFDA - BEG BAL - SUNDRY - NH	Assets
30-40-00-00-144-17-00	ALLOW FOR DOUBTFUL A/CS - IG	Assets
30-40-00-00-154-01-00	MATERIALS & SUPPLIES - NH	Assets
30-40-00-00-154-02-00	MATERIALS & SUPPLIES DOC TRANSFER - NH	Assets
30-40-00-00-155-00-00	MERCHANDISE - NH	Assets
30-40-00-00-163-00-00	STORES EXP UNDISTRIBUTED - NH	Assets
30-40-00-00-163-01-00	STOREROOM OPERATING EXPENSE - NH	Assets
30-40-00-00-163-02-00	STOCK OVER & SHORT - NH	Assets
30-40-00-00-163-03-00	OBSOLETE STOCK - NH	Assets
30-40-00-00-164-16-00	INVENTORY - NAT GAS SSNE (TENN GAS/TGP)	Assets
30-40-00-00-165-01-00	PREPAID PROPERTY INSURANCE - NH	Assets
30-40-00-00-165-01-01	PREPAID INJURIES & DAMAGES INS - NH	Assets
30-40-00-00-165-02-00	PREPAID NH PUC ASSESSMENT	Assets
30-40-00-00-165-04-01	FASB 87 - PREPAID PENSION - NH	Assets
30-40-00-00-165-11-00	PREPAID PROPERTY TAX - NH	Assets
30-40-00-00-165-12-00	PREPAID POSTAGE - NH	Assets
30-40-00-00-165-19-00	OTHER MISC PREPAYMENT - NH	Assets
30-40-00-00-165-20-00	PREPAID GAS IRP PROGRAM - NH	Assets
30-40-00-00-171-00-00	INTEREST OR DIVS RECEIVABLE - NH	Assets
30-40-00-00-173-01-00	ACCRUED REVENUE MISC- NH	Assets
30-40-00-00-173-06-00	ACCRUED REVENUE - CYCLE 22 - NH	Assets
30-40-00-00-173-22-00	UNBILLED REVENUE - BASE - NH	Assets
30-40-00-00-173-28-00	ACCRUED REVENUE - RATE RELIEF - NH	Assets
30-40-00-00-173-30-00	PRICE RISK - CURRENT - NH	Assets
30-40-00-00-173-31-00	ERC SITE COSTS - CURRENT - NH	Assets
30-40-00-00-173-41-01	ACCRUED REVENUE EE - LI - NH	Assets
30-40-00-00-173-41-02	ACCRUED REVENUE EE - R - NH	Assets
30-40-00-00-173-41-06	ACCRUED REVENUE EE - CI - NH	Assets

Account Code	Description	Type
30-40-00-00-173-78-00	ACCRUED REVENUE - RATE CASE EXP	Assets
30-40-00-00-173-80-00	ACCRUED REVENUE-EEBB RES	Assets
30-40-00-00-174-05-00	VACATION ACCRUAL - NH	Assets
30-40-00-00-174-25-00	INVENTORY - EXCHANGE GAS - W10	Assets
30-40-00-00-175-01-00	PRICE RISK ASSET - CURRENT - NH	Assets
30-40-00-00-175-02-00	PRICE RISK ASSET - NON CURRENT -NH	Assets
30-40-00-00-182-00-27	REGULATORY ASSET - NON-DIST BAD DEBT - NH	Assets
30-40-00-00-182-01-27	REG ASSET-NON-DIST BAD DEBT- NH - 2 YR RECOVERY	Assets
30-40-00-00-182-03-28	REG ASSET - RATE CASE - NH	Assets
30-40-00-00-182-04-09	REGULATORY ASSET- PBOP FAS 158 - NH	Assets
30-40-00-00-182-04-10	REGULATORY ASSET- PENSION FAS 158 - NH	Assets
30-40-00-00-182-04-11	REGULATORY ASSET - SERP - NH	Assets
30-40-00-00-182-11-00	REG ASSET - WORK CAP - PEAK COMM - NH	Assets
30-40-00-00-182-16-00	REG ASSET - DEF BAD DEBT - NH	Assets
30-40-00-00-182-21-00	REG ASSET - WORK CAP - OFF PEAK COMM - NH	Assets
30-40-00-00-182-22-00	REG ASSET - OFF PEAK BAD DEBT - NH	Assets
30-40-00-00-182-29-00	REG ASSET - ERC COSTS - NH	Assets
30-40-00-00-182-36-00	REG ASSET - ERC - PRIOR YEAR LAYERS - NH	Assets
30-40-00-00-182-42-00	REG ASSET - ERC COSTS - NH	Assets
30-40-00-00-182-44-00	REG ASSET - PRICE RISK - NC - NH	Assets
30-40-00-00-182-49-00	REG ASSET - DEBT REDEMPTION PREM - NH	Assets
30-40-00-00-182-50-00	REGULATORY ASSET - SFAS109 - NH	Assets
30-40-00-00-182-81-00	REG ASSET - PNGTS RATE CASE - CURRENT NH	Assets
30-40-00-00-182-81-10	REG ASSET - PNGTS RATE CASE - FUTURE NH	Assets
30-40-00-00-182-82-00	REG ASSET - GRANITE RATE CASE- NH	Assets
30-40-00-00-182-99-00	REG ASSET - RLIAP - NH	Assets
30-40-00-00-183-00-00	PREL SURVEY & INVESTIGATION - NH	Assets
30-40-00-00-184-00-00	ENG & OPER OVERHEADS - NH	Assets
30-40-00-00-184-00-02	GENERAL OVERHEADS - NH	Assets
30-40-00-00-184-00-99	NU CONVENIENCE BILLINGS - NH	Assets
30-40-00-00-184-02-00	TRANS EXP LIGHT VEHICLES - NH	Assets
30-40-00-00-184-03-00	HEAVY TRUCKS - NH	Assets
30-40-00-00-184-04-00	GAS EXEMPT STOCK - NH	Assets
30-40-00-00-184-06-00	SMALL TOOLS - NH	Assets
30-40-00-00-184-08-00	CASH DISCOUNTS TAKEN - NH	Assets
30-40-00-00-184-12-01	LT MAINT & PARTS - NH	Assets
30-40-00-00-184-12-02	LT LEASING - NH	Assets
30-40-00-00-184-12-03	LT FUEL - NH	Assets
30-40-00-00-184-12-04	LT TAXES, REG, INS, TOLLS - NH	Assets
30-40-00-00-184-12-05	LT OTHER - NH	Assets
30-40-00-00-184-13-01	HT MAINT & PARTS - NH	Assets
30-40-00-00-184-13-02	HT LEASING - NH	Assets
30-40-00-00-184-13-03	HT FUEL - NH	Assets
30-40-00-00-184-13-04	HT TAXES, REG, INS, TOLLS - NH	Assets
30-40-00-00-184-13-05	HT OTHER - NH	Assets

Account Code	Description	Type
30-40-00-00-185-01-00	NONPROD - GAS OPERATIONS - NH	Assets
30-40-00-00-186-00-00	MISC DEFERRED DEBITS - NH	Assets
30-40-00-00-186-30-00	TRANSITION COSTS - NH	Assets
30-40-00-00-186-30-01	TRANSACTION COSTS - NH	Assets
30-40-00-00-186-30-90	ACCUM AMORT - TRANSITION COSTS - NH	Assets
30-40-00-00-186-30-91	ACCUM AMORT- TRANSACTION COSTS - NH	Assets
30-40-00-00-186-50-00	PLANT AND M&S ACCRUALS - NH	Assets
30-40-00-00-186-80-00	GAS SUPPLIER REFUND A/R - NH	Assets
30-40-00-00-189-00-00	POWER PLANT INTERCO TRANSFERS - NH	Assets
30-40-00-00-190-01-30	DEF FIT- CIAC - NH	Assets
30-40-00-00-190-02-30	DEF SIT - CIAC - NH	Assets
30-40-00-00-191-00-00	MISC UNRECOVERED GAS COSTS - NH	Assets
30-40-00-00-191-10-00	UNRECOVERED GAS COSTS - OFF PEAK COMM - NH	Assets
30-40-00-00-191-20-00	UNRECOVERED GAS COSTS - PEAK COMM - NH	Assets
30-40-00-00-191-40-00	DEFERRED HEDGING COSTS - NH	Assets
30-40-00-00-199-00-00	ERROR SUSPENSE - NH	Assets
30-40-00-00-232-03-23	RETIREE HEALTH INS CONTRIBUTIONS	Liability
30-40-00-00-232-05-02	A/P - CUSTOMER CREDIT BALANCES-NH	Liability
30-40-00-00-232-05-03	A/P - SUNDRY CUSTOMER CREDIT BALANCES-NH	Liability
30-40-00-00-232-21-00	CUSTOMER REFUNDS - NH	Liability
30-40-00-00-232-21-01	A/P - CUSTOMER DEPOSIT REFUND - NH	Liability
30-40-00-00-232-80-00	A/P - CDFA FOR EEBB PROGRAM	Liability
30-40-00-00-235-01-00	CUSTOMER DEPOSITS ACTIVE - NH	Liability
30-40-00-00-235-03-00	CUSTOMER BILLED DEPOSITS - NH	Liability
30-40-00-00-235-09-01	A/P-UNCLAIMED CREDIT BALANCE REFUNDS	Liability
30-40-00-00-236-01-30	FED INC TAX CURRENT - NH	Liability
30-40-00-00-236-01-31	FED INC TAX PRIOR - NH	Liability
30-40-00-00-236-02-30	NH INC TAX - CURRENT	Liability
30-40-00-00-236-02-31	NH INC TAX - PRIOR	Liability
30-40-00-00-236-02-40	STATE BET-CURRENT	Liability
30-40-00-00-236-02-41	STATE BET- NH - PRIOR	Liability
30-40-00-00-236-03-10	TAXES FICA-NU NH	Liability
30-40-00-00-236-04-10	TAXES FEDERAL UNEMPLOYMNT-NU NH	Liability
30-40-00-00-236-06-11	TAXES UNEMPLOYMENT-NH	Liability
30-40-00-00-236-76-00	LOCAL OPERATING PROPERTY TAXES - NH	Liability
30-40-00-00-237-08-00	INT ACCR-CUSTOMER DEPOSITS - NH	Liability
30-40-00-00-242-00-00	MISC ACCRUED LIABILITIES	Liability
30-40-00-00-242-03-20	ACCRUED HEALTH INSURANCE - NH	Liability
30-40-00-00-242-03-25	ACCRUED DENTAL INSURANCE - NH	Liability
30-40-00-00-242-04-01	ACCRUED LEGAL-LOCAL-NH	Liability
30-40-00-00-242-04-02	ACCRUED LEGAL-CORP-NH	Liability
30-40-00-00-242-04-03	ACCRUED LEGAL-POWER SUPPLY-NH	Liability
30-40-00-00-242-04-04	ACCRUED LEGAL-REGULATORY-NH	Liability
30-40-00-00-242-04-05	ACCRUED LEGAL-MISC-NH	Liability
30-40-00-00-242-04-08	ACCRUED LEGAL-CLAIMS AND LITIGATION	Liability

Account Code	Description	Type
30-40-00-00-242-05-05	ACCRUED PUC ASSESSMENT- NH	Liability
30-40-00-00-242-06-00	FAS 158 ADJ-SERP CURRENT	Liability
30-40-00-00-242-10-00	UNDISTRIB PURCHASE CAPACITY/DEMAND REFUNDS - NH	Liability
30-40-00-00-242-11-00	UNDISTRIB COMMODITY SUPPLIER REFUNDS - NH	Liability
30-40-00-00-242-25-00	GAS SUPPLIER REFUNDS	Liability
30-40-00-00-242-26-00	ACCRUED INCENTIVE COMPENSATION - NH	Liability
30-40-00-00-242-30-00	ACCRUED VACATION-NH	Liability
30-40-00-00-242-31-10	INSURANCE CLAIMS RESERVE - NH	Liability
30-40-00-00-242-33-00	UNEARNED REVENUE - UNH CONTRACT - NH	Liability
30-40-00-00-242-37-00	CURRENT ERC LIABILITIES	Liability
30-40-00-00-242-43-00	PRICE RISK LIABILITY SHORT TERM- NH	Liability
30-40-00-00-242-44-11	ATV RECONCILIATION ACCRUAL - NH-PEAK	Liability
30-40-00-00-242-44-41	ATV RECONCILIATION ACCRUAL - NH-OFF PEAK	Liability
30-40-00-00-244-00-00	PRICE RISK LIABILITY - NH	Liability
30-40-00-00-244-01-00	PRICE RISK LIABILITY - NC - NH	Liability
30-40-00-00-252-01-00	LT REIMB CONTRIBUTIONS - NH	Liability
30-40-00-00-252-02-00	CUST ADV CONST - NH	Liability
30-40-00-00-253-02-00	CUSTOMER GIFT CERTIFICATE - NH	Liability
30-40-00-00-253-03-01	LT ERC COSTS - NH	Liability
30-40-00-00-253-04-01	FASB 87 - ACCRUED PENSION	Liability
30-40-00-00-253-04-03	ACCRUED SFAS 106 LIABILITY - NH	Liability
30-40-00-00-253-04-11	FAS 158 ADJ - PENSION - NH	Liability
30-40-00-00-253-04-13	FAS 158 ADJ - PBOP - NH	Liability
30-40-00-00-253-04-14	FAS 158 ADJ - SERP - NH	Liability
30-40-00-00-253-10-00	OTHER MISC NONCURRENT LIABS - NH	Liability
30-40-00-00-254-00-00	REG LIAB - PRICE RISK - C - NH	Liability
30-40-00-00-254-01-00	REG LIAB - PRICE RISK - NC - NH	Liability
30-40-00-00-254-04-00	REGULATORY LIABILITY-COST OF REMOVAL-NH	Liability
30-40-00-00-254-05-00	REG LIAB - FAS109 COSTS - NH	Liability
30-40-00-00-254-09-00	REG LIAB - PBOP MEDICARE SUBS - NH	Liability
30-40-00-00-254-43-00	PRICK RISK LIABILITY - NC	Liability
30-40-00-00-254-75-00	REV DEP/AMORT REG LIAB FAS 109	Liability
30-40-00-00-255-01-00	UNAMORTIZED ITC - NH	Liability
30-40-00-00-255-10-00	REV DEP/AMORT UNAMORT ITC	Liability
30-40-00-00-263-01-00	LT ERC LIABILITIES - NH	Liability
30-40-00-00-283-00-21	ACCUM DEF FIT NONCURR-RL 18811	Liability
30-40-00-00-283-00-23	ACC DEF FIT-NONCURRENT 27811	Liability
30-40-00-00-283-00-41	ACCUM DEF SIT NONCURRENT-RL	Liability
30-40-00-00-283-00-43	ACC DEF SIT-NONCURRENT 27810	Liability
30-40-00-00-283-01-31	DEF FIT - ACCEL DEPR - NH	Liability
30-40-00-00-283-01-34	DEF FIT - SFAS 106 OPEB - NH	Liability
30-40-00-00-283-01-35	DEF FIT - PENSION FAS 87 - NH	Liability
30-40-00-00-283-01-38	DEF FIT - BAD DEBT - NH	Liability
30-40-00-00-283-01-39	DEF FIT - ACCRUED REVENUE - NH	Liability
30-40-00-00-283-01-41	DEF FIT - PREPAID PROPERTY TAX - NH	Liability

Account Code	Description	Type
30-40-00-00-283-01-42	DEF FIT - DEF RATE CASE COSTS - NH	Liability
30-40-00-00-283-01-43	DEF FIT - REMEDIATION - NH	Liability
30-40-00-00-283-01-47	DEF FIT - PENSION FAS 87 REG ASSET - NH	Liability
30-40-00-00-283-01-49	DEF FIT - SFAS 106 OPEB REG ASSET - NH	Liability
30-40-00-00-283-01-50	DEF FIT - BAD DEBT-REG ASSET - NH	Liability
30-40-00-00-283-01-51	DEF FIT - TRANSITION COSTS - NH	Liability
30-40-00-00-283-01-52	DEF FIT - TRANSACTION COSTS - NH	Liability
30-40-00-00-283-01-55	DEF FIT - OTHER - NH	Liability
30-40-00-00-283-01-59	DEF FIT - FASB 158 ADJ - PBOP - NH	Liability
30-40-00-00-283-01-60	DEF FIT- PENSION FAS 158	Liability
30-40-00-00-283-01-63	DEF FIT - SFAS 158 SERP - NH	Liability
30-40-00-00-283-01-64	DEF FIT - INSURANCE CLAIM RESERVE - NH	Liability
30-40-00-00-283-02-31	DEF SIT- ACCEL DEPR - NH	Liability
30-40-00-00-283-02-34	DEF SIT- SFAS 106 OPEB - NH	Liability
30-40-00-00-283-02-35	DEF SIT- PENSION FAS 87 - NH	Liability
30-40-00-00-283-02-38	DEF SIT- BAD DEBT - NH	Liability
30-40-00-00-283-02-39	DEF SIT- ACCRUED REVENUE - NH	Liability
30-40-00-00-283-02-41	DEF SIT- PREPAID PROPERTY TAXES - NH	Liability
30-40-00-00-283-02-42	DEF SIT- DEF RATE CASE COSTS - NH	Liability
30-40-00-00-283-02-43	DEF SIT- REMEDIATION - NH	Liability
30-40-00-00-283-02-47	DEF SIT - PENSION FAS 87 REG ASSET - NH	Liability
30-40-00-00-283-02-49	DEF SIT - SFAS 106 OPEB REG ASSET - NH	Liability
30-40-00-00-283-02-50	DEF SIT - BAD DEBT-REG ASSET - NH	Liability
30-40-00-00-283-02-51	DEF SIT - TRANSITION COSTS - NH	Liability
30-40-00-00-283-02-52	DEF SIT - TRANSACTION COSTS - NH	Liability
30-40-00-00-283-02-59	DEF SIT- FASB 158 ADJ - PBOP - NH	Liability
30-40-00-00-283-02-60	DEF SIT- PENSION FAS 158 - NH	Liability
30-40-00-00-283-02-63	DEF SIT - SFAS 158 SERP - NH	Liability
30-40-00-00-283-02-64	DEF SIT - INSURANCE CLAIM RESERVE- NH	Liability
30-40-00-01-144-01-00	ALLOW FOR DOUBTFUL ACCTS - NH	Assets
30-40-00-01-144-02-00	AFDA - WINTER - NON CLASS SPECIFIC - NH	Assets
30-40-00-01-144-02-05	AFDA-W-OFFS-R-5-DISTR-PEAK - NH	Assets
30-40-00-01-144-02-06	AFDA-W-OFFS-R-6-DISTR-PEAK	Assets
30-40-00-01-144-02-10	AFDA-W-OFFS-R-10-DISTR-PEAK	Assets
30-40-00-01-144-02-11	AFDA-W-OFFS-R-11-DISTR-PEAK	Assets
30-40-00-01-144-02-40	AFDA-W-OFFS-G40-DISTR-PEAK	Assets
30-40-00-01-144-02-41	AFDA-W-OFFS-G41-DISTR-PEAK	Assets
30-40-00-01-144-02-42	AFDA-W-OFFS-G42-DISTR-PEAK	Assets
30-40-00-01-144-02-50	AFDA-W-OFFS-G50-DISTR-PEAK	Assets
30-40-00-01-144-02-51	AFDA-W-OFFS-G51-DISTR-PEAK	Assets
30-40-00-01-144-02-52	AFDA - W/O - G52 - DISTR-PEAK	Assets
30-40-00-01-144-02-60	AFDA - W/O-Simplex-DISTR-PEAK	Assets
30-40-00-01-144-02-61	AFDA - W/O-Nat Gypsum-DISTR-PEAK	Assets
30-40-00-01-144-02-62	AFDA - W/O-Foss-DISTR-PEAK	Assets
30-40-00-01-144-04-05	AFDA-W-OFFS-R-5-NON DIST-PEAK	Assets

Account Code	Description	Type
30-40-00-01-144-04-06	AFDA-W-OFFS-R-6-NON DIST-PEAK	Assets
30-40-00-01-144-04-10	AFDA-W-OFFS-R-10-NON DIST-PEAK	Assets
30-40-00-01-144-04-11	AFDA-W-OFFS-R-11-NON DIST-PEAK	Assets
30-40-00-01-144-04-40	AFDA-W-OFFS-G40-NON DIST-PEAK	Assets
30-40-00-01-144-04-41	AFDA-W-OFFS-G41-NON DIST-PEAK	Assets
30-40-00-01-144-04-42	AFDA - W/O-G42-NON DIST-PEAK	Assets
30-40-00-01-144-04-50	AFDA-W-OFFS-G50-NON DIST-PEAK	Assets
30-40-00-01-144-04-51	AFDA-W-OFFS-G51-NON DIST-PEAK	Assets
30-40-00-01-144-04-52	AFDA - W/O-G52 - NON DIST - PEAK	Assets
30-40-00-01-144-04-60	AFDA - W/O-Simplex-NON DIST-PEAK	Assets
30-40-00-01-144-04-61	AFDA - W/O-Nat Gypsum-NON DIST-PEAK	Assets
30-40-00-01-144-04-62	AFDA - W/O-Foss-NON DIST-PEAK	Assets
30-40-00-01-144-04-63	AFDA - R-5 CONVERTED W/O -NON DIST-WINTER-NH	Assets
30-40-00-01-144-04-64	AFDA-SUPPLIER REFUND-NON DIST-WINTER-NH	Assets
30-40-00-01-144-05-02	AFDA-RECOVERIES-NON DIST-WINTER-NH	Assets
30-40-00-02-144-01-00	ALLOW FOR DOUBTFUL ACCTS - NH	Assets
30-40-00-02-144-02-00	AFDA - SUMMER - NON CLASS SPECIFIC	Assets
30-40-00-02-144-02-05	AFDA-W-OFFS-R-5-DISTR-OFF PEAK	Assets
30-40-00-02-144-02-06	AFDA-W-OFFS-R-6-DISTR-OFF PEAK	Assets
30-40-00-02-144-02-10	AFDA-W-OFFS-R-10-DISTR-OFF PEAK	Assets
30-40-00-02-144-02-11	AFDA-W-OFFS-R-11-DISTR-OFF PEAK	Assets
30-40-00-02-144-02-40	AFDA-W-OFFS-G40-DISTR-OFF PEAK	Assets
30-40-00-02-144-02-41	AFDA-W-OFFS-G41-DISTR-OFF PEAK	Assets
30-40-00-02-144-02-42	AFDA - W/O-G42-DISTR-OFF PEAK	Assets
30-40-00-02-144-02-50	AFDA-W-OFFS-G50-DISTR-OFF PEAK	Assets
30-40-00-02-144-02-51	AFDA-W-OFFS-G51-DISTR-OFF PEAK	Assets
30-40-00-02-144-02-52	AFDA - W/O-G52-DISTR-OFF PEAK	Assets
30-40-00-02-144-02-60	AFDA - W/O-Simplex-DISTR-OFF PEAK	Assets
30-40-00-02-144-02-61	AFDA - W/O-Nat Gypsum-DISTR-OFF PEAK	Assets
30-40-00-02-144-02-62	AFDA-W-OFFS-FOSS-DISTR-OFF PEAK	Assets
30-40-00-02-144-04-05	AFDA-W-OFFS-R-5-NON DIST-OFF PEAK	Assets
30-40-00-02-144-04-06	AFDA-W-OFFS-R-6-NON DIST-OFF PEAK	Assets
30-40-00-02-144-04-10	AFDA-W-OFFS-R-10-NON DIST-OFF PEAK	Assets
30-40-00-02-144-04-11	AFDA-W-OFFS-R-11-NON DIST-OFF PEAK	Assets
30-40-00-02-144-04-40	AFDA-W-OFFS-G40-NON DIST-OFF PEAK	Assets
30-40-00-02-144-04-41	AFDA-W-OFFS-G41-NON DIST-OFF PEAK	Assets
30-40-00-02-144-04-42	AFDA - W/O-G42-NON DIST-OFF PEAK	Assets
30-40-00-02-144-04-50	AFDA-W-OFFS-G50-NON DIST-OFF PEAK	Assets
30-40-00-02-144-04-51	AFDA-W-OFFS-G51-NON DIST-OFF PEAK	Assets
30-40-00-02-144-04-52	AFDA - W/O-G52-NON DIST-OFF PEAK	Assets
30-40-00-02-144-04-60	AFDA - W/O-Simplex-NON DIST-OFF PEAK	Assets
30-40-00-02-144-04-61	AFDA - W/O-Nat Gypsum-NON DIST-OFF PEAK	Assets
30-40-00-02-144-04-62	AFDA - W/O-Foss-NON DIST-OFF PEAK	Assets
30-40-00-02-144-04-63	AFDA- R-5 CONVERTED W/O -NON DIST-SUMMER-NH	Assets
30-40-00-02-144-04-64	AFDA-SUPPLIER REFUND-NON DIST-SUMMER-NH	Assets

Account Code	Description	Type
30-40-00-02-144-05-03	AFDA-RECOVERIES-NON DIST-SUMMER-NH	Assets
30-40-00-03-144-02-05	AFDA-W-OFFS-R-5-DISTR-NO SEASON	Assets
30-40-00-03-144-02-06	AFDA-W-OFFS-R-6-DISTR-NO SEASON	Assets
30-40-00-03-144-02-10	AFDA-W-OFFS-R-10-DISTR-NO SEASON	Assets
30-40-00-03-144-02-11	AFDA-W-OFFS-R-11-DISTR-NO SEASON	Assets
30-40-00-03-144-02-40	AFDA-W-OFFS-G40-DISTR-NO SEASON	Assets
30-40-00-03-144-02-41	AFDA-W-OFFS-G41-DISTR-NO SEASON	Assets
30-40-00-03-144-02-42	AFDA-W-OFFS-G42-DISTR-NO SEASON	Assets
30-40-00-03-144-02-50	AFDA-W-OFFS-G50-DISTR-NO SEASON	Assets
30-40-00-03-144-02-51	AFDA-W-OFFS-G51 DISTR-NO SEASON	Assets
30-40-00-03-144-02-52	AFDA - W/O-G52 - DISTR - NO SEASON	Assets
30-40-00-03-144-02-60	AFDA - W/O-SIMPLEX - DISTR - NO SEASON	Assets
30-40-00-03-144-02-61	AFDA - W/O-NAT GYPSUM - DISTR - NO SEASON	Assets
30-40-00-03-144-02-62	AFDA - W/O-FOSS - DISTR - NO SEASON	Assets
30-40-00-03-144-04-05	AFDA-WO-SUP REF-R5-NON DIST-NO SEASON	Assets
30-40-00-03-144-04-06	AFDA-WO-SUP REF-R6-NON DIST-NO SEASON	Assets
30-40-00-03-144-04-10	AFDA-WO-SUP REF-R10-NON DIST-NO SEASON	Assets
30-40-00-03-144-04-11	AFDA-WO-SUP REF-R11-NON DIST-NO SEASON	Assets
30-40-00-03-144-04-40	AFDA-WO-SUP REF-G40-NON DIST-NO SEASON	Assets
30-40-00-03-144-04-41	AFDA-WO-SUP REF-G41-NON DIST-NO SEASON	Assets
30-40-00-03-144-04-42	AFDA-WO-SUP REF-G42-NON DIST-NO SEASON	Assets
30-40-00-03-144-04-50	AFDA-WO-SUP REF-G50-NON DIST-NO SEASON	Assets
30-40-00-03-144-04-51	AFDA-WO-SUP REF-G51-NON DIST-NO SEASON	Assets
30-40-00-03-144-04-52	AFDA-WO-SUP REF-G52-NON DIST-NO SEASON	Assets
30-40-00-03-144-04-60	AFDA-WO-SUP REF-Simplex-NON DIST-NO SEASON	Assets
30-40-00-03-144-04-61	AFDA-WO-SUP REF-Nat Gypsum-NON DIST-NO SEASON	Assets
30-40-00-03-144-04-62	AFDA-WO-SUP REF-Foss-NON DIST-NO SEASON	Assets
30-40-00-03-144-04-64	AFDA-WO-SUPP REFUND-NONDIST-NO SEASON	Assets
30-40-01-00-426-10-00	DONATIONS - NH	Expense
30-40-01-00-431-00-99	INVENTORY FINANCE CHARGES - PEAK - NH	Expense
30-40-01-00-804-00-99	INTERRUPTIBLE COSTS - MARGIN	Expense
30-40-01-00-804-01-99	EMERGENCY SALES MARGIN	Expense
30-40-01-00-921-03-00	DUES & SUBSCRIPTIONS	Expense
30-40-01-00-923-00-02	OS LEGAL - MISC	Expense
30-40-01-00-923-01-00	OS OTHER	Expense
30-40-01-00-928-01-00	REG COMM ASSESSMENT/FEES-NH	Expense
30-40-01-00-928-02-00	REG COMM EXP - MISC-NH	Expense
30-40-01-00-928-03-00	REG COMM EXP - LEGAL-NH	Expense
30-40-01-10-419-00-00	INTEREST INCOME-DMD-COM-P-NH	Revenue
30-40-01-10-431-00-00	INTEREST EXPENSE-DMD-COM-P-NH	Expense
30-40-01-13-419-00-00	INTEREST INCOME-WC-P-NH	Revenue
30-40-01-13-431-00-00	INTEREST EXPENSE-WC-P-NH	Expense
30-40-01-14-419-00-00	INTEREST INCOME-BAD DEBT-P-NH	Revenue
30-40-01-14-431-00-00	INTEREST EXPENSE-BAD DEBT-P-NH	Expense
30-40-01-40-419-00-00	INTEREST INCOME-DMD-COM-OP-NH	Revenue

Account Code	Description	Type
30-40-01-40-431-00-00	INTEREST EXPENSE-DMD-COM-OP-NH	Expense
30-40-01-43-419-00-00	INTEREST INCOME-WC-OP-NH	Revenue
30-40-01-43-431-00-00	INTEREST EXPENSE-WC-OP-NH	Expense
30-40-01-44-419-00-00	INTEREST INCOME-BAD DEBT-OP-NH	Revenue
30-40-01-44-431-00-00	INTEREST EXPENSE-BAD DEBT-OP-NH	Expense
30-40-01-70-419-00-00	INT INC-SUP REF-DEMAND-NH	Revenue
30-40-01-70-431-00-00	INT EXP-SUP REF-DEMAND-NH	Expense
30-40-01-71-419-00-00	INT INC-SUP REF - COMMODITY - NH	Revenue
30-40-01-71-431-00-00	INT EXP-SUP REF - COMMODITY - NH	Expense
30-40-01-72-419-10-05	INTEREST INCOME- LDAC EEC-NH	Revenue
30-40-01-72-431-10-05	INTEREST EXPENSE- LDAC EEC	Expense
30-40-01-72-495-00-99	LDAC-EEC LOST BASE REVENUE	Revenue
30-40-01-77-419-00-00	INTEREST INCOME-RLIARA-NH	Revenue
30-40-01-77-431-00-00	INTEREST EXPENSE-RLIARA-NH	Expense
30-40-01-78-419-00-00	INTEREST INCOME - RATE CASE EXP - NH	Revenue
30-40-01-78-431-00-00	INTEREST EXPENSE - RATE CASE EXP - NH	Expense
30-40-02-00-882-01-00	REV C/S GC - NG	Expense
30-40-02-00-882-02-00	REV C/S LBR - NH	Expense
30-40-02-00-882-03-00	REV C/S PART - NH	Expense
30-40-02-00-882-04-00	REV GASLINE PROT - NH	Expense
30-40-02-00-882-05-00	REV GC COM PLANS - NH	Expense
30-40-02-00-882-06-00	REV GC LATE PMT	Expense
30-40-02-00-882-07-00	REV GC BASIC - NH	Expense
30-40-02-00-882-08-00	REV GC PLUS - NH	Expense
30-40-02-00-882-09-00	REV GC OPEN PLAN - NH	Expense
30-40-02-00-882-10-00	REV GC INTERCO ELIM - NH	Expense
30-40-02-00-882-11-00	REV GC ANNUAL INSPECTION - NH	Expense
30-40-02-00-882-12-00	REV WH - NH	Expense
30-40-02-00-882-13-00	REV HH - NH	Expense
30-40-02-00-882-14-00	REV OTHER - NH	Expense
30-40-02-00-882-15-00	REV DRY - NH	Expense
30-40-02-00-908-00-00	CORPORATE SERVICES	Expense
30-40-02-00-908-79-00	SERVICE CORP ACTUAL	Expense
30-40-02-00-910-00-00	CORPORATE SERVICES	Expense
30-40-02-00-911-00-00	SUPERVISION - NH	Expense
30-40-02-00-911-79-00	SERVICE CORP ACTUAL	Expense
30-40-02-00-912-00-00	SELLING EXPENSE - NH	Expense
30-40-02-00-912-79-00	SERVICE CORP ACTUAL	Expense
30-40-02-00-913-79-00	SERVICE CORP ACTUAL	Expense
30-40-02-00-923-10-00	DSM IMPLEMENTATION EXP - NH	Expense
30-40-02-00-923-30-00	MKT DEV - GENERAL -NH	Expense
30-40-02-00-930-24-00	MISC GENERAL EXPENSES - NH	Expense
30-40-02-50-184-07-00	WATER HEATER OVERHEADS - NH	Assets
30-40-02-50-923-06-00	USC - WATER HEATER PROGRAM (GAS)-NH	Expense
30-40-03-00-408-03-10	TAXES FICA - NH	Expense

Account Code	Description	Type
30-40-03-00-408-04-10	TAXES FEDERAL UNEMPLOYMENT - NH	Expense
30-40-03-00-408-06-11	TAXES UNEMPLOYMENT - NH	Expense
30-40-03-00-408-08-10	TAXES STATE HEALTH - NH	Expense
30-40-03-00-426-01-00	PENALTIES-NH	Expense
30-40-03-00-426-10-00	DONATIONS - NH	Expense
30-40-03-00-920-05-00	INCENTIVE COMPENSATION - NH	Expense
30-40-03-00-922-01-00	FRINGE BENEFITS - NH	Expense
30-40-03-00-926-00-00	EMPL PENSION-PAYROLL - NH	Expense
30-40-03-00-926-01-00	EMPL PENSION-401K	Expense
30-40-03-00-926-02-01	FASB 87 - PENSION	Expense
30-40-03-00-926-03-00	HEALTH INSUR MEDICAL ONLY-NH	Expense
30-40-03-00-926-03-01	HEALTH INS - EMP CONTR - MEDICAL ONLY	Expense
30-40-03-00-926-03-03	HEALTH INS - DRUG SUBSIDY	Expense
30-40-03-00-926-04-00	EMPL BENEFIT-LIFE INSURANCE-NH	Expense
30-40-03-00-926-06-00	EMPL BENEFITS OTHER-USC - NH	Expense
30-40-03-00-926-06-01	EMP BENEFITS OTHER - SHARED - NH	Expense
30-40-03-00-926-09-00	SFAS 106- PBOP	Expense
30-40-03-00-926-10-00	EMPL PENSION FUND SERVICES	Expense
30-40-03-00-926-11-00	MISC GENERAL EXPENSE - NH	Expense
30-40-03-00-926-12-00	DENTAL INSURANCE-NH	Expense
30-40-03-00-926-12-01	DENTAL INSURANCE - EMP CONTRIBUTION-NH	Expense
30-40-03-00-926-13-00	AD&D INSURANCE-NH	Expense
30-40-03-00-926-14-00	LTD INSURANCE - NH	Expense
30-40-03-00-926-15-00	RETIREE LIFE INSURANCE-NH	Expense
30-40-03-00-926-19-00	SERP - NH	Expense
30-40-03-00-926-20-00	SFAS 112 - NH	Expense
30-40-03-00-926-24-00	VISION	Expense
30-40-03-00-926-24-01	VISION - EE CONTR	Expense
30-40-03-00-930-20-00	MISC EXPENSE	Expense
30-40-04-00-921-16-00	SVC CNTR EXP - SECURITY SYSTEM	Expense
30-40-08-00-412-00-00	REVENUE FROM GAS PLANT LEASED TO OTHERS	Revenue
30-40-08-00-419-00-00	INTEREST INCOME-MISC-NH	Revenue
30-40-08-00-419-01-00	INTEREST INCOME - HEDGING - NH	Revenue
30-40-08-00-419-09-00	INT INC-OTHER - NH	Revenue
30-40-08-00-419-09-01	INT INC - CASH POOL - NH	Revenue
30-40-08-00-421-00-00	MISC NON OPER INCOME - NH	Revenue
30-40-08-00-426-10-00	DONATIONS - NH	Expense
30-40-08-00-427-00-00	INTEREST ON LT DEBT - NH	Expense
30-40-08-00-428-00-00	AMORT OF DEBT EXPENSE - NH	Expense
30-40-08-00-430-00-00	INTEREST EXPENSE - ASSOC. CO. - NH	Expense
30-40-08-00-431-00-00	OTHER INTEREST EXPENSE - NH	Expense
30-40-08-00-431-01-00	INTEREST EXPENSE - HEDGING - NH	Expense
30-40-08-00-431-30-00	INT EXP-LEASES - NH	Expense
30-40-08-00-431-31-00	DEFERRED COMPENSATION INTEREST	Expense
30-40-08-00-431-32-00	INT EXP-NON COMPETE LIABILITY	Expense

Account Code	Description	Type
30-40-08-00-438-00-00	DIV DECLARED COMMON STK -NH	Expense
30-40-08-00-454-00-00	MISC RENT - NH	Revenue
30-40-08-00-457-00-01	RENTAL INCOME - GRANITE	Revenue
30-40-08-00-457-00-02	RENTAL INCOME - USOURCE	Revenue
30-40-08-00-457-00-03	RENTAL INCOME - USC	Revenue
30-40-08-00-480-01-01	RESIDENTIAL R6R11 SALES - NH	Revenue
30-40-08-00-480-01-02	R-11 NU CONVERTED REVENUE	Revenue
30-40-08-00-480-02-01	R5 NU Converted Revenue	Revenue
30-40-08-00-480-02-02	R-10 NU CONVERTED REVENUE	Revenue
30-40-08-00-481-00-00	Commercial Tariff Normalization	Revenue
30-40-08-00-481-01-01	G40 NU Converted Revenue	Revenue
30-40-08-00-481-01-02	G50 NU CONVERTED REVENUE	Revenue
30-40-08-00-481-02-01	G-41 NU CONVERTED REVENUE	Revenue
30-40-08-00-481-02-02	G51 NU Converted Revenue	Revenue
30-40-08-00-481-03-01	G42 NU Converted Revenue	Revenue
30-40-08-00-481-03-02	G52 NU Converted Revenue	Revenue
30-40-08-00-481-04-00	REV-INTERRUPTIBLE	Revenue
30-40-08-00-481-10-01	SIMPLEX NU CONVERTED REVENUE	Revenue
30-40-08-00-481-11-01	NAT GYPSUM NU CONVERTED REVENUE	Revenue
30-40-08-00-481-12-01	FOSS NU CONVERTED REVENUE	Revenue
30-40-08-00-484-10-00	UNCHARGED COMMERCIAL TRANSPORTATION	Revenue
30-40-08-00-484-11-00	UNCHARGED INDUSTRIAL TRANSPORTATION	Revenue
30-40-08-00-485-00-00	UNBILLED SALE	Revenue
30-40-08-00-486-00-00	RESIDENTIAL DISCOUNT-NET REV	Revenue
30-40-08-00-487-00-00	OTH REV-LATE/PMT CHG/RET CHK	Revenue
30-40-08-00-487-00-01	LATE PAYMENT FEE - RES - NH	Revenue
30-40-08-00-487-00-02	LATE PAYMENT FEE - COMM - NH	Revenue
30-40-08-00-487-00-03	LATE PAYMENT FEE - ANCILLARY SERVICES	Revenue
30-40-08-00-488-00-00	RENTAL REVENUE	Revenue
30-40-08-00-488-00-03	RECONNECT FEE - NH	Revenue
30-40-08-00-488-00-04	UNAUTHORIZED USE OF GAS - NH	Revenue
30-40-08-00-488-00-05	POOL ADMINISTRATION	Revenue
30-40-08-00-488-00-06	3RD PARTY BILLING	Revenue
30-40-08-00-488-00-07	CUSTOMER TELEMETERING	Revenue
30-40-08-00-488-00-08	METER TEST REVENUE	Revenue
30-40-08-00-488-00-09	CUSTOMER RE-ENTRY FEE	Revenue
30-40-08-00-489-00-00	BUNDLED REVENUE NU & EUSA	Revenue
30-40-08-00-489-01-01	R-6 NU CONVERTED REVENUE	Revenue
30-40-08-00-489-01-02	R-11 NU CONVERTED REVENUE	Revenue
30-40-08-00-489-01-03	R-5 NU CONVERTED REVENUE	Revenue
30-40-08-00-489-01-04	R-10 NU CONVERTED REVENUE	Revenue
30-40-08-00-489-02-01	TP40-LOW ANNUAL USE	Revenue
30-40-08-00-489-02-02	T50-LOW ANNUAL/LOW WINTER	Revenue
30-40-08-00-489-03-01	T41-MED ANNUAL/HIGH WINTER	Revenue
30-40-08-00-489-03-02	T51-MED ANNUAL/LOW WINTER	Revenue

Account Code	Description	Type
30-40-08-00-489-04-01	T42-HIGH ANNUAL/HIGH WINTER	Revenue
30-40-08-00-489-04-02	T52-HIGH ANNUAL/LOW WINTER	Revenue
30-40-08-00-489-10-01	SIMPLEX NU CONVERTED REVENUE	Revenue
30-40-08-00-489-11-01	NAT GYPSUM NU CONVERTED REVENUE	Revenue
30-40-08-00-489-12-00	FOSS NU CONVERTED REVENUE	Revenue
30-40-08-00-489-12-01	Foss W-EXT-Excess (3)	Revenue
30-40-08-00-493-00-00	I/C RENT	Revenue
30-40-08-00-495-50-00	RATE RELIEF - NU NH	Revenue
30-40-08-00-495-50-01	NU NH STEP ADJUSTMENT	Revenue
30-40-08-00-496-00-00	RESERVED RATE CASE REVENUE	Revenue
30-40-08-00-921-01-08	BANK FEES & COMMITMENT FEES - NH	Expense
30-40-08-00-921-01-09	Credit Card Fees - NH	Expense
30-40-08-00-923-00-00	OS- LEGAL CLAIMS AND LITIGATIONS	Expense
30-40-08-00-923-00-01	OS LEGAL - CORP-NH	Expense
30-40-08-00-924-00-00	PROPERTY INSURANCE-NH	Expense
30-40-08-00-925-00-00	D & O AND FIDUCIARY-NH	Expense
30-40-08-00-925-02-00	GENERAL LIABILITY-NH	Expense
30-40-08-00-925-02-02	GENERAL LIABILITY CLAIMS-NH	Expense
30-40-08-00-925-04-00	WORKERS COMP EXP-NH	Expense
30-40-08-00-925-05-00	INSURANCE - NH	Expense
30-40-08-00-930-02-00	TRUSTEE/REGISTRAR EXPENSE - NH	Expense
30-40-08-00-931-00-00	RENT GARAGE SPACE-NH	Expense
30-40-08-01-480-01-01	R-6 W-NEXT-Customer Charge	Revenue
30-40-08-01-480-01-02	R-11 W-NEXT-Customer Charge	Revenue
30-40-08-01-480-02-01	R-5 W-NEXT-Customer Charge	Revenue
30-40-08-01-480-02-02	R-10 W-NEXT-Customer Charge	Revenue
30-40-08-01-481-01-01	G-40 W-NEXT-Customer Charge	Revenue
30-40-08-01-481-01-02	G-50 W-NEXT-Customer Charge	Revenue
30-40-08-01-481-02-01	G-41 W-NEXT-Customer Charge	Revenue
30-40-08-01-481-02-02	G-51 W-NEXT-Customer Charge	Revenue
30-40-08-01-481-03-01	G-42 W-NEXT-Customer Charge	Revenue
30-40-08-01-481-03-02	G-52 W-NEXT-Customer Charge	Revenue
30-40-08-01-481-10-01	Simplex W-NEXT-Customer Charge	Revenue
30-40-08-01-481-11-01	Nat Gypsum W-NEXT-Customer Charge	Revenue
30-40-08-01-481-12-01	Foss W-NEXT-Customer Charge	Revenue
30-40-08-01-489-01-01	R-6 W-EXT-Customer Charge	Revenue
30-40-08-01-489-01-02	R-11 W-EXT-Customer Charge	Revenue
30-40-08-01-489-01-03	R-5 W-EXT-Customer Charge	Revenue
30-40-08-01-489-01-04	R-10 W-EXT-Customer Charge	Revenue
30-40-08-01-489-02-01	G-40 W-EXT-Customer Charge	Revenue
30-40-08-01-489-02-02	G-50 W-EXT-Customer Charge	Revenue
30-40-08-01-489-03-01	G-41 W-EXT-Customer Charge	Revenue
30-40-08-01-489-03-02	G-51 W-EXT-Customer Charge	Revenue
30-40-08-01-489-04-01	G-42 W-EXT-Customer Charge	Revenue
30-40-08-01-489-04-02	G-52 W-EXT-Customer Charge	Revenue

Account Code	Description	Type
30-40-08-01-489-10-01	Simplex W-EXT-Customer Charge	Revenue
30-40-08-01-489-11-01	Nat Gypsum W-EXT-Customer Charge	Revenue
30-40-08-01-489-12-01	Foss W-EXT-Customer Charge	Revenue
30-40-08-02-480-01-01	R-6 W-NEXT-First Step	Revenue
30-40-08-02-480-01-02	R-11 W-NEXT-First Step	Revenue
30-40-08-02-480-02-01	R-5 W-NEXT-First Step	Revenue
30-40-08-02-480-02-02	R-10 W-NEXT-First Step	Revenue
30-40-08-02-481-01-01	G-40 W-NEXT-First Step	Revenue
30-40-08-02-481-01-02	G-50 W-NEXT-First Step	Revenue
30-40-08-02-481-02-01	G-41 W-NEXT-First Step	Revenue
30-40-08-02-481-02-02	G-51 W-NEXT-First Step	Revenue
30-40-08-02-481-03-01	G-42 W-NEXT-First Step	Revenue
30-40-08-02-481-03-02	G-52 W-NEXT-First Step	Revenue
30-40-08-02-481-10-01	Simplex W-NEXT-First Step	Revenue
30-40-08-02-481-11-01	Nat Gypsum W-NEXT-First Step	Revenue
30-40-08-02-481-12-01	Foss W-NEXT-First Step	Revenue
30-40-08-02-489-01-01	R-6 W-EXT-First Step	Revenue
30-40-08-02-489-01-02	R-11 W-EXT-First Step	Revenue
30-40-08-02-489-01-03	R-5 W-EXT-First Step	Revenue
30-40-08-02-489-01-04	R-10 W-EXT-First Step	Revenue
30-40-08-02-489-02-01	G-40 W-EXT-First Step	Revenue
30-40-08-02-489-02-02	G-50 W-EXT-First Step	Revenue
30-40-08-02-489-03-01	G-41 W-EXT-First Step	Revenue
30-40-08-02-489-03-02	G-51 W-EXT-First Step	Revenue
30-40-08-02-489-04-01	G-42 W-EXT-First Step	Revenue
30-40-08-02-489-04-02	G-52 W-EXT-First Step	Revenue
30-40-08-02-489-10-01	Simplex W-EXT-First Step	Revenue
30-40-08-02-489-11-01	Nat Gypsum W-EXT-First Step	Revenue
30-40-08-02-489-12-01	Foss W-EXT-First Step	Revenue
30-40-08-03-480-01-01	R-6 W-NEXT-Excess	Revenue
30-40-08-03-480-01-02	R-11 W-NEXT-Excess	Revenue
30-40-08-03-480-02-01	R-5 W-NEXT-Excess	Revenue
30-40-08-03-480-02-02	R-10 W-NEXT-Excess	Revenue
30-40-08-03-481-01-01	G-40 W-NEXT-Excess	Revenue
30-40-08-03-481-01-02	G-50 W-NEXT-Excess	Revenue
30-40-08-03-481-02-02	G-51 W-NEXT-Excess	Revenue
30-40-08-03-481-12-01	Foss W-NEXT-Excess	Revenue
30-40-08-03-489-01-01	R-6 W-EXT-Excess	Revenue
30-40-08-03-489-01-02	R-11 W-EXT-Excess	Revenue
30-40-08-03-489-01-03	R-5 W-EXT-Excess	Revenue
30-40-08-03-489-01-04	R-10 W-EXT-Excess	Revenue
30-40-08-03-489-02-01	G-40 W-EXT-Excess	Revenue
30-40-08-03-489-02-02	G-50 W-EXT-Excess	Revenue
30-40-08-03-489-03-02	G-51 W-EXT-Excess	Revenue
30-40-08-03-489-12-01	Foss W-EXT-Excess	Revenue

Account Code	Description	Type
30-40-08-04-481-12-01	Foss W-NEXT-Excess (2)	Revenue
30-40-08-04-489-12-01	Foss W-EXT-Excess (2)	Revenue
30-40-08-05-481-12-01	Foss S-NEXT-Excess (3)	Revenue
30-40-08-05-489-12-01	Foss S-EXT-Excess (3)	Revenue
30-40-08-06-480-01-01	R-6 S-NEXT-Customer Charge	Revenue
30-40-08-06-480-01-02	R-11 S-NEXT-Customer Charge	Revenue
30-40-08-06-480-02-01	R-5 S-NEXT-Customer Charge	Revenue
30-40-08-06-480-02-02	R-10 S-NEXT-Customer Charge	Revenue
30-40-08-06-481-01-01	G-40 S-NEXT-Customer Charge	Revenue
30-40-08-06-481-01-02	G-50 S-NEXT-Customer Charge	Revenue
30-40-08-06-481-02-01	G-41 S-NEXT-Customer Charge	Revenue
30-40-08-06-481-02-02	G-51 S-NEXT-Customer Charge	Revenue
30-40-08-06-481-03-01	G-42 S-NEXT-Customer Charge	Revenue
30-40-08-06-481-03-02	G-52 S-NEXT-Customer Charge	Revenue
30-40-08-06-481-10-01	Simplex S-NEXT-Customer Charge	Revenue
30-40-08-06-481-11-01	Nat Gypsum S-NEXT-Customer Charge	Revenue
30-40-08-06-481-12-01	Foss S-NEXT-Customer Charge	Revenue
30-40-08-06-489-01-01	R-6 S-EXT-Customer Charge	Revenue
30-40-08-06-489-01-02	R-11 S-EXT-Customer Charge	Revenue
30-40-08-06-489-01-03	R-5 S-EXT-Customer Charge	Revenue
30-40-08-06-489-01-04	R-10 S-EXT-Customer Charge	Revenue
30-40-08-06-489-02-01	G-40 S-EXT-Customer Charge	Revenue
30-40-08-06-489-02-02	G-50 S-EXT-Customer Charge	Revenue
30-40-08-06-489-03-01	G-41 S-EXT-Customer Charge	Revenue
30-40-08-06-489-03-02	G-51 S-EXT-Customer Charge	Revenue
30-40-08-06-489-04-01	G-42 S-EXT-Customer Charge	Revenue
30-40-08-06-489-04-02	G-52 S-EXT-Customer Charge	Revenue
30-40-08-06-489-10-01	Simplex S-EXT-Customer Charge	Revenue
30-40-08-06-489-11-01	Nat Gypsum S-EXT-Customer Charge	Revenue
30-40-08-06-489-12-01	Foss S-EXT-Customer Charge	Revenue
30-40-08-07-480-01-01	R-6 S-NEXT-First Step	Revenue
30-40-08-07-480-01-02	R-11 S-NEXT-First Step	Revenue
30-40-08-07-480-02-01	R-5 S-NEXT-First Step	Revenue
30-40-08-07-480-02-02	R-10 S-NEXT-First Step	Revenue
30-40-08-07-481-01-01	G-40 S-NEXT-First Step	Revenue
30-40-08-07-481-01-02	G-50 S-NEXT-First Step	Revenue
30-40-08-07-481-02-01	G-41 S-NEXT-First Step	Revenue
30-40-08-07-481-02-02	G-51 S-NEXT-First Step	Revenue
30-40-08-07-481-03-01	G-42 S-NEXT-First Step	Revenue
30-40-08-07-481-03-02	G-52 S-NEXT-First Step	Revenue
30-40-08-07-481-10-01	Simplex S-NEXT-First Step	Revenue
30-40-08-07-481-11-01	Nat Gypsum S-NEXT-First Step	Revenue
30-40-08-07-481-12-01	Foss S-NEXT-First Step	Revenue
30-40-08-07-489-01-01	R-6 S-EXT-First Step	Revenue
30-40-08-07-489-01-02	R-11 S-EXT-First Step	Revenue

Account Code	Description	Type
30-40-08-07-489-01-03	R-5 S-EXT-First Step	Revenue
30-40-08-07-489-01-04	R-10 S-EXT-First Step	Revenue
30-40-08-07-489-02-01	G-40 S-EXT-First Step	Revenue
30-40-08-07-489-02-02	G-50 S-EXT-First Step	Revenue
30-40-08-07-489-03-01	G-41 S-EXT-First Step	Revenue
30-40-08-07-489-03-02	G-51 S-EXT-First Step	Revenue
30-40-08-07-489-04-01	G-42 S-EXT-First Step	Revenue
30-40-08-07-489-04-02	G-52 S-EXT-First Step	Revenue
30-40-08-07-489-10-01	Simplex S-EXT-First Step	Revenue
30-40-08-07-489-11-01	Nat Gypsum S-EXT-First Step	Revenue
30-40-08-07-489-12-01	Foss S-EXT-First Step	Revenue
30-40-08-08-480-01-01	R-6 S-NEXT-Excess	Revenue
30-40-08-08-480-01-02	R-11 S-NEXT-Excess	Revenue
30-40-08-08-480-02-01	R-5 S-NEXT-Excess	Revenue
30-40-08-08-480-02-02	R-10 S-NEXT-Excess	Revenue
30-40-08-08-481-01-01	G-40 S-NEXT-Excess	Revenue
30-40-08-08-481-01-02	G-50 S-NEXT-Excess	Revenue
30-40-08-08-481-02-02	G-51 S-NEXT-Excess	Revenue
30-40-08-08-481-12-01	Foss S-NEXT-Excess	Revenue
30-40-08-08-489-01-01	R-6 S-EXT-Excess	Revenue
30-40-08-08-489-01-02	R-11 S-EXT-Excess	Revenue
30-40-08-08-489-01-03	R-5 S-EXT-Excess	Revenue
30-40-08-08-489-01-04	R-10 S-EXT-Excess	Revenue
30-40-08-08-489-02-01	G-40 S-EXT-Excess	Revenue
30-40-08-08-489-02-02	G-50 S-EXT-Excess	Revenue
30-40-08-08-489-03-02	G-51 S-EXT-Excess	Revenue
30-40-08-08-489-12-01	Foss S-EXT-Excess	Revenue
30-40-08-09-481-12-01	Foss S-NEXT-Excess (2)	Revenue
30-40-08-09-489-12-01	Foss S-EXT-Excess (2)	Revenue
30-40-08-90-481-04-00	IG Interrubtible Transport - Non Ext Sup	Revenue
30-40-08-91-481-04-00	IG Interrubtible Supply	Revenue
30-40-09-00-921-17-00	TELEPHONE SERVICE - SHARED NH	Expense
30-40-10-00-403-00-00	DEPRECIATION GAS - NH	Expense
30-40-10-00-404-03-00	AMORTIZATION OF COMP SOFTWARE	Expense
30-40-10-00-406-00-00	AMORT-INVESTMNT TAX CREDIT	Expense
30-40-10-00-406-01-00	AMORTIZATION OF INTANGIBLE	Expense
30-40-10-00-406-70-00	GAAP - ADD BACK PAA	Expense
30-40-10-00-406-78-00	AMORT INV TAX CRED/ REV DEP AM	Expense
30-40-10-00-407-03-00	AMORT- RATE CASE COSTS - NH	Expense
30-40-10-00-407-09-00	FAS 109 NET REG ASSET AMORT - NH	Expense
30-40-10-00-407-09-01	AMORT EXP-FAS 109 REG LIABILITY - GAS - NH	Expense
30-40-10-00-407-11-00	AMORT - NON DIST BAD DEBT REG ASSET - ME	Expense
30-40-10-00-407-30-00	AMORT- TRANSITION COSTS - NH	Expense
30-40-10-00-407-30-01	AMORT- TRANSACTION COSTS - NH	Expense
30-40-10-00-407-78-00	REG DR/CR FAS 109 REV DEPR AMO	Expense

Account Code	Description	Type
30-40-10-00-408-00-00	OTHER TAXES	Expense
30-40-10-00-408-00-05	OTHER TAXES - NON OPERATING	Expense
30-40-10-00-408-01-11	NHBET TAX EXP- CURRENT	Expense
30-40-10-00-408-10-00	PAYROLL TAXES CAPTIALIZED - NH	Expense
30-40-10-00-408-12-00	LOCAL OPER. PROPERTY TAX - NH	Expense
30-40-10-00-408-73-00	CURRENT ST TAX - REV DEP/AMORT	Expense
30-40-10-00-409-01-30	FED INCOME TAX CURRENT - GAS - NH	Expense
30-40-10-00-409-01-32	FED INCOME TAX - NON OPER - GAS - NH	Expense
30-40-10-00-409-02-30	STATE INCOME TAX EXP - CURRENT - NH	Expense
30-40-10-00-409-02-31	STATE INCOME TAX EXP - PRIOR - NH	Expense
30-40-10-00-409-02-32	STATE INC TAX-NON OPER-CURRENT-NH	Expense
30-40-10-00-409-72-00	CURRENT FED TAX - REV DEP/AMOR	Expense
30-40-10-00-410-01-00	DEF FIT EXP - NH	Expense
30-40-10-00-410-01-30	DEF FIT EXP-ACCEL DEPRECIATION - NH	Expense
30-40-10-00-410-01-32	DEF FIT EXP-PRA - NH	Expense
30-40-10-00-410-01-33	DEF FIT EXP-RETIREMENT LOSS - NH	Expense
30-40-10-00-410-01-34	DEF FIT EXP-SFAS 106 OPEB - NH	Expense
30-40-10-00-410-01-35	DEF FIT EXP-PENSION FAS 87 - NH	Expense
30-40-10-00-410-01-36	DEF FIT EXP-CIAC - NH	Expense
30-40-10-00-410-01-37	DEF FIT EXP-STOCK COMP - NH	Expense
30-40-10-00-410-01-38	DEF FIT EXP-BAD DEBT - NH	Expense
30-40-10-00-410-01-39	DEF FIT EXP-ACCRUED REVENUE - NH	Expense
30-40-10-00-410-01-40	DEF FIT EXP-COMP SOFT AMORT - NH	Expense
30-40-10-00-410-01-41	DEF FIT EXP-PREPAID PROP TAX - NH	Expense
30-40-10-00-410-01-42	DEF FIT EXP-RATE CASE COSTS - NH	Expense
30-40-10-00-410-01-44	DEF FIT EXP-CATH PROTECT - NH	Expense
30-40-10-00-410-01-45	DEF FIT EXP-REMEDIATION - NH	Expense
30-40-10-00-410-01-47	DEF FIT EXP-FAS87 REG ASSET - GAS - NH	Expense
30-40-10-00-410-01-49	DEF FIT EXP-SFAS 106 REG ASSET - GAS - NH	Expense
30-40-10-00-410-01-50	DEF FIT-BAD DEBT-REG ASSET - NH	Expense
30-40-10-00-410-01-51	DEF FIT-TRANSITION COSTS - NH	Expense
30-40-10-00-410-01-52	DEF FIT-TRANSACTION COSTS - NH	Expense
30-40-10-00-410-01-54	DEF FIT-PURCHASED DISCOUNT - NH	Expense
30-40-10-00-410-01-64	DEF FIT-MISC - NH	Expense
30-40-10-00-410-02-00	DEF SIT EXP- NH	Expense
30-40-10-00-410-02-30	DEF SIT EXP-ACCEL DEPRECIATION-NH	Expense
30-40-10-00-410-02-32	DEF SIT EXP-PRA - NH	Expense
30-40-10-00-410-02-33	DEF SIT EXP-RETIREMENT LOSS - NH	Expense
30-40-10-00-410-02-34	DEF SIT EXP-SFAS 106 OPEB - NH	Expense
30-40-10-00-410-02-35	DEF SIT EXP-PENSION FAS 87 - NH	Expense
30-40-10-00-410-02-36	DEF SIT EXP-CIAC - NH	Expense
30-40-10-00-410-02-37	DEF SIT EXP-STOCK COMP - NH	Expense
30-40-10-00-410-02-38	DEF SIT EXP-BAD DEBT - NH	Expense
30-40-10-00-410-02-39	DEF SIT EXP-ACCRUED REVENUE - NH	Expense
30-40-10-00-410-02-40	DEF SIT EXP-COMP SOFT AMORT - NH	Expense

Account Code	Description	Type
30-40-10-00-410-02-41	DEF SIT EXP-PREPAID PROP TAX - NH	Expense
30-40-10-00-410-02-42	DEF SIT EXP-RATE CASE COSTS - NH	Expense
30-40-10-00-410-02-44	DEF SIT EXP-CATH PROTECT - NH	Expense
30-40-10-00-410-02-45	DEF SIT EXP-REMEDIATION - NH	Expense
30-40-10-00-410-02-47	DEF SIT EXP-FAS 87 REG ASSET - GAS - NH	Expense
30-40-10-00-410-02-49	DEF SIT EXP-SFAS 106 REG ASSET - GAS - NH	Expense
30-40-10-00-410-02-50	DEF SIT-BAD DEBT-REG ASSET - NH	Expense
30-40-10-00-410-02-51	DEF SIT-TRANSITION COSTS - NH	Expense
30-40-10-00-410-02-52	DEF SIT-TRANSACTION COSTS - NH	Expense
30-40-10-00-410-02-54	DEF SIT-PURCHASED DISCOUNT - NH	Expense
30-40-10-00-410-02-64	DEF SIT-MISC - NH	Expense
30-40-10-00-411-01-00	DEF FIT EXP - NH	Expense
30-40-10-00-411-01-30	AMORT DEF FIT-CATH. PROTECT - NH	Expense
30-40-10-00-411-01-32	AMORT DEF FIT-PRA - NH	Expense
30-40-10-00-411-01-33	AMORT DEF FIT-RETIREMENT LOSS - NH	Expense
30-40-10-00-411-01-36	AMORT DEF FIT-CIAC DEPRN - NH	Expense
30-40-10-00-411-02-00	DEF SIT EXP - NH	Expense
30-40-10-00-411-02-30	AMORT DEF SIT-CATH.PROTECT- NH	Expense
30-40-10-00-411-02-32	AMORT DEF SIT-PRA - NH	Expense
30-40-10-00-411-02-33	AMORT DEF SIT-RETIRMENT LOSS - NH	Expense
30-40-10-00-411-02-36	AMORT DEF SIT-CIAC DEPRN - NH	Expense
30-40-10-00-411-78-00	DEF FED TAX - REV DEP/AMORT	Expense
30-40-10-00-411-79-00	DEF STATE TAX - REV DEP/AMORT	Expense
30-40-10-00-419-01-00	AFUDC-OTHER FUNDS - NH	Revenue
30-40-10-00-419-10-00	FED I/T ON NON-UTIL INT INCOME	Revenue
30-40-10-00-419-12-00	FED I/T ON LAND RENTAL INCOME	Revenue
30-40-10-00-421-01-00	GAIN OR LOSS ON DISP OF PROP - NH	Revenue
30-40-10-00-426-01-01	USC DONATIONS RECLASS	Expense
30-40-10-00-426-01-02	USC PENALTIES RECLASS	Expense
30-40-10-00-426-05-00	OTHER INCOME DEDUCTIONS - NH	Expense
30-40-10-00-426-18-00	RECONCILIATION ADJUSTMENTS	Expense
30-40-10-00-426-19-00	DOT / DPU FEES/ASSESSMENTS	Expense
30-40-10-00-426-20-00	NIPSCO AMORTIZATION	Expense
30-40-10-00-426-21-00	SQI METER TO CASH	Expense
30-40-10-00-432-00-00	AFUDC-BORROWED FUNDS - NH	Expense
30-40-10-00-485-00-00	UNBILLED SALES	Revenue
30-40-10-00-485-21-00	COMMERCIAL TRANS NORMALIZATION	Revenue
30-40-10-00-485-52-00	INDUSTRIAL TRANS NORMALIZATION	Revenue
30-40-10-00-493-00-00	INTERCOMPANY RENT	Revenue
30-40-10-00-495-00-00	ACCRUED REVENUE - CYCLE 22 - NH	Revenue
30-40-10-00-495-00-27	ACCRUED REVENUE - NON DIST BAD DEBT	Revenue
30-40-10-00-495-10-00	UNBILLED GAS REVENUE - NH	Revenue
30-40-10-00-495-30-00	ACCRUED REVENUE - OTHER	Revenue
30-40-10-00-805-02-00	UNBILLED GAS GAS COST - RESIDENTIAL - NH	Expense
30-40-10-00-805-03-00	UNBILLED GAS GAS COST - COMMERCIAL - NH	Expense

Account Code	Description	Type
30-40-10-00-805-04-00	UNBILLED GAS GAS COST - INDUSTRIAL - NH	Expense
30-40-10-00-805-05-00	UNBILLED TRANSPORTATION - NH	Expense
30-40-10-00-807-01-00	USC - PURCHASED GAS (DISPATCH)	Expense
30-40-10-00-813-01-00	USC-GAS PRODUCTION OTHER - NH	Expense
30-40-10-00-813-02-00	OVER/UNDER COLLECTION W/CAP	Expense
30-40-10-00-814-01-00	DSM-AMORT IMPLE RES HEAT	Expense
30-40-10-00-814-02-00	DSM-AMORT IMPLE RES NONHEAT	Expense
30-40-10-00-814-03-00	DSM-AMORT IMPLE C&I RECOVERY	Expense
30-40-10-00-814-08-00	NH RATE REDESIGN AMORTIZATION	Expense
30-40-10-00-851-02-00	USC- DISPATCH	Expense
30-40-10-00-851-02-01	USC- DISPATCH - CAP	Expense
30-40-10-00-880-02-00	USC-GAS DISTRIBUTION - NH	Expense
30-40-10-00-880-02-01	USC-GAS DISTRIBUTION - NH-CAP	Expense
30-40-10-00-885-06-00	UNPROD TIME/CAPITALIZED - NH	Expense
30-40-10-00-903-06-00	USC - CUSTOMER ACCOUNTING	Expense
30-40-10-00-903-06-01	USC - CUSTOMER ACCOUNTING - CAP	Expense
30-40-10-00-904-00-00	PROVISION FOR DOUBTFUL ACCTS - DISTR - NH	Expense
30-40-10-00-904-00-27	PROVISION FOR DOUBTFUL ACCTS - NON-DIST - NH	Expense
30-40-10-00-904-10-00	BAD DEBT PURCH ACCT-NH	Expense
30-40-10-00-920-05-00	INCENTIVE COMPENSATION CAPITALIZED	Expense
30-40-10-00-920-09-00	PAYROLL ACCRUAL	Expense
30-40-10-00-921-15-00	SVC CENTER CAPITALIZED- SHARED NH	Expense
30-40-10-00-921-19-00	TELEPHONE SVS CAPITALIZED- SHARED NH	Expense
30-40-10-00-921-39-00	LDAC UNBILLED - NH	Expense
30-40-10-00-923-02-00	OUTSIDE SERVICES-AUDIT-NH	Expense
30-40-10-00-923-03-00	OS UNITIL SERVICE CORP-NH	Expense
30-40-10-00-923-03-01	OS UNITIL SERVICE CORP-NH-CAP	Expense
30-40-10-00-923-03-05	USC OUTSIDE SERVICES-DIRECT CHGS-NH	Expense
30-40-10-00-923-03-06	OS- USC-OTHER-NH	Expense
30-40-10-00-923-03-07	DIRECT CHARGES CAPITALIZED	Expense
30-40-10-00-923-03-08	USC ALLOCATED PBOP EXPENSE-NH	Expense
30-40-10-00-923-03-10	USC ALLOCATED PENSION EXPENSE-NH	Expense
30-40-10-00-923-04-00	OS OTHER	Expense
30-40-10-00-923-05-00	OS - AFFILIATE - NH	Expense
30-40-10-00-923-09-00	OUTSIDE SERVICES-NH	Expense
30-40-10-00-923-10-00	OUTSIDE SERVICES - PRE ACQUISITION - NH	Expense
30-40-10-00-924-00-01	PROPERTY INS CAPITALIZED-NH	Expense
30-40-10-00-925-02-01	GEN LIAB CAPITALIZED-NH	Expense
30-40-10-00-925-04-01	WORKERS COMP CAPITALIZED-NH	Expense
30-40-10-00-926-01-01	401K CAPITALIZED	Expense
30-40-10-00-926-02-05	FASB 87 - PENSION - REG ASSET RECLASS	Expense
30-40-10-00-926-02-10	FASB 87 - PENSION - USC ALLOC	Expense
30-40-10-00-926-02-11	FASB 87 - REG ASSET - USC ALLOC	Expense
30-40-10-00-926-02-99	FASB 87 - YEAR END ACCRUAL ADJ	Expense
30-40-10-00-926-03-02	EMPLOYEE BENEFIT ACCRUAL ADJ	Expense

Account Code	Description	Type
30-40-10-00-926-05-00	BENEFIT COST CAPITALIZED - NH	Expense
30-40-10-00-926-06-00	EMPL BENEFITS OTHER	Expense
30-40-10-00-926-08-00	FASB 87 - PENSION CAPITALIZED	Expense
30-40-10-00-926-08-12	FASB 87 - PENSION CAPITALIZED - USC ALLOC	Expense
30-40-10-00-926-09-01	SFAS 106 - PBOP - REG ASSET RECLASS	Expense
30-40-10-00-926-09-10	SFAS 106 - PBOP - USC ALLOC	Expense
30-40-10-00-926-09-11	SFAS 106 - PBOP - REG ASSET - USC ALLOC	Expense
30-40-10-00-926-11-00	MISC GENERAL EXPENSE	Expense
30-40-10-00-926-17-00	SFAS 106 - PBOP CAPITALIZED	Expense
30-40-10-00-926-17-12	SFAS 106 - PBOP CAPITALIZED - USC ALLOC	Expense
30-40-10-00-930-20-00	MISC EXPENSE	Expense
30-40-10-00-931-00-00	RENT	Expense
30-40-10-00-935-11-00	SVC CENTER CAPITALIZED - NH	Expense
30-40-10-11-723-01-02	LPG EXPENSE MISC - ELECTRIC PEAK - NH	Expense
30-40-10-13-419-00-99	WORKING CAPITAL - PEAK - NH	Revenue
30-40-10-14-904-00-99	BAD DEBT ALLOWANCE - PEAK - NH	Expense
30-40-10-41-723-01-02	LPG EXPENSE MISC - ELECTRIC - OFF PEAK - NH	Expense
30-40-10-43-419-00-99	WORKING CAPITAL - OFF PEAK - NH	Revenue
30-40-10-44-904-00-99	BAD DEBT ALLOWANCE - OFF PEAK - NH	Expense
30-40-12-00-880-02-00	USC-GAS DISTRIBUTION - NH	Expense
30-40-12-00-880-02-01	USC-GAS DISTRIBUTION - NH-CAP	Expense
30-40-12-00-923-00-00	OS LEGAL - ENGINEERING-NH	Expense
30-40-12-00-923-04-00	OS - ENGINEERING - NH	Expense
30-40-13-00-921-03-00	DUES & SUBSCRIPTIONS - NH	Expense
30-40-13-00-921-38-00	PC SOFTWARE & SUPPLY - NH	Expense
30-40-13-00-923-00-02	OS LEGAL - MISC	Expense
30-40-13-00-923-06-00	OS IRP EXPENSE-NH	Expense
30-40-13-00-923-07-00	OS GAS CONTRACTS EXPENSE OTHER-NH	Expense
30-40-13-00-928-03-00	POWER SUPPLY - LEGAL-NH	Expense
30-40-15-00-930-04-00	DIRECTORS FEES & EXPENSES - NH	Expense
30-40-15-00-930-20-00	MISC GENERAL EXP - STATUTORY REP FEES	Expense
30-40-17-00-880-02-00	USC-GAS DISTRIBUTION - NH	Expense
30-40-17-00-880-02-01	USC - GAS DISTRIBUTION - NH-CAP	Expense
30-40-17-00-923-15-00	OS-EMERGENCY MGMT & COMPLIANCE	Expense
30-40-17-00-932-01-00	ERC MAINTENANCE COSTS - NH	Expense
30-40-21-00-426-01-00	PENALTIES - NH	Expense
30-40-21-00-426-10-00	DONATIONS - NH	Expense
30-40-21-00-431-04-00	INTEREST ON CUSTOMER DEPOSITS - NH	Expense
30-40-21-00-903-02-00	BILLG/ACCT FORMS/SUPPLIES - NH	Expense
30-40-21-00-903-04-00	POSTAGE - NH	Expense
30-40-21-00-903-05-01	MISC COST OF COLLECTIONS - NH	Expense
30-40-21-00-903-05-02	COST OF COLLECTIONS - NH	Expense
30-40-21-00-903-05-03	SUNDRY COST OF COLLECTIONS - NH	Expense
30-40-21-00-903-05-04	O/S VENDOR SERVICES - MAILROOM - NH	Expense
30-40-21-00-903-06-00	USC - CUSTOMER ACCOUNTING - NH	Expense

Account Code	Description	Type
30-40-21-00-903-08-00	MISC CUSTOMER RELATIONS - NH	Expense
30-40-21-00-903-10-00	O/S REMITTANCE LOCK BOX	Expense
30-40-21-00-904-00-00	PROVISION FOR DOUBTFUL ACCTS - DISTR - NH	Expense
30-40-21-00-904-00-01	PROVISION FOR DOUBTFUL ACCTS WIN- DISTR - NH	Expense
30-40-21-00-904-00-02	PROVISION FOR DOUBTFUL ACCTS SUM- DISTR - NH	Expense
30-40-21-00-904-01-00	PROVISION FOR DOUBTFUL ACCTS - SUNDRY - NH	Expense
30-40-21-00-909-01-00	NEIGHBOR HELPING NEIGHBOR	Expense
30-40-21-00-921-01-09	CREDIT CARD FEES	Expense
30-40-21-00-923-02-00	MISC COSTS - AFCC-NH	Expense
30-40-21-00-923-08-00	MISC COSTS - AFCC-NH	Expense
30-40-23-00-880-02-00	USC-GAS DISTRIBUTION - NH	Expense
30-40-23-00-880-02-01	USC-GAS DISTRIBUTION - NH-CAP	Expense
30-40-24-00-426-04-00	CIVIC ACTIVITIES-STATE	Expense
30-40-24-00-426-04-01	CIVIC ACTIVITIES-FEDERAL-NH	Expense
30-40-24-00-426-10-00	COMMUNITY DONATIONS - NH	Expense
30-40-24-00-426-16-00	COMMUNITY SPONSORSHIPS - NH	Expense
30-40-24-00-426-17-00	OUTREACH AND EDUCATION - NH	Expense
30-40-24-00-923-09-00	OUTSIDE SERVICES - NH	Expense
30-40-24-00-930-51-00	COMMUNITY SPONSORSHIPS-NH	Expense
30-40-24-00-930-52-00	OUTREACH AND EDUCATION-NH	Expense
30-40-24-00-930-53-00	CUSTOMER COMMUNICATION-NH	Expense
30-40-24-00-930-54-00	MEDIA SERVICES-NH	Expense
30-40-24-00-930-60-00	EMERGENCY COMMUNICATIONS-NU-NH	Expense
30-40-26-00-718-00-00	DISPATCHING PRODUCTION - NH	Expense
30-40-26-00-852-00-00	COMMUNICATION SYSTEM EXP - NU NH	Expense
30-40-26-00-875-00-01	INTERVAL DATA NU NH	Expense
30-40-26-00-878-01-00	METER ORDERS - NH	Expense
30-40-26-00-878-13-00	MTR & HSE REG - MISC - NH	Expense
30-40-26-00-878-14-00	MTR & HSE REG - REGUL - NH	Expense
30-40-26-00-878-15-00	MTR & HSE REG - MTR - NH	Expense
30-40-26-00-878-16-00	MTR & HSE REG - ADMIN - NH	Expense
30-40-26-00-878-17-00	MTR & HSE REG - UNLOCK - NH	Expense
30-40-26-00-878-18-00	MTR & HSE REG - LOCK - NH	Expense
30-40-26-00-878-19-00	MTR & HSE REG - REMOVE - NH	Expense
30-40-26-00-878-20-00	MTR & HSE REG - READ - NH	Expense
30-40-26-00-878-21-00	MTR & HSE REG - LT APPL AF - NH	Expense
30-40-26-00-878-22-00	MTR & HSE REG - PT RES - NH	Expense
30-40-26-00-878-23-00	MTR & HSE REG - PT C&I - NH	Expense
30-40-26-00-878-24-00	MTR & HSE REG - CHG MTR FOR - NH	Expense
30-40-26-00-878-25-00	MTR & HSE REG - CHG MTR TEST - NH	Expense
30-40-26-00-878-26-00	MTR & HSE REG - CHG MTR ERT - NH	Expense
30-40-26-00-878-27-00	MTR & HSE REG - INVEST - NH	Expense
30-40-26-00-878-28-00	MTR & HSE REG - TOOLS & EQUP - NH	Expense
30-40-26-00-878-29-00	MTR & HSE REG - UNIFORMS - NH	Expense
30-40-26-00-878-30-00	MTR & HSE REG - MTR INSTRUM - NH	Expense

Account Code	Description	Type
30-40-26-00-878-31-00	MTR & HSE REG - TRAINING - NH	Expense
30-40-26-00-878-32-00	MTR & HSE REG - READ INS OUTS - NH	Expense
30-40-26-00-878-33-00	MTR & HSE REG - FLEET - NH	Expense
30-40-26-00-878-34-00	MTR & HSE REG - STOREROOM - NH	Expense
30-40-26-00-878-35-00	MTR & HSE REG - NON PROD - NH	Expense
30-40-26-00-880-02-00	USC-GAS DISTRIBUTION - NH	Expense
30-40-26-00-880-02-01	USC-GAS DISTRIBUTION - NH-CAP	Expense
30-40-26-00-893-00-00	MAINT OF MTRS & HOUSE REGULTRS - NH	Expense
30-40-26-00-893-01-00	MAINT METER - TESTING - NH	Expense
30-40-26-00-893-02-00	MAINT METER HSE REG -CREDITS - NH	Expense
30-40-26-00-893-03-00	MAINT METER - FLEET - NH	Expense
30-40-26-00-893-04-00	MAINT METER - STOREROOM - NH	Expense
30-40-26-00-902-00-00	CUST ACCTS METER READ EXP - NH	Expense
30-40-26-00-902-02-00	METER READING - TELEPHONE EXPENSE - NH	Expense
30-40-26-00-902-03-00	METER READING - PAYROLL EXPENSE - NH	Expense
30-40-26-00-902-04-00	METER READING - TRAVEL EXPENSE - NH	Expense
30-40-26-00-902-05-00	METER READING - UNIFORMS EXPENSE - NH	Expense
30-40-26-00-902-06-00	METER READING - SUPPLIES EXPENSE - NH	Expense
30-40-26-00-902-07-00	METER READING EXP-ADMIN EXP - NH	Expense
30-40-26-00-902-08-00	METER READING-C/S READ IN/OUTS - NH	Expense
30-40-26-00-902-09-00	METER READING-FLEET EXP - NH	Expense
30-40-26-00-902-10-00	METER READING-STOREROOM EXP - NH	Expense
30-40-26-00-902-11-00	METER WORK-NON-PROD - NH	Expense
30-40-26-00-935-06-01	MAINTENANCE - SOFTWARE - DISPATCH	Expense
30-40-27-00-880-02-00	USC-GAS DISTRIBUTION - NH	Expense
30-40-27-00-880-02-01	USC-GAS DISTRIBUTION - NH-CAP	Expense
30-40-28-00-880-02-00	USC-GAS DISTRIBUTION - NH	Expense
30-40-28-00-880-02-01	USC-GAS DISTRIBUTION - NH-CAP	Expense
30-40-29-00-882-14-00	REV OTHER - NH	Expense
30-40-70-00-920-00-00	A&G SALARIES - NH	Expense
30-40-80-00-415-00-00	JOBBING REVENUE - NH	Revenue
30-40-80-00-415-01-00	INSTLL ST BOILER-LABOR	Revenue
30-40-80-00-415-02-00	INSTLL ST BOILER - PARTS	Revenue
30-40-80-00-415-03-00	MDSE DELIVERY-WH	Revenue
30-40-80-00-415-04-00	MDSE INSTALL-PARTS	Revenue
30-40-80-00-415-05-00	MDSE INSTALL-LABOR	Revenue
30-40-80-00-415-06-00	MDSE ADMIN-WH	Revenue
30-40-80-00-415-07-00	INST HW BOILER - LABOR	Revenue
30-40-80-00-415-08-00	INST HW (CORRECT O&M)	Revenue
30-40-80-00-415-09-00	INST HW BOILER - PARTS	Revenue
30-40-80-00-415-10-00	INST B/F LABOR	Revenue
30-40-80-00-415-11-00	INST FURNACE LABOR	Revenue
30-40-80-00-415-12-00	MDSE GEN OPER-WH	Revenue
30-40-80-00-415-13-00	MDSE GEN OPER(correct O&M)	Revenue
30-40-80-00-415-14-00	INST FURNACE PARTS	Revenue

Account Code	Description	Type
30-40-80-00-415-15-00	MDSE INST B/F LB/PT	Revenue
30-40-80-00-415-16-00	MDSE BAD DEBTS-WH	Revenue
30-40-80-00-415-17-00	MDSE INSTALL WTY-WH	Revenue
30-40-80-00-415-18-00	NEWBUS EMPL INCEN PRG-INSTLLS	Revenue
30-40-80-00-415-19-00	MDSE SUPERVISION LBR	Revenue
30-40-80-00-415-20-00	MDSE P/R TAXES	Revenue
30-40-80-00-415-21-00	MDSE P/R LIAB	Revenue
30-40-80-00-415-22-00	MDSE PENSIONS	Revenue
30-40-80-00-415-23-00	MDSE GRP INSURANCE	Revenue
30-40-80-00-415-24-00	MDSE FED INC TAX-WH	Revenue
30-40-80-00-415-25-00	MDSE MASS FRAN TAX-WH	Revenue
30-40-80-00-415-26-00	MDSE INST ELEC A/C - LB/PRTS	Revenue
30-40-80-00-415-27-00	RTL IN LB/PT C&I-NEW	Revenue
30-40-80-00-415-28-00	MDSE FLEET EXP	Revenue
30-40-80-00-415-29-00	MDSE STORES EXP	Revenue
30-40-80-00-415-30-00	MDSE NONPROD LBR	Revenue
30-40-80-00-415-70-00	JOBBING PARTS REVENUE - NH	Revenue
30-40-80-00-415-71-00	JOBBING LABOR REVENUE - NH	Revenue
30-40-80-00-415-72-00	DOVER HOUSING MASTER METER REVENUE	Revenue
30-40-80-00-415-73-00	UNH REVENUE	Revenue
30-40-80-00-415-83-00	JOBBING - UNH REVENUE	Expense
30-40-80-00-416-00-00	JOBBING EXPENSE - NH	Expense
30-40-80-00-416-01-00	MDSE REV-CB Delivery	Expense
30-40-80-00-416-05-00	INSTALL REV - CENTRAL HTG - PARTS	Expense
30-40-80-00-416-72-00	DOVER HOUSING MASTER METER EXPENSE	Expense
30-40-80-00-416-73-00	UNH EXPENSE	Expense
30-40-80-00-416-73-01	UNH EXPENSE - DIG SAFE	Expense
30-40-80-00-416-73-02	UNH EXPENSE - HIGH RISK DIG SAFE	Expense
30-40-80-00-416-73-03	UNH EXPENSE - SERVICE SURVEY	Expense
30-40-80-00-416-73-04	UNH EXPENSE - MAIN SURVEY	Expense
30-40-80-00-416-73-05	UNH EXPENSE - QUARTERLY SURVEY	Expense
30-40-80-00-416-73-06	UNH EXPENSE - PUBLIC BUILDING SURVEY	Expense
30-40-80-00-416-73-07	UNH EXPENSE - STAND BY FEE	Expense
30-40-80-00-416-73-08	UNH EXPENSE OTHER-MAIN/SERVICE RELOCATES DAMAGES	Expense
30-40-80-00-416-80-00	JOBBING PARTS EXPENSE - NH	Expense
30-40-80-00-416-81-00	JOBBING LABOR EXPENSE - NH	Expense
30-40-80-00-416-82-00	MDSE COST OF APPL - WH	Expense
30-40-80-00-416-84-00	JOBBING - UNH EXPENSE	Expense
30-40-80-00-416-85-00	EQUIPMENT TRAINING FEE FOR SERVICE	Expense
30-40-80-00-422-00-00	MISC PROPANE SERVICE REV	Revenue
30-40-80-00-426-00-00	PENALTIES - NH	Expense
30-40-80-00-426-10-00	DONATIONS - NH	Expense
30-40-80-00-488-20-00	UNH REVENUE- NH	Revenue
30-40-80-00-495-00-00	BUNDLED SERVICE EXP, OFF SYTEM SALES, SPECIAL DEALS	Revenue
30-40-80-00-710-00-00	LPG-OPER SUPERVIS - MISC	Expense

Account Code	Description	Type
30-40-80-00-717-00-00	PROD OPER LABOR LPG - NH	Expense
30-40-80-00-717-01-00	PROD OPER LABOR LNG - NH	Expense
30-40-80-00-717-02-00	PROD OPER LABOR OTHER - NH	Expense
30-40-80-00-717-03-00	LPG-VAPORIZATION EXP	Expense
30-40-80-00-718-00-00	DISPATCHING PRODUCTION - NH	Expense
30-40-80-00-719-00-00	LPG-LOADG/UNLOADG-MISC - NH	Expense
30-40-80-00-723-00-00	FUEL FOR LPG PROCESS - NH	Expense
30-40-80-00-735-00-00	TELEPHONE EXPENSE - NH	Expense
30-40-80-00-735-01-00	PROD OPER MISC EXPENSE - NH	Expense
30-40-80-00-735-03-00	PROD INSPECTIONS & ALARMS LPGA - NH	Expense
30-40-80-00-735-04-00	PROD UNPRODUCTIVE - NH	Expense
30-40-80-00-735-05-00	PROD INSPECTIONS & ALARMS LNG - NH	Expense
30-40-80-00-740-00-00	PROD MAINT GEN SUPERVISION - NH	Expense
30-40-80-00-741-00-00	PROD MAINT STRUCT & IMP LPG - NH	Expense
30-40-80-00-741-01-00	PROD MAINT STRUCT & IMP LNG - NH	Expense
30-40-80-00-742-00-00	PROD MAINT E - EQUIPMENT - LPG - NH	Expense
30-40-80-00-742-01-00	PROD MAINT E - EQUIPMENT - LNG - NH	Expense
30-40-80-00-743-00-00	GAS SYS PRODUCTION TRAINING - NH	Expense
30-40-80-00-750-00-00	LNG OPERATION SUPERVISION & ENGINEERING - NH	Expense
30-40-80-00-759-00-00	LNG OTHER EXPENSES - NH	Expense
30-40-80-00-769-00-00	MAINT OF SCADA - PRODUCTION - NH	Expense
30-40-80-00-775-00-00	LNG-MISC PRODUCTION & OPERATIONS - NH	Expense
30-40-80-00-780-00-00	LNG MAINT-SUPER & ENG-MISC - NH	Expense
30-40-80-00-781-00-00	LNG MAINT-STRUC & IMPROV-MISC - NH	Expense
30-40-80-00-782-00-00	LNG MAINT-EQUIPMENT - NH	Expense
30-40-80-00-787-00-00	LPG-BAYNOR PRICE VAR.EXP	Expense
30-40-80-00-850-00-00	T&D OPER GEN SUPERVISION - NH	Expense
30-40-80-00-851-00-00	SYSTEM CTRL & LOAD DISPATCHING - COMMON	Expense
30-40-80-00-852-00-00	COMMUNICATION SYSTEM EXP - NH	Expense
30-40-80-00-856-00-00	MAINS EXPENSE-WOMS - NH	Expense
30-40-80-00-857-00-00	T&D OPER MEAS & REGULATG STN - NH	Expense
30-40-80-00-857-96-00	MEAS+REG.STA-STORERM EXP	Expense
30-40-80-00-859-00-00	OTHER TRANSMISSION EXP-WOMS - NH	Expense
30-40-80-00-870-00-00	DISTRIBUTION OPERATION SUPERVISION - NH	Expense
30-40-80-00-870-01-00	CORPORATE SERVICES	Expense
30-40-80-00-874-00-00	MISC EXP MAINS AND SERVICES - NH	Expense
30-40-80-00-874-01-00	GAS SYSTEM TRAINING - NH	Expense
30-40-80-00-874-02-00	DISTRIBUTION VALVE MAINTENANCE-NH	Expense
30-40-80-00-874-02-01	DISTRIBUTION INTEGRITY MANAGEMENT - NH	Expense
30-40-80-00-874-02-02	DISTRIBUTION MANUAL UPDATES - NH	Expense
30-40-80-00-874-03-00	UNION GAS ON CALL PAY	Expense
30-40-80-00-874-04-00	DIG SAFE EXPENSE - NH	Expense
30-40-80-00-874-04-01	DIG SAFE EXPENSE - HIGH RISK- NH	Expense
30-40-80-00-874-05-00	SERVICE LINE SURVEY - NH	Expense
30-40-80-00-874-06-00	PUBLIC BUILDING SURVEY - NH	Expense

Account Code	Description	Type
30-40-80-00-874-07-00	GAS MAIN SURVEY - NH	Expense
30-40-80-00-874-08-00	HIGH RISK BRIDGE SURVEY	Expense
30-40-80-00-874-09-00	OUTSIDE LEAK INVESIGATION	Expense
30-40-80-00-874-10-00	CRITICAL VALVE INSPECTIONS	Expense
30-40-80-00-874-11-00	MAINS&SERVICES-MAPS	Expense
30-40-80-00-874-12-00	MAINS+SERV-UNIFORMS EXP	Expense
30-40-80-00-874-13-00	MAINS+SERV- C/S ODOR INVEST	Expense
30-40-80-00-874-14-00	MAINS&SERV-MAPS UPDTED-W.O.M.S	Expense
30-40-80-00-874-15-00	MAINS&SERV-LOCATES	Expense
30-40-80-00-874-16-00	MAINS&SERV-LEAK INVEST	Expense
30-40-80-00-874-17-00	MAINS&SERV-MOBIL	Expense
30-40-80-00-874-18-00	MAINS&SERV-MANHOLE	Expense
30-40-80-00-874-19-00	R.O.W. CLEARING	Expense
30-40-80-00-874-20-00	STANDBY FOR BLASTING	Expense
30-40-80-00-874-21-00	MAINS&SERV-PBLC BLDG SRV	Expense
30-40-80-00-874-22-00	MAINS+SERV-STOREROOM EXP.	Expense
30-40-80-00-874-23-00	MAINS+SERV-NON-PROD	Expense
30-40-80-00-874-24-00	MAINS+SERV-TRANSP	Expense
30-40-80-00-875-00-00	REG STATION EXPENSE (GEN) - NH	Expense
30-40-80-00-875-01-00	SYSTEM OPS STANDBY	Expense
30-40-80-00-875-02-00	SYSTEM OPS UPRODUCTIVE	Expense
30-40-80-00-875-03-00	SYSTEM OPS TRAINING	Expense
30-40-80-00-875-04-00	REGULATION SUPERVISION	Expense
30-40-80-00-875-08-00	MTR & HSE REG - INVESTIGATE METER READING	Expense
30-40-80-00-875-09-00	MTR & HSE REG - INVESTIGATE DEVICE/ERT	Expense
30-40-80-00-877-00-00	C/S PARTS - NH	Expense
30-40-80-00-878-00-00	METER ORDERS - GENERAL	Expense
30-40-80-00-878-01-00	METERTURN ON & OFFS - NH	Expense
30-40-80-00-878-02-00	METERS-REMOVES & INSTALLS - NH	Expense
30-40-80-00-878-03-00	REPAIR FIT LEAKS - NH	Expense
30-40-80-00-878-04-00	SERVICING GAS METER BRACKETS	Expense
30-40-80-00-878-04-01	METER & SERVICE TRANSPORTATION EXP	Expense
30-40-80-00-878-05-00	M&S UNPRODUCTIVE TIME	Expense
30-40-80-00-878-05-01	M&S UNPRODUCTIVE TIME - SICK	Expense
30-40-80-00-878-05-02	M&S UNPRODUCTIVE TIME - HOLIDAY	Expense
30-40-80-00-878-05-03	M&S UNPRODUCTIVE TIME - VACATION	Expense
30-40-80-00-878-05-04	M&S UNPRODUCTIVE TIME - OTHER	Expense
30-40-80-00-878-06-00	METER & SERVICE SUPERVISION	Expense
30-40-80-00-878-07-00	MTR & HSE REG - READ IN/OUTS - NH	Expense
30-40-80-00-878-08-00	MTR & HSE REG-INVESTIGATE METER READING	Expense
30-40-80-00-878-09-00	MTR & HSE REG - INVESTIGATE DEVICE/ERT	Expense
30-40-80-00-878-10-00	MTR & HSE REG - CHG MTR ERT - NH	Expense
30-40-80-00-878-13-00	MTR & HSE REG - TRAINING - EM&C NH	Expense
30-40-80-00-878-14-00	MTR & HSE REG - MISC - EM&C NH	Expense
30-40-80-00-878-15-00	MTR & HSE REG - MTR - NH	Expense

Account Code	Description	Type
30-40-80-00-878-16-00	MTR & HSE REG - ADMIN - NH	Expense
30-40-80-00-878-17-00	MTR & HSE REG - UNLOCK - NH	Expense
30-40-80-00-878-18-00	MTR & HSE REG - LOCK - NH	Expense
30-40-80-00-878-19-00	MTR & HSE REG - REMOVE - NH	Expense
30-40-80-00-878-20-00	MTR & HSE REG - READ - NH	Expense
30-40-80-00-878-21-00	MTR & HSE REG - LT APPL AF - NH	Expense
30-40-80-00-878-22-00	MTR & HSE REG - PT RES - NH	Expense
30-40-80-00-878-23-00	MTR & HSE REG - PT C&I - NH	Expense
30-40-80-00-878-24-00	MTR & HSE REG - CHG MTR FOR - NH	Expense
30-40-80-00-878-25-00	MTR & HSE REG - CHG MTR TEST - NH	Expense
30-40-80-00-878-26-00	MTR&HSE REG-CHGE MTR ERT-LARGE-NH	Expense
30-40-80-00-878-27-00	MTR & HSE REG - INVEST - NH	Expense
30-40-80-00-878-28-00	MTR & HSE REG - TOOLS & EQUP - NH	Expense
30-40-80-00-878-29-00	MTR & HSE REG - UNIFORMS - NH	Expense
30-40-80-00-878-30-00	MTR & HSE REG - MTR INSTRUM - NH	Expense
30-40-80-00-878-31-00	MTR & HSE REG - TRAINING - NH	Expense
30-40-80-00-878-32-00	MTR & HSE REG - READ INS OUTS - NH	Expense
30-40-80-00-878-33-00	MTR & HSE REG - FLEET - NH	Expense
30-40-80-00-878-34-00	MTR & HSE REG - STOREROOM - NH	Expense
30-40-80-00-878-35-00	MTR & HSE REG - NON PROD - NH	Expense
30-40-80-00-878-80-00	MTR & HSE REG - CHG MTR ERT - NH	Expense
30-40-80-00-878-86-00	MTR & HSE REG - MTR INSTRUM MAINT - ME BY NH	Expense
30-40-80-00-879-00-00	CUSTOMER LEAK INVESTIGATION - NH	Expense
30-40-80-00-879-01-00	EASY CARE SVC PLAN BASIC NO CHARGE NH	Expense
30-40-80-00-879-03-00	MISC CUST REPAIR-NO CHARGE - NH	Expense
30-40-80-00-879-04-00	CUST INSTALL - TRAINING - NH	Expense
30-40-80-00-879-05-00	CUST INSTALL - OFFICE - NH	Expense
30-40-80-00-879-06-00	CUST INSTALL - UNIFORM - NH	Expense
30-40-80-00-879-07-00	CUST INSTALL - INVESTIGATE - NH	Expense
30-40-80-00-879-08-00	CUST INSTALL - SUPERVISION - NH	Expense
30-40-80-00-879-09-00	CUST INSTALL - GASLINE PROT - NH	Expense
30-40-80-00-879-10-00	CUST INSTALL - BASIC LABOR - NH	Expense
30-40-80-00-879-11-00	CUST INSTALL - PLUS LABOR - NH	Expense
30-40-80-00-879-12-00	CUST INSTALL - PARTS - NH	Expense
30-40-80-00-879-13-00	CUST INSTALL - FLEET - NH	Expense
30-40-80-00-879-14-00	CUST INSTALL - STORES - NH	Expense
30-40-80-00-879-15-00	CUST INSTALL - NON PROD - NH	Expense
30-40-80-00-879-20-00	UNH EXPENSE- NH	Expense
30-40-80-00-880-00-00	T&D OPER SYSTEM EXP - NH	Expense
30-40-80-00-880-01-00	GAS COMPLIANCE PROJECTS - NH	Expense
30-40-80-00-880-03-00	OTHER EXPENSES-MISC - NH	Expense
30-40-80-00-880-04-00	OTHER EXP- CS POOR PRESSURE - COMMON	Expense
30-40-80-00-880-05-00	OTHER EXP- CS ACTIVE - COMMON	Expense
30-40-80-00-880-06-00	OTHER EXP- LEAK - COMMON	Expense
30-40-80-00-880-07-00	OTHER EXP- INCL WEATHER - COMMON	Expense

Account Code	Description	Type
30-40-80-00-880-08-00	OTHER EXP- FLEET - COMMON	Expense
30-40-80-00-880-09-00	OTHER EXP- STOREROOM - COMMON	Expense
30-40-80-00-880-79-00	SERVICE CORP ACTUAL	Expense
30-40-80-00-880-99-00	COMPANY USE - NH	Expense
30-40-80-00-881-00-00	RENTS-TRANSM & DISTRIB-MISC - NH	Expense
30-40-80-00-882-00-00	SERVICE-METER GAS TRAINING	Expense
30-40-80-00-885-00-00	MAINTENANCE GEN SUPERVISION - NH	Expense
30-40-80-00-885-01-00	UNPROD TIME/SICKNESS - NH	Expense
30-40-80-00-885-02-00	UNPROD TIME/WEATHER - NH	Expense
30-40-80-00-885-03-00	UNPROD TIME/HOLIDAYS - NH	Expense
30-40-80-00-885-04-00	UNPROD TIME/VACATION - NH	Expense
30-40-80-00-885-05-00	UNPROD TIME/OTHER - NH	Expense
30-40-80-00-886-00-00	T&D MAINT STRUCTURES & IMPROV - NH	Expense
30-40-80-00-887-00-00	MAINT OF MAINS - NH	Expense
30-40-80-00-887-01-00	MAINT OF MAINS LEAK REPAIR - CORROSION - NH	Expense
30-40-80-00-887-01-01	MAINT OF MAINS TRANSPORTATION EXP- NH	Expense
30-40-80-00-887-03-00	CORROSION MAINS - NH	Expense
30-40-80-00-887-04-00	CORROSION BRIDGES - NH	Expense
30-40-80-00-887-05-00	T&D MAINT OF MAINS - SAFETY - NH	Expense
30-40-80-00-887-06-00	T&D MAINT OF MAINS - CONTRACT - NH	Expense
30-40-80-00-887-07-00	T&D MAINT OF MAINS - BRIDGE - COMMON	Expense
30-40-80-00-887-08-00	T&D MAINT OF MAINS - CRITICAL VALVES - COMMON	Expense
30-40-80-00-887-09-00	T&D MAINT OF MAINS - FLEET - NH	Expense
30-40-80-00-887-10-00	T&D MAINT OF MAINS - STOREROOM - NH	Expense
30-40-80-00-887-11-00	T&D MAINT OF MAINS - NON PROD - NH	Expense
30-40-80-00-889-00-00	MAINT OF REG EQUIP (DISTRICT)- NH	Expense
30-40-80-00-889-01-00	MAINT OF REG MAINT - NH	Expense
30-40-80-00-889-02-00	MAINT OF REG INSTRUMENT - NH	Expense
30-40-80-00-889-03-00	MAINT OF REG FLEET - NH	Expense
30-40-80-00-889-04-00	MAINT OF REG STORE - NH	Expense
30-40-80-00-890-00-00	MAINT OF REG EQUIP (INDUST) - NH	Expense
30-40-80-00-891-00-00	MAINT OF REG EQUIP (GATE STATION) - NH	Expense
30-40-80-00-891-01-00	MAIN DISTRI SCADA -DISTRIBUTION- NH	Expense
30-40-80-00-892-00-00	MAINT OF SERVICES - NH	Expense
30-40-80-00-892-01-00	CORROSION SERVICES- NH	Expense
30-40-80-00-892-14-00	MAINT SERV- TRANSPORTATION EXP - NH	Expense
30-40-80-00-892-15-00	MAINT SERV- 3RD PARTY BILLING- NH	Expense
30-40-80-00-893-00-00	MAINT OF MTRS & HOUSE REGULTRS - NH	Expense
30-40-80-00-893-02-00	MAINT METER HSE REG -CREDITS - NH	Expense
30-40-80-00-893-03-00	MAINT METER - FLEET - NH	Expense
30-40-80-00-893-04-00	MAINT METER - STOREROOM - NH	Expense
30-40-80-00-894-00-00	T&D MAINT SYSTEM EQUIPMENT - NH	Expense
30-40-80-00-894-01-00	MAINT OF SYSTEM OPS EQUIPMENT - NH	Expense
30-40-80-00-894-02-00	MAINT OF RENTED CONV BURN - NH	Expense
30-40-80-00-901-00-00	CUSTOMER ACCOUNTS SUPVSN/EXP - NH	Expense

Account Code	Description	Type
30-40-80-00-902-00-00	CUST ACCTS METER READ EXP- NH	Expense
30-40-80-00-902-03-00	METER READING - PAYROLL EXPENSE - NH	Expense
30-40-80-00-902-04-00	METER READING - TRAVEL EXPENSE - NH	Expense
30-40-80-00-902-05-00	METER READING - UNIFORMS EXPENSE - NH	Expense
30-40-80-00-902-06-00	METER READING - SUPPLIES EXPENSE - NH	Expense
30-40-80-00-902-07-00	METER READING EXP-ADMIN EXP - NH	Expense
30-40-80-00-902-08-00	METER READING-C/S READ IN/OUTS - NH	Expense
30-40-80-00-902-09-00	METER READING-FLEET EXP - NH	Expense
30-40-80-00-902-10-00	METER READING-STOREROOM EXP - NH	Expense
30-40-80-00-902-11-00	METER WORK-NON-PROD - NH	Expense
30-40-80-00-903-00-00	CREDIT DISCONNECTION - NH	Expense
30-40-80-00-903-01-00	OPER SUPP TRAINING - GAS - NH	Expense
30-40-80-00-903-03-00	CREDIT & COLLECTIONS/PYRL - NH	Expense
30-40-80-00-903-04-01	POSTAGE - LOCAL - SHARED NH	Expense
30-40-80-00-903-05-00	MISC CREDIT EXPENSES - NH	Expense
30-40-80-00-907-00-00	CUSTMR SERVICE & INFO SUPRVN - NH	Expense
30-40-80-00-908-01-00	CUSTOMER SERVICE/PAYRL - NH	Expense
30-40-80-00-908-02-00	CUSTOMER SERVICE/MISC - NH	Expense
30-40-80-00-911-00-00	SUPERVISION - NH	Expense
30-40-80-00-912-00-00	SELLING EXPENSE - NH	Expense
30-40-80-00-913-00-00	ADVERTISING EXPENSE - NH	Expense
30-40-80-00-916-00-00	MISC SALES EXPENSE - NH	Expense
30-40-80-00-920-00-00	A&G SALARIES-NH	Expense
30-40-80-00-920-05-00	OPER SUPP - ADMIN TRAINING - GAS - NH	Expense
30-40-80-00-921-01-00	GEN OFFICE SUPPLIES & EXP - SHARED NH	Expense
30-40-80-00-921-01-20	UNALLOWABLE MEALS EXP - NH	Expense
30-40-80-00-921-02-00	TRAVEL & MEALS EXP - NH	Expense
30-40-80-00-921-16-00	SERVICE CENTER EXPENSED - SHARED NH	Expense
30-40-80-00-921-17-00	TELEPHONE SERVICE - SHARED NH	Expense
30-40-80-00-921-18-00	Telephone Services - NH	Expense
30-40-80-00-922-00-00	ADMINISTRATIVE EXPENSES TRANSFERRED - NH	Expense
30-40-80-00-923-00-00	OS LEGAL - LOCAL-NH-DOC-ONLY	Expense
30-40-80-00-923-09-00	OUTSIDE SERVICES-NH	Expense
30-40-80-00-923-18-00	O/S WORK STOPPAGE	Expense
30-40-80-00-925-01-00	INJURIES & DAMAGES SAFETY - NH	Expense
30-40-80-00-925-03-00	INJ & DAM - ENVIRONMENTAL - NH	Expense
30-40-80-00-930-00-00	MISC GENERAL EXP - NH	Expense
30-40-80-00-930-01-00	GENERAL ADVERTISING-NH	Expense
30-40-80-00-930-03-00	DUES TO ORGANIZATIONS - NH	Expense
30-40-80-00-930-11-00	SVC CENTER CAPITALIZED - NH	Expense
30-40-80-00-932-00-00	MAINT OF GENERAL PLANT - NH	Expense
30-40-80-00-932-02-00	MAINT OF GENERAL PLANT - OFFICE - NH	Expense
30-40-80-00-932-03-00	MAINT OF GENERAL PLANT - GROUNDS - NH	Expense
30-40-80-00-932-04-00	MAINT OF GENL PLANT - EQUIP - SHARED NH	Expense
30-40-80-00-932-05-00	MAINT OF GENERAL PLANT - SNOW - NH	Expense

Account Code	Description	Type
30-40-80-00-932-06-00	MAINT OF GENERAL PLANT - FLEET - NH	Expense
30-40-80-00-932-07-00	MAINT OF GENERAL PLANT - STOREROOM - NH	Expense
30-40-80-00-932-08-00	MAINT OF GENERAL PLANT - NON PROD - NH	Expense
30-40-80-00-932-38-00	MAINT GENERAL PLANT-SUPERVISOR	Expense
30-40-80-00-933-00-00	P/R-MISC.	Expense
30-40-80-00-934-00-00	EMPLOYEE RELATIONS - NH	Expense
30-40-80-00-935-01-00	MAINT - GEN STRUC - SHARED PORTSMOUTH	Expense
30-40-80-00-935-01-20	MAINT - GEN STRUC - SHARED PLAISTOW	Expense
30-40-80-00-935-02-00	MAINT - OFFICE EQUIPMENT - SHARED NH	Expense
30-40-80-11-723-01-02	LPG EXPENSE MISC - ELECTRIC- PEAK-NH	Expense
30-40-80-41-723-01-02	LPG EXPENSE MISC- ELECTRIC-OFF PEAK-NH	Expense
30-40-80-54-415-71-00	EXCESS SERVICE LABOR - NH	Revenue
30-45-00-00-142-01-00	EXT SUPPLIER 1 - A/R - NH	Assets
30-45-00-00-142-01-02	EXT SUPPLIER 1 - REVENUE - NH	Assets
30-45-00-00-142-02-00	EXT SUPPLIER GLOBAL - A/R - NH	Assets
30-45-00-00-142-02-02	EXT SUPPLIER GLOBAL - REVENUE - NH	Assets
30-45-00-00-142-03-00	EXT SUPPLIER METROMEDIA - A/R - NH	Assets
30-45-00-00-142-03-02	EXT SUPPLIER METROMEDIA - REVENUE - NH	Assets
30-45-00-00-142-04-00	EXT SUPPLIER SHELL - A/R - NH	Assets
30-45-00-00-142-04-02	EXT SUPPLIER SHELL - REVENUE - NH	Assets
30-45-00-00-142-05-00	EXT SUPPLIER SPRAGUE - A/R - NH	Assets
30-45-00-00-142-05-02	EXT SUPPLIER SPRAGUE - REVENUE - NH	Assets
30-45-00-00-142-06-00	EXT SUPPLIER SANTA BUCKLEY - A/R - NH	Assets
30-45-00-00-142-06-02	EXT SUPPLIER SANTA BUCKLEY - REVENUE - NH	Assets
30-45-00-00-142-08-00	EXT SUPPLIER A/R - SOUTH JERSEY - NH	Assets
30-45-00-00-142-08-02	EXT SUPPLIER REVENUE - SOUTH JERSEY - NH	Assets
30-45-00-00-142-09-00	EXT SUPPLIER A/R - GLACIAL - NH	Assets
30-45-00-00-142-09-02	EXT SUPPLIER REVENUE - GLACIAL - NH	Assets
30-45-00-00-142-25-00	EXT SUPPLIER AR - PEOPLES POWER - NH	Assets
30-45-00-00-142-25-02	EXT SUPPLIER - REVENUE PEOPLES POWER - NH	Assets
30-47-02-50-894-01-00	WATER HEATER MAINTENANCE - GAS - NH	Expense
30-47-29-50-418-05-00	WATER HEATER RENTAL BAD DEBT	Revenue
30-47-29-50-488-01-00	WATER HEATER RENTAL-REVENUE	Revenue
30-47-29-50-488-05-00	RENTAL WH BAD DEBT - NH	Revenue
30-47-29-50-894-01-00	WATER HEATER MAINTENANCE - GAS - NH	Expense
30-47-29-50-923-06-00	USC EXPS - WATER HTR PROG - NH	Expense
30-47-29-51-415-01-00	ANNUAL INSPECTION REVENUE - NH	Revenue
30-47-29-51-418-05-00	CLEAN & CHECK REVENUE - BAD DEBT	Revenue
30-47-29-51-488-01-00	CLEAN & CHECK REVENUE	Revenue
30-47-29-51-894-01-00	NH ANNUAL INSPECTIONS- PARTS & LABOR	Expense
30-47-29-52-418-05-00	CONVERSION BURNER RNTL BAD DEBT	Revenue
30-47-29-52-488-01-00	CONVERSION BURNER RENTAL-REVENUE	Revenue
30-47-29-52-488-05-00	CONV BURN BAD DEBT - NH	Revenue
30-47-29-52-894-01-00	CONVERSION BURNER MAINTENANCE - NH	Expense
30-47-29-53-418-05-00	EQUIP PROTECTION PLAN BAD DEBT	Revenue

Account Code	Description	Type
30-47-29-53-488-01-00	EQUIP PROTECTION PLAN REV COMM	Revenue
30-47-29-53-488-02-00	EQUIP PROTECTION PLAN REV COMM	Revenue
30-47-29-53-894-01-00	EASY CARE SVC PLAN PTS & LBR	Expense
30-47-29-53-894-02-00	NH EQUIP PROTECTION PLAN PTS & LBR	Expense
30-47-29-53-923-06-00	USC EXPS - EASY CARE - NH	Expense
30-47-29-54-418-05-00	INTERIOR GAS LINE BAD DEBT	Revenue
30-47-29-54-488-01-00	INTERIOR GAS LINES REV- RESIDENTIAL	Revenue
30-47-29-55-488-01-00	ANNUAL INSPECTION REVENUE - NH	Revenue
30-47-29-56-418-01-00	NH EQUIP SALES - REVENUE	Revenue
30-47-29-56-418-01-10	NH EQUIP SALES - PARTS & LABOR	Revenue
30-47-29-60-488-00-00	EQUIP PROTECTION PLAN REVENUE - COMMERCIAL	Revenue
30-48-02-00-426-13-00	ADVERTISING - NH	Expense
30-48-02-00-426-14-00	MARKET DEVELOPMENT - GENERAL - NH	Expense
30-48-02-00-426-15-00	VISIBILITY - NH	Expense
30-48-02-00-923-00-03	MKT DEV/PROJ MGMT - NH	Expense
30-48-02-00-923-30-00	MKT DEV - GENERAL- NH	Expense
30-48-02-00-923-30-03	MKT INCENTIVES - LOW USE-NH	Expense
30-48-02-00-923-30-04	MKT INCENTIVES - IGS-NH	Expense
30-48-02-00-923-30-05	MKT INCENTIVES - OTM-NH	Expense
30-48-02-00-923-32-03	FIELD OPERATIONS/ACCOUNT MGMT-NH	Expense
30-48-02-00-930-31-02	ADVERTISING	Expense
30-48-29-00-426-13-00	ADVERTISING - NH	Expense
30-48-29-00-426-14-00	MARKET DEVELOPMENT - GENERAL - NH	Expense
30-48-29-00-426-15-00	VISIBILITY - NH	Expense
30-48-29-00-923-00-03	MKT DEV/PROJ MGMT - NH	Expense
30-48-29-00-923-30-00	MKT DEV - GENERAL - NH	Expense
30-48-29-00-923-30-01	MARKETING - NH	Expense
30-48-29-00-923-30-03	MKT INCENTIVES - LOW USE-NH	Expense
30-48-29-00-923-30-04	MKT INCENTIVES - IGS-NH	Expense
30-48-29-00-923-30-05	MKT INCENTIVES - OTM-NH	Expense
30-48-29-00-923-32-03	FIELD OPERATIONS/ACCOUNT MGMT-NH	Expense
30-48-29-00-930-31-02	ADVERTISING	Expense
30-49-01-10-480-01-01	R-6 W-NEXT-Demand Cost of Gas	Revenue
30-49-01-10-480-01-02	R-11 W-NEXT-Demand Cost of Gas	Revenue
30-49-01-10-480-02-01	R-5 W-NEXT-Demand Cost of Gas	Revenue
30-49-01-10-480-02-02	R-10 W-NEXT-Demand Cost of Gas	Revenue
30-49-01-10-481-01-01	G-40 W-NEXT-Demand Cost of Gas	Revenue
30-49-01-10-481-01-02	G-50 W-NEXT-Demand Cost of Gas	Revenue
30-49-01-10-481-02-01	G-41 W-NEXT-Demand Cost of Gas	Revenue
30-49-01-10-481-02-02	G-51 W-NEXT-Demand Cost of Gas	Revenue
30-49-01-10-481-03-01	G-42 W-NEXT-Demand Cost of Gas	Revenue
30-49-01-10-481-03-02	G-52 W-NEXT-Demand Cost of Gas	Revenue
30-49-01-10-481-10-01	Simplex W-NEXT-Demand Cost of Gas	Revenue
30-49-01-10-481-11-01	Nat Gypsum W-NEXT-Demand Cost of Gas	Revenue
30-49-01-10-481-12-01	Foss W-NEXT-Demand Cost of Gas	Revenue

Account Code	Description	Type
30-49-01-10-495-00-00	ACCRUED REV-PEAK-DEMAND-NH	Revenue
30-49-01-10-710-04-88	PRODUCTION & STORAGE ALLOW -DEMAND - PEAK - NH	Expense
30-49-01-10-710-04-99	PRODUCTION & STORAGE ALLOW -DEMAND - PEAK - NH	Expense
30-49-01-10-804-00-99	DEFERRAL OF INTERRUPTIPLE PROFITS NH-WINTER	Expense
30-49-01-10-930-00-88	MISC OVERHEAD ALLOWANCE - DEMAND - PEAK - NH	Expense
30-49-01-10-930-00-99	MISC OVERHEAD ALLOWANCE - DEMAND - PEAK - NH	Expense
30-49-01-11-431-00-99	INVENTORY FINANCE CHARGES - PEAK - NH	Expense
30-49-01-11-480-01-01	R-6 W-NEXT-Commodity Cost of Gas	Revenue
30-49-01-11-480-01-02	R-11 W-NEXT-Commodity Cost of Gas	Revenue
30-49-01-11-480-02-01	R-5 W-NEXT-Commodity Cost of Gas	Revenue
30-49-01-11-480-02-02	R-10 W-NEXT-Commodity Cost of Gas	Revenue
30-49-01-11-481-01-01	G-40 W-NEXT-Commodity Cost of Gas	Revenue
30-49-01-11-481-01-02	G-50 W-NEXT-Commodity Cost of Gas	Revenue
30-49-01-11-481-02-01	G-41 W-NEXT-Commodity Cost of Gas	Revenue
30-49-01-11-481-02-02	G-51 W-NEXT-Commodity Cost of Gas	Revenue
30-49-01-11-481-03-01	G-42 W-NEXT-Commodity Cost of Gas	Revenue
30-49-01-11-481-03-02	G-52 W-NEXT-Commodity Cost of Gas	Revenue
30-49-01-11-481-10-01	Simplex W-NEXT-Commodity Cost of Gas	Revenue
30-49-01-11-481-11-01	Nat Gypsum W-NEXT-Commodity Cost of Gas	Revenue
30-49-01-11-481-12-01	Foss W-NEXT-Commodity Cost of Gas	Revenue
30-49-01-11-804-00-99	INTERRUPTIBLE COSTS - MARGIN-WINTER	Expense
30-49-01-11-804-01-99	EMERGENCY SALES MARGIN-WINTER	Expense
30-49-01-12-480-01-01	R-6 W-NEXT-Reconciliation Costs	Revenue
30-49-01-12-480-01-02	R-11 W-NEXT-Reconciliation Costs	Revenue
30-49-01-12-480-02-01	R-5 W-NEXT-Reconciliation Costs	Revenue
30-49-01-12-480-02-02	R-10 W-NEXT-Reconciliation Costs	Revenue
30-49-01-12-481-01-01	G-40 W-NEXT-Reconciliation Costs	Revenue
30-49-01-12-481-01-02	G-50 W-NEXT-Reconciliation Costs	Revenue
30-49-01-12-481-02-01	G-41 W-NEXT-Reconciliation Costs	Revenue
30-49-01-12-481-02-02	G-51 W-NEXT-Reconciliation Costs	Revenue
30-49-01-12-481-03-01	G-42 W-NEXT-Reconciliation Costs	Revenue
30-49-01-12-481-03-02	G-52 W-NEXT-Reconciliation Costs	Revenue
30-49-01-12-481-10-01	Simplex W-NEXT-Reconciliation Costs	Revenue
30-49-01-12-481-11-01	Nat Gypsum W-NEXT-Reconciliation Costs	Revenue
30-49-01-12-481-12-01	Foss W-NEXT-Reconciliation Costs	Revenue
30-49-01-13-480-01-01	R-6 W-NEXT-Working Capital Allowance	Revenue
30-49-01-13-480-01-02	R-11 W-NEXT-Working Capital Allowance	Revenue
30-49-01-13-480-02-01	R-5 W-NEXT-Working Capital Allowance	Revenue
30-49-01-13-480-02-02	R-10 W-NEXT-Working Capital Allowance	Revenue
30-49-01-13-481-01-01	G-40 W-NEXT-Working Capital Allowance	Revenue
30-49-01-13-481-01-02	G-50 W-NEXT-Working Capital Allowance	Revenue
30-49-01-13-481-02-01	G-41 W-NEXT-Working Capital Allowance	Revenue
30-49-01-13-481-02-02	G-51 W-NEXT-Working Capital Allowance	Revenue
30-49-01-13-481-03-01	G-42 W-NEXT-Working Capital Allowance	Revenue
30-49-01-13-481-03-02	G-52 W-NEXT-Working Capital Allowance	Revenue

Account Code	Description	Type
30-49-01-13-481-10-01	Simplex W-NEXT-Working Capital Allowance	Revenue
30-49-01-13-481-11-01	Nat Gypsum W-NEXT-Working Capital Allowance	Revenue
30-49-01-13-481-12-01	Foss W-NEXT-Working Capital Allowance	Revenue
30-49-01-13-495-00-00	ACCRUED REV-WORK CAPITAL-PEAK-NH	Revenue
30-49-01-14-480-01-01	R-6 W-NEXT-Bad Debt Allowance	Revenue
30-49-01-14-480-01-02	R-11 W-NEXT-Bad Debt Allowance	Revenue
30-49-01-14-480-02-01	R-5 W-NEXT-Bad Debt Allowance	Revenue
30-49-01-14-480-02-02	R-10 W-NEXT-Bad Debt Allowance	Revenue
30-49-01-14-481-01-01	G-40 W-NEXT-Bad Debt Allowance	Revenue
30-49-01-14-481-01-02	G-50 W-NEXT-Bad Debt Allowance	Revenue
30-49-01-14-481-02-01	G-41 W-NEXT-Bad Debt Allowance	Revenue
30-49-01-14-481-02-02	G-51 W-NEXT-Bad Debt Allowance	Revenue
30-49-01-14-481-03-01	G-42 W-NEXT-Bad Debt Allowance	Revenue
30-49-01-14-481-03-02	G-52 W-NEXT-Bad Debt Allowance	Revenue
30-49-01-14-481-10-01	Simplex W-NEXT-Bad Debt Allowance	Revenue
30-49-01-14-481-11-01	Nat Gypsum W-NEXT-Bad Debt Allowance	Revenue
30-49-01-14-481-12-01	Foss W-NEXT-Bad Debt Allowance	Revenue
30-49-01-14-495-00-00	ACCRUED REV-BAD DEBT-PEAK-NH	Revenue
30-49-01-15-480-01-01	R-6 W-NEXT-Miscellaneous Overhead	Revenue
30-49-01-15-480-01-02	R-11 W-NEXT-Miscellaneous Overhead	Revenue
30-49-01-15-480-02-01	R-5 W-NEXT-Miscellaneous Overhead	Revenue
30-49-01-15-480-02-02	R-10 W-NEXT-Miscellaneous Overhead	Revenue
30-49-01-15-481-01-01	G-40 W-NEXT-Miscellaneous Overhead	Revenue
30-49-01-15-481-01-02	G-50 W-NEXT-Miscellaneous Overhead	Revenue
30-49-01-15-481-02-01	G-41 W-NEXT-Miscellaneous Overhead	Revenue
30-49-01-15-481-02-02	G-51 W-NEXT-Miscellaneous Overhead	Revenue
30-49-01-15-481-03-01	G-42 W-NEXT-Miscellaneous Overhead	Revenue
30-49-01-15-481-03-02	G-52 W-NEXT-Miscellaneous Overhead	Revenue
30-49-01-15-481-10-01	Simplex W-NEXT-Miscellaneous Overhead	Revenue
30-49-01-15-481-11-01	Nat Gypsum W-NEXT-Miscellaneous Overhead	Revenue
30-49-01-15-481-12-01	Foss W-NEXT-Miscellaneous Overhead	Revenue
30-49-01-16-480-01-01	R-6 W-NEXT-Production & Storage Capacity	Revenue
30-49-01-16-480-01-02	R-11 W-NEXT-Production & Storage Capacity	Revenue
30-49-01-16-480-02-01	R-5 W-NEXT-Production & Storage Capacity	Revenue
30-49-01-16-480-02-02	R-10 W-NEXT-Production & Storage Capacity	Revenue
30-49-01-16-481-01-01	G-40 W-NEXT-Production & Storage Capacity	Revenue
30-49-01-16-481-01-02	G-50 W-NEXT-Production & Storage Capacity	Revenue
30-49-01-16-481-02-01	G-41 W-NEXT-Production & Storage Capacity	Revenue
30-49-01-16-481-02-02	G-51 W-NEXT-Production & Storage Capacity	Revenue
30-49-01-16-481-03-01	G-42 W-NEXT-Production & Storage Capacity	Revenue
30-49-01-16-481-03-02	G-52 W-NEXT-Production & Storage Capacity	Revenue
30-49-01-16-481-10-01	Simplex W-NEXT-Production & Storage Capacity	Revenue
30-49-01-16-481-11-01	Nat Gypsum W-NEXT-Production & Storage Capacity	Revenue
30-49-01-16-481-12-01	Foss W-NEXT-Production & Storage Capacity	Revenue
30-49-01-17-480-01-01	R-6 W-NEXT-Deferral of Jurisdictional Demand Costs	Revenue

Account Code	Description	Type
30-49-01-17-480-01-02	R-11 W-NEXT-Deferral of Jurisdictional Demand Costs	Revenue
30-49-01-17-480-02-01	R-5 W-NEXT-Deferral of Jurisdictional Demand Costs	Revenue
30-49-01-17-480-02-02	R-10 W-NEXT-Deferral of Jurisdictional Demand Costs	Revenue
30-49-01-17-481-01-01	G-40 W-NEXT-Deferral of Jurisdictional Demand Costs	Revenue
30-49-01-17-481-01-02	G-50 W-NEXT-Deferral of Jurisdictional Demand Costs	Revenue
30-49-01-17-481-02-01	G-41 W-NEXT-Deferral of Jurisdictional Demand Costs	Revenue
30-49-01-17-481-02-02	G-51 W-NEXT-Deferral of Jurisdictional Demand Costs	Revenue
30-49-01-17-481-03-01	G-42 W-NEXT-Deferral of Jurisdictional Demand Costs	Revenue
30-49-01-17-481-03-02	G-52 W-NEXT-Deferral of Jurisdictional Demand Costs	Revenue
30-49-01-17-481-10-01	Simplex W-NEXT-Deferral of Jurisdictional Demand Costs	Revenue
30-49-01-17-481-11-01	Nat Gypsum W-NEXT-Deferral of Jurisdictional Demand Costs	Revenue
30-49-01-17-481-12-01	Foss W-NEXT-Deferral of Jurisdictional Demand Costs	Revenue
30-49-01-20-489-01-01	R-6 EXT-Capacity Reserve Charge	Revenue
30-49-01-20-489-01-02	R-11 EXT-Capacity Reserve Charge	Revenue
30-49-01-20-489-01-03	R-5 EXT-Capacity Reserve Charge	Revenue
30-49-01-20-489-01-04	R-10 EXT-Capacity Reserve Charge	Revenue
30-49-01-20-489-02-01	G-40 EXT-Capacity Reserve Charge	Revenue
30-49-01-20-489-02-02	G-50 EXT-Capacity Reserve Charge	Revenue
30-49-01-20-489-03-01	G-41 EXT-Capacity Reserve Charge	Revenue
30-49-01-20-489-03-02	G-51 EXT-Capacity Reserve Charge	Revenue
30-49-01-20-489-04-01	G-42 EXT-Capacity Reserve Charge	Revenue
30-49-01-20-489-04-02	G-52 EXT-Capacity Reserve Charge	Revenue
30-49-01-20-489-10-01	Simplex W-EXT-Cap Reserve	Revenue
30-49-01-20-489-11-01	Nat Gypsum EXT-Capacity Reserve Charge	Revenue
30-49-01-20-489-12-01	Foss EXT-Capacity Reserve Charge	Revenue
30-49-01-40-480-01-01	R-6 S-NEXT-Demand Cost of Gas	Revenue
30-49-01-40-480-01-02	R-11 S-NEXT-Demand Cost of Gas	Revenue
30-49-01-40-480-02-01	R-5 S-NEXT-Demand Cost of Gas	Revenue
30-49-01-40-480-02-02	R-10 S-NEXT-Demand Cost of Gas	Revenue
30-49-01-40-481-01-01	G-40 S-NEXT-Demand Cost of Gas	Revenue
30-49-01-40-481-01-02	G-50 S-NEXT-Demand Cost of Gas	Revenue
30-49-01-40-481-02-01	G-41 S-NEXT-Demand Cost of Gas	Revenue
30-49-01-40-481-02-02	G-51 S-NEXT-Demand Cost of Gas	Revenue
30-49-01-40-481-03-01	G-42 S-NEXT-Demand Cost of Gas	Revenue
30-49-01-40-481-03-02	G-52 S-NEXT-Demand Cost of Gas	Revenue
30-49-01-40-481-10-01	Simplex S-NEXT-Demand Cost of Gas	Revenue
30-49-01-40-481-11-01	Nat Gypsum S-NEXT-Demand Cost of Gas	Revenue
30-49-01-40-481-12-01	Foss S-NEXT-Demand Cost of Gas	Revenue
30-49-01-40-495-00-00	ACCRUED REV-DEMAND-OFF PEAK-NH	Revenue
30-49-01-40-710-04-88	PRODUCTION & STORAGE ALLOW -DEMAND - OFF PEAK - NH	Expense
30-49-01-40-710-04-99	PRODUCTION & STORAGE ALLOW -DEMAND - OFF PEAK - NH	Expense
30-49-01-40-804-00-99	DEFERRAL OF INTERRUPTIPLE PROFITS NH-SUMMER	Expense
30-49-01-40-930-00-88	MISC OVERHEAD ALLOWANCE - DEMAND - OFF PEAK - NH	Expense
30-49-01-40-930-00-99	MISC OVERHEAD ALLOWANCE - DEMAND - OFF PEAK - NH	Expense
30-49-01-41-431-00-99	NH INTEREST ON FINANCED INVENTORY OFF PEAK	Expense

Account Code	Description	Type
30-49-01-41-480-01-01	R-6 S-NEXT-Commodity Cost of Gas	Revenue
30-49-01-41-480-01-02	R-11 S-NEXT-Commodity Cost of Gas	Revenue
30-49-01-41-480-02-01	R-5 S-NEXT-Commodity Cost of Gas	Revenue
30-49-01-41-480-02-02	R-10 S-NEXT-Commodity Cost of Gas	Revenue
30-49-01-41-481-01-01	G-40 S-NEXT-Commodity Cost of Gas	Revenue
30-49-01-41-481-01-02	G-50 S-NEXT-Commodity Cost of Gas	Revenue
30-49-01-41-481-02-01	G-41 S-NEXT-Commodity Cost of Gas	Revenue
30-49-01-41-481-02-02	G-51 S-NEXT-Commodity Cost of Gas	Revenue
30-49-01-41-481-03-01	G-42 S-NEXT-Commodity Cost of Gas	Revenue
30-49-01-41-481-03-02	G-52 S-NEXT-Commodity Cost of Gas	Revenue
30-49-01-41-481-10-01	Simplex S-NEXT-Commodity Cost of Gas	Revenue
30-49-01-41-481-11-01	Nat Gypsum S-NEXT-Commodity Cost of Gas	Revenue
30-49-01-41-481-12-01	Foss S-NEXT-Commodity Cost of Gas	Revenue
30-49-01-41-804-00-99	INTERRUPTIBLE COSTS - MARGIN-SUMMER	Expense
30-49-01-41-804-01-99	EMERGENCY SALES MARGIN-SUMMER	Expense
30-49-01-42-480-01-01	R-6 S-NEXT-Reconciliation Costs	Revenue
30-49-01-42-480-01-02	R-11 S-NEXT-Reconciliation Costs	Revenue
30-49-01-42-480-02-01	R-5 S-NEXT-Reconciliation Costs	Revenue
30-49-01-42-480-02-02	R-10 S-NEXT-Reconciliation Costs	Revenue
30-49-01-42-481-01-01	G-40 S-NEXT-Reconciliation Costs	Revenue
30-49-01-42-481-01-02	G-50 S-NEXT-Reconciliation Costs	Revenue
30-49-01-42-481-02-01	G-41 S-NEXT-Reconciliation Costs	Revenue
30-49-01-42-481-02-02	G-51 S-NEXT-Reconciliation Costs	Revenue
30-49-01-42-481-03-01	G-42 S-NEXT-Reconciliation Costs	Revenue
30-49-01-42-481-03-02	G-52 S-NEXT-Reconciliation Costs	Revenue
30-49-01-42-481-10-01	Simplex S-NEXT-Reconciliation Costs	Revenue
30-49-01-42-481-11-01	Nat Gypsum S-NEXT-Reconciliation Costs	Revenue
30-49-01-42-481-12-01	Foss S-NEXT-Reconciliation Costs	Revenue
30-49-01-43-480-01-01	R-6 S-NEXT-Working Capital Allowance	Revenue
30-49-01-43-480-01-02	R-11 S-NEXT-Working Capital Allowance	Revenue
30-49-01-43-480-02-01	R-5 S-NEXT-Working Capital Allowance	Revenue
30-49-01-43-480-02-02	R-10 S-NEXT-Working Capital Allowance	Revenue
30-49-01-43-481-01-01	G-40 S-NEXT-Working Capital Allowance	Revenue
30-49-01-43-481-01-02	G-50 S-NEXT-Working Capital Allowance	Revenue
30-49-01-43-481-02-01	G-41 S-NEXT-Working Capital Allowance	Revenue
30-49-01-43-481-02-02	G-51 S-NEXT-Working Capital Allowance	Revenue
30-49-01-43-481-03-01	G-42 S-NEXT-Working Capital Allowance	Revenue
30-49-01-43-481-03-02	G-52 S-NEXT-Working Capital Allowance	Revenue
30-49-01-43-481-10-01	Simplex S-NEXT-Working Capital Allowance	Revenue
30-49-01-43-481-11-01	Nat Gypsum S-NEXT-Working Capital Allowance	Revenue
30-49-01-43-481-12-01	Foss S-NEXT-Working Capital Allowance	Revenue
30-49-01-43-495-00-00	ACCRUED REV-WORK CAP-OFF PEAK-NH	Revenue
30-49-01-44-480-01-01	R-6 S-NEXT-Bad Debt Allowance	Revenue
30-49-01-44-480-01-02	R-11 S-NEXT-Bad Debt Allowance	Revenue
30-49-01-44-480-02-01	R-5 S-NEXT-Bad Debt Allowance	Revenue

Account Code	Description	Type
30-49-01-44-480-02-02	R-10 S-NEXT-Bad Debt Allowance	Revenue
30-49-01-44-481-01-01	G-40 S-NEXT-Bad Debt Allowance	Revenue
30-49-01-44-481-01-02	G-50 S-NEXT-Bad Debt Allowance	Revenue
30-49-01-44-481-02-01	G-41 S-NEXT-Bad Debt Allowance	Revenue
30-49-01-44-481-02-02	G-51 S-NEXT-Bad Debt Allowance	Revenue
30-49-01-44-481-03-01	G-42 S-NEXT-Bad Debt Allowance	Revenue
30-49-01-44-481-03-02	G-52 S-NEXT-Bad Debt Allowance	Revenue
30-49-01-44-481-10-01	Simplex S-NEXT-Bad Debt Allowance	Revenue
30-49-01-44-481-11-01	Nat Gypsum S-NEXT-Bad Debt Allowance	Revenue
30-49-01-44-481-12-01	Foss S-NEXT-Bad Debt Allowance	Revenue
30-49-01-44-495-00-00	ACCRUED REV-BAD DEBT-OFF PEAK-NH	Revenue
30-49-01-45-480-01-01	R-6 S-NEXT-Miscellaneous Overhead	Revenue
30-49-01-45-480-01-02	R-11 S-NEXT-Miscellaneous Overhead	Revenue
30-49-01-45-480-02-01	R-5 S-NEXT-Miscellaneous Overhead	Revenue
30-49-01-45-480-02-02	R-10 S-NEXT-Miscellaneous Overhead	Revenue
30-49-01-45-481-01-01	G-40 S-NEXT-Miscellaneous Overhead	Revenue
30-49-01-45-481-01-02	G-50 S-NEXT-Miscellaneous Overhead	Revenue
30-49-01-45-481-02-01	G-41 S-NEXT-Miscellaneous Overhead	Revenue
30-49-01-45-481-02-02	G-51 S-NEXT-Miscellaneous Overhead	Revenue
30-49-01-45-481-03-01	G-42 S-NEXT-Miscellaneous Overhead	Revenue
30-49-01-45-481-03-02	G-52 S-NEXT-Miscellaneous Overhead	Revenue
30-49-01-45-481-10-01	Simplex S-NEXT-Miscellaneous Overhead	Revenue
30-49-01-45-481-11-01	Nat Gypsum S-NEXT-Miscellaneous Overhead	Revenue
30-49-01-45-481-12-01	Foss S-NEXT-Miscellaneous Overhead	Revenue
30-49-01-46-480-01-01	R-6 S-NEXT-Production & Storage Capacity	Revenue
30-49-01-46-480-01-02	R-11 S-NEXT-Production & Storage Capacity	Revenue
30-49-01-46-480-02-01	R-5 S-NEXT-Production & Storage Capacity	Revenue
30-49-01-46-480-02-02	R-10 S-NEXT-Production & Storage Capacity	Revenue
30-49-01-46-481-01-01	G-40 S-NEXT-Production & Storage Capacity	Revenue
30-49-01-46-481-01-02	G-50 S-NEXT-Production & Storage Capacity	Revenue
30-49-01-46-481-02-01	G-41 S-NEXT-Production & Storage Capacity	Revenue
30-49-01-46-481-02-02	G-51 S-NEXT-Production & Storage Capacity	Revenue
30-49-01-46-481-03-01	G-42 S-NEXT-Production & Storage Capacity	Revenue
30-49-01-46-481-03-02	G-52 S-NEXT-Production & Storage Capacity	Revenue
30-49-01-46-481-10-01	Simplex S-NEXT-Production & Storage Capacity	Revenue
30-49-01-46-481-11-01	Nat Gypsum S-NEXT-Production & Storage Capacity	Revenue
30-49-01-46-481-12-01	Foss S-NEXT-Production & Storage Capacity	Revenue
30-49-01-47-480-01-01	R-6 S-NEXT-DEFERRAL OF JURISDICTIONAL DEMAND COSTS	Revenue
30-49-01-47-480-01-02	R-11 S-NEXT-DEFERRAL OF JURISDICTIONAL DEMAND COSTS	Revenue
30-49-01-47-480-02-01	R-5 S-NEXT-DEFERRAL OF JURISDICTIONAL DEMAND COSTS	Revenue
30-49-01-47-480-02-02	R-10 S-NEXT-DEFERRAL OF JURISDICTIONAL DEMAND COSTS	Revenue
30-49-01-47-481-01-01	G-40 S-NEXT-DEFERRAL OF JURISDICTIONAL DEMAND COSTS	Revenue
30-49-01-47-481-01-02	G-50 S-NEXT-DEFERRAL OF JURISDICTIONAL DEMAND COSTS	Revenue
30-49-01-47-481-02-01	G-41 S-NEXT-DEFERRAL OF JURISDICTIONAL DEMAND COSTS	Revenue
30-49-01-47-481-02-02	G-51 S-NEXT-DEFERRAL OF JURISDICTIONAL DEMAND COSTS	Revenue

Account Code	Description	Type
30-49-01-47-481-03-01	G-42 S-NEXT-DEFERRAL OF JURISDICTIONAL DEMAND COSTS	Revenue
30-49-01-47-481-03-02	G-52 S-NEXT-DEFERRAL OF JURISDICTIONAL DEMAND COSTS	Revenue
30-49-01-47-481-10-01	SIMPLEX S-NEXT-DEFERRAL OF JURISDICTIONAL DEMAND COSTS	Revenue
30-49-01-47-481-11-01	NAT GYPSUM S-NEXT-DEFERRAL OF JURISDICTIONAL DEMAND COSTS	Revenue
30-49-01-47-481-12-01	FOSS S-NEXT-DEFERRAL OF JURISDICTIONAL DEMAND COSTS	Revenue
30-49-01-48-480-02-01	R-5 S-NEXT-DEFERRAL OF JURISDICTIONAL DEMAND COSTS	Revenue
30-49-01-70-480-01-01	R-6 NEXT-SUPPLIER REFUNDS (DEMAND)	Revenue
30-49-01-70-480-01-02	R-11 NEXT-SUPPLIER REFUNDS (DEMAND)	Revenue
30-49-01-70-480-02-01	R-5 NEXT-SUPPLIER REFUNDS (DEMAND)	Revenue
30-49-01-70-480-02-02	R-10 NEXT-SUPPLIER REFUNDS (DEMAND)	Revenue
30-49-01-70-481-01-01	G-40 NEXT-SUPPLIER REFUNDS (DEMAND)	Revenue
30-49-01-70-481-01-02	G-50 NEXT-SUPPLIER REFUNDS (DEMAND)	Revenue
30-49-01-70-481-02-01	G-41 NEXT-SUPPLIER REFUNDS (DEMAND)	Revenue
30-49-01-70-481-02-02	G-51 NEXT-SUPPLIER REFUNDS (DEMAND)	Revenue
30-49-01-70-481-03-01	G-42 NEXT-SUPPLIER REFUNDS (DEMAND)	Revenue
30-49-01-70-481-03-02	G-52 NEXT-SUPPLIER REFUNDS (DEMAND)	Revenue
30-49-01-70-481-10-01	SIMPLEX NEXT-SUPPLIER REFUNDS (DEMAND)	Revenue
30-49-01-70-481-11-01	NAT GYPSUM NEXT-SUPPLIER REFUNDS (DEMAND)	Revenue
30-49-01-70-481-12-01	FOSS NEXT-SUPPLIER REFUNDS (DEMAND)	Revenue
30-49-01-70-495-00-00	ACCR REV-SUP REF-DEMAND-NH	Revenue
30-49-01-71-480-01-01	R-6 NEXT-SUPPLIER REFUNDS (COMMODITY)	Revenue
30-49-01-71-480-01-02	R-11 NEXT-SUPPLIER REFUNDS (COMMODITY)	Revenue
30-49-01-71-480-02-01	R-5 NEXT-SUPPLIER REFUNDS (COMMODITY)	Revenue
30-49-01-71-480-02-02	R-10 NEXT-SUPPLIER REFUNDS (COMMODITY)	Revenue
30-49-01-71-481-01-01	G-40 NEXT-SUPPLIER REFUNDS (COMMODITY)	Revenue
30-49-01-71-481-01-02	G-50 NEXT-SUPPLIER REFUNDS (COMMODITY)	Revenue
30-49-01-71-481-02-01	G-41 NEXT-SUPPLIER REFUNDS (COMMODITY)	Revenue
30-49-01-71-481-02-02	G-51 NEXT-SUPPLIER REFUNDS (COMMODITY)	Revenue
30-49-01-71-481-03-01	G-42 NEXT-SUPPLIER REFUNDS (COMMODITY)	Revenue
30-49-01-71-481-03-02	G-52 NEXT-SUPPLIER REFUNDS (COMMODITY)	Revenue
30-49-01-71-481-10-01	SIMPLEX NEXT-SUPPLIER REFUNDS (COMMODITY)	Revenue
30-49-01-71-481-11-01	NAT GYPSUM NEXT-SUPPLIER REFUNDS (COMMODITY)	Revenue
30-49-01-71-481-12-01	FOSS NEXT-SUPPLIER REFUNDS (COMMODITY)	Revenue
30-49-01-71-495-00-00	ACCR REV-SUP REF - COMMODITY - NH	Revenue
30-49-01-72-480-01-01	R-6 NEXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue
30-49-01-72-480-01-02	R-11 NEXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue
30-49-01-72-480-02-01	R-5 NEXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue
30-49-01-72-480-02-02	R-10 NEXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue
30-49-01-72-481-01-01	G-40 NEXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue
30-49-01-72-481-01-02	G-50 NEXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue
30-49-01-72-481-02-01	G-41 NEXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue
30-49-01-72-481-02-02	G-51 NEXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue
30-49-01-72-481-03-01	G-42 NEXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue
30-49-01-72-481-03-02	G-52 S-NEXT-DSM (Demand Side Management)	Revenue
30-49-01-72-489-01-01	R-6 EXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue

Account Code	Description	Type
30-49-01-72-489-01-02	R-11 EXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue
30-49-01-72-489-01-03	R-5 EXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue
30-49-01-72-489-01-04	R-10 EXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue
30-49-01-72-489-02-01	G-40 EXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue
30-49-01-72-489-02-02	G-50 EXT-DSM (DEMAND SIDE MANAGEMENT)	Revenue
30-49-01-72-489-03-01	G-41 S-EXT-DSM (Demand Side Management)	Revenue
30-49-01-72-489-03-02	G-51 S-EXT-DSM (Demand Side Management)	Revenue
30-49-01-72-489-04-01	G-42 S-EXT-DSM (Demand Side Management)	Revenue
30-49-01-72-489-04-02	G-52 S-EXT-DSM (Demand Side Management)	Revenue
30-49-01-72-495-00-99	LDAC-EEC LOST BASE REVENUE	Revenue
30-49-01-72-495-01-01	ACCRUED REVENUE-LDAC-EEC-LOW INCOME	Revenue
30-49-01-72-495-01-02	ACCRUED REVENUE-LDAC-EEC-RESIDENTIAL	Revenue
30-49-01-72-495-01-06	ACCRUED REVENUE-LDAC-EEC-SMALL C&I	Revenue
30-49-01-73-480-01-01	R-6 S-NEXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-480-01-02	R-11 S-NEXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-480-02-01	R-5 S-NEXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-480-02-02	R-10 S-NEXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-481-01-01	G-40 S-NEXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-481-01-02	G-50 S-NEXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-481-02-01	G-41 S-NEXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-481-02-02	G-51 S-NEXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-481-03-01	G-42 S-NEXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-481-03-02	G-52 S-NEXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-489-01-01	R-6 S-EXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-489-01-02	R-11 S-EXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-489-01-03	R-5 S-EXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-489-01-04	R-10 S-EXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-489-02-01	G-40 S-EXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-489-02-02	G-50 S-EXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-489-03-01	G-41 S-EXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-489-03-02	G-51 S-EXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-489-04-01	G-42 S-EXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-489-04-02	G-52 S-EXT-ERC (Environmental Recovery Costs)	Revenue
30-49-01-73-495-01-00	REVENUE - LDAC-ERC-NH	Revenue
30-49-01-73-735-01-00	ERC AMORTIZATION - NH	Expense
30-49-01-74-480-01-01	R-6 W-NEXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-480-01-02	R-11 S-NEXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-480-02-01	R-5 S-NEXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-480-02-02	R-10 S-NEXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-481-01-01	G-40 S-NEXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-481-01-02	G-50 S-NEXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-481-02-01	G-41 S-NEXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-481-02-02	G-51 S-NEXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-481-03-01	G-42 S-NEXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-481-03-02	G-52 S-NEXT-ITM (Interruptible Margins)	Revenue

Account Code	Description	Type
30-49-01-74-489-01-01	R-6 S-EXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-489-01-02	R-11 S-EXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-489-01-03	R-5 S-EXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-489-01-04	R-10 S-EXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-489-02-01	G-40 S-EXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-489-02-02	G-50 S-EXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-489-03-01	G-41 S-EXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-489-03-02	G-51 S-EXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-489-04-01	G-42 S-EXT-ITM (Interruptible Margins)	Revenue
30-49-01-74-489-04-02	G-52 S-EXT-ITM (Interruptible Margins)	Revenue
30-49-01-75-480-01-01	R-6 S-NEXT-Wells LNG	Revenue
30-49-01-75-480-01-02	R-11 S-NEXT-Wells LNG	Revenue
30-49-01-75-480-02-01	R-5 S-NEXT-Wells LNG	Revenue
30-49-01-75-480-02-02	R-10 S-NEXT-Wells LNG	Revenue
30-49-01-75-481-01-01	G-40 S-NEXT-Wells LNG	Revenue
30-49-01-75-481-01-02	G-50 S-NEXT-Wells LNG	Revenue
30-49-01-75-481-02-01	G-41 S-NEXT-Wells LNG	Revenue
30-49-01-75-481-02-02	G-51 S-NEXT-Wells LNG	Revenue
30-49-01-75-481-03-01	G-42 S-NEXT-Wells LNG	Revenue
30-49-01-75-481-03-02	G-52 S-NEXT-Wells LNG	Revenue
30-49-01-75-489-01-01	R-6 S-EXT-Wells LNG	Revenue
30-49-01-75-489-01-02	R-11 S-EXT-Wells LNG	Revenue
30-49-01-75-489-01-03	R-5 S-EXT-Wells LNG	Revenue
30-49-01-75-489-01-04	R-10 S-EXT-Wells LNG	Revenue
30-49-01-75-489-02-01	G-40 S-EXT-Wells LNG	Revenue
30-49-01-75-489-02-02	G-50 S-EXT-Wells LNG	Revenue
30-49-01-75-489-03-01	G-41 S-EXT-Wells LNG	Revenue
30-49-01-75-489-03-02	G-51 S-EXT-Wells LNG	Revenue
30-49-01-75-489-04-01	G-42 S-EXT-Wells LNG	Revenue
30-49-01-75-489-04-02	G-52 S-EXT-Wells LNG	Revenue
30-49-01-76-481-01-01	G-40 S-NEXT-CCE (Customer Choice Expense)	Revenue
30-49-01-76-481-01-02	G-50 S-NEXT-CCE (Customer Choice Expense)	Revenue
30-49-01-76-481-02-01	G-41 S-NEXT-CCE (Customer Choice Expense)	Revenue
30-49-01-76-481-02-02	G-51 S-NEXT-CCE (Customer Choice Expense)	Revenue
30-49-01-76-481-03-01	G-42 S-NEXT-CCE (Customer Choice Expense)	Revenue
30-49-01-76-481-03-02	G-52 S-NEXT-CCE (Customer Choice Expense)	Revenue
30-49-01-76-489-02-01	G-40 S-EXT-CCE (Customer Choice Expense)	Revenue
30-49-01-76-489-02-02	G-50 S-EXT-CCE (Customer Choice Expense)	Revenue
30-49-01-76-489-03-01	G-41 S-EXT-CCE (Customer Choice Expense)	Revenue
30-49-01-76-489-03-02	G-51 S-EXT-CCE (Customer Choice Expense)	Revenue
30-49-01-76-489-04-01	G-42 S-EXT-CCE (Customer Choice Expense)	Revenue
30-49-01-76-489-04-02	G-52 S-EXT-CCE (Customer Choice Expense)	Revenue
30-49-01-77-480-01-01	R-6 S-NEXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-480-01-02	R-11 S-NEXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-480-02-01	R-5 S-NEXT-RLIARA (Residential Low Income)	Revenue

Account Code	Description	Type
30-49-01-77-480-02-02	R-10 S-NEXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-481-01-01	G-40 S-NEXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-481-01-02	G-50 S-NEXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-481-02-01	G-41 S-NEXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-481-02-02	G-51 S-NEXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-481-03-01	G-42 S-NEXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-481-03-02	G-52 S-NEXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-489-01-01	R-6 S-EXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-489-01-02	R-11 S-EXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-489-01-03	R-5 S-EXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-489-01-04	R-10 S-EXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-489-02-01	G-40 S-EXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-489-02-02	G-50 S-EXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-489-03-01	G-41 S-EXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-489-03-02	G-51 S-EXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-489-04-01	G-42 S-EXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-489-04-02	G-52 S-EXT-RLIARA (Residential Low Income)	Revenue
30-49-01-77-495-00-00	ACCRUED REVENUE - RLIARA- NH	Revenue
30-49-01-77-923-00-00	NH RLIARA COSTS	Expense
30-49-01-77-928-03-00	REG COMM EXP - ASSESSMENTS - RLIARA	Expense
30-49-01-78-407-01-00	AMORTIZATION OF RATE CASE COSTS - NH	Expense
30-49-01-78-480-01-01	R-6 S-NEXT-RCE (Rate Case Expense)	Revenue
30-49-01-78-480-01-02	R-11 S-NEXT-RCE (Rate Case Expense)	Revenue
30-49-01-78-480-02-01	R-5 S-NEXT-RCE (Rate Case Expense)	Revenue
30-49-01-78-480-02-02	R-10 S-NEXT-RCE (Rate Case Expense)	Revenue
30-49-01-78-481-01-01	G-40 S-NEXT-RCE (Rate Case Expense)	Revenue
30-49-01-78-481-01-02	G-50 S-NEXT-RCE (Rate Case Expense)	Revenue
30-49-01-78-481-02-01	G-41 S-NEXT-RCE (Rate Case Expense)	Revenue
30-49-01-78-481-02-02	G-51 S-NEXT-RCE (Rate Case Expense)	Revenue
30-49-01-78-481-03-01	G-42 S-NEXT-RCE (Rate Case Expense)	Revenue
30-49-01-78-481-03-02	G-52 S-NEXT-RCE (Rate Case Expense)	Revenue
30-49-01-78-489-01-01	R-6 EXT-RCE	Revenue
30-49-01-78-489-01-02	R-11 EXT-RCE	Revenue
30-49-01-78-489-01-03	R-5 EXT-RCE	Revenue
30-49-01-78-489-01-04	R-10 EXT-RCE	Revenue
30-49-01-78-489-02-01	G-40 EXT-RCE	Revenue
30-49-01-78-489-02-02	G-50 EXT-RCE	Revenue
30-49-01-78-489-03-01	G-41 EXT-RCE	Revenue
30-49-01-78-489-03-02	G-51 EXT-RCE	Revenue
30-49-01-78-489-04-01	G-42 EXT-RCE	Revenue
30-49-01-78-489-04-02	G-52 EXT-RCE	Revenue
30-49-01-78-489-10-01	Simplex EXT-RCE	Revenue
30-49-01-78-489-11-01	Nat Gypsum EXT-RCE	Revenue
30-49-01-78-489-12-01	Foss EXT-RCE	Revenue
30-49-01-78-495-00-00	ACCRUED REVENUE - RATE CASE EXP	Revenue

Account Code	Description	Type
30-49-01-79-480-01-01	R-6 S-NEXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-480-01-02	R-11 S-NEXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-480-02-01	R-5 S-NEXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-480-02-02	R-10 S-NEXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-481-01-01	G-40 S-NEXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-481-01-02	G-50 S-NEXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-481-02-01	G-41 S-NEXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-481-02-02	G-51 S-NEXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-481-03-01	G-42 S-NEXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-481-03-02	G-52 S-NEXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-489-01-01	R-6 S-EXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-489-01-02	R-11 S-EXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-489-01-03	R-5 S-EXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-489-01-04	R-10 S-EXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-489-02-01	G-40 S-EXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-489-02-02	G-50 S-EXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-489-03-01	G-41 S-EXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-489-03-02	G-51 S-EXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-489-04-01	G-42 S-EXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-489-04-02	G-52 S-EXT-RPC (Recon of Perm Changes)	Revenue
30-49-01-79-495-00-00	ACCD REVENUE-RATE RELIEF - NH	Revenue
30-49-01-80-495-00-00	ACC REV ON EEBB RESIDENTIAL	Revenue
30-49-01-90-489-05-00	IG Interruptible Transport - Ext Sup	Revenue
30-49-02-72-908-00-50	ALL GAS REG & GENERAL	Expense
30-49-02-72-908-00-60	ALL GAS INTERNAL ADMIN	Expense
30-49-02-72-908-00-70	ALL GAS INTERNAL M&E	Expense
30-49-02-72-908-00-80	ALL GAS INTERNAL MKTING	Expense
30-49-02-72-908-00-90	ALL GAS 3RD PTY MKTING	Expense
30-49-02-72-908-00-95	ALL GAS 3RD PTY ADMIN	Expense
30-49-02-72-908-00-96	RES GAS INTERNAL ADMIN	Expense
30-49-02-72-908-00-97	C&I GAS INTERNAL ADMIN	Expense
30-49-02-72-908-01-00	LI G RETROFIT 1-4 - DESIGN	Expense
30-49-02-72-908-01-01	LI G RETROFIT 1-4 - 3RD PTY DESIGN	Expense
30-49-02-72-908-01-10	LI G RETROFIT 1-4 - PROG ADMIN	Expense
30-49-02-72-908-01-11	LI G RETROFIT 1-4 - ENGINEER SVCS	Expense
30-49-02-72-908-01-12	LI G RETROFIT 1-4 - ADMIN MATERIALS	Expense
30-49-02-72-908-01-13	LI G RETROFIT 1-4 - REG & GENERAL	Expense
30-49-02-72-908-01-14	LI G RETROFIT 1-4 - 3RD PTY ADMIN	Expense
30-49-02-72-908-01-20	LI G RETROFIT 1-4 - MARKETING	Expense
30-49-02-72-908-01-21	LI G RETROFIT 1-4 - 3RD PTY MKTING	Expense
30-49-02-72-908-01-30	LI G RETROFIT 1-4 - M&E	Expense
30-49-02-72-908-01-31	LI G RETROFIT 1-4 - 3RD PTY M&E	Expense
30-49-02-72-908-01-40	LI G RETROFIT 1-4 - CUST/CONTR REBATES	Expense
30-49-02-72-908-01-41	LI G RETROFIT 1-4 - ENERGY AUDITS	Expense
30-49-02-72-908-25-00	RES G RETROFIT 1-4 - DESIGN	Expense

Account Code	Description	Type
30-49-02-72-908-25-01	RES G RETROFIT 1-4 - 3RD PTY DESIGN	Expense
30-49-02-72-908-25-10	RES G RETROFIT 1-4 - PROG ADMIN	Expense
30-49-02-72-908-25-11	RES G RETROFIT 1-4 - ENGINEER SVCS	Expense
30-49-02-72-908-25-12	RES G RETROFIT 1-4 - ADMIN MATERIALS	Expense
30-49-02-72-908-25-13	RES G RETROFIT 1-4 - REG & GENERAL	Expense
30-49-02-72-908-25-14	RES G RETROFIT 1-4 - 3RD PTY ADMIN	Expense
30-49-02-72-908-25-20	RES G RETROFIT 1-4 - MARKETING	Expense
30-49-02-72-908-25-21	RES G RETROFIT 1-4 - 3RD PTY MKTING	Expense
30-49-02-72-908-25-30	RES G RETROFIT 1-4 - M&E	Expense
30-49-02-72-908-25-31	RES G RETROFIT 1-4 - 3RD PTY M&E	Expense
30-49-02-72-908-25-40	RES G RETROFIT 1-4 - REBATES	Expense
30-49-02-72-908-25-41	RES G RETROFIT 1-4 - ENERGY AUDITS	Expense
30-49-02-72-908-29-00	RES GAS EQUIP - DESIGN	Expense
30-49-02-72-908-29-01	RES GAS EQUIP - 3RD PTY DESIGN	Expense
30-49-02-72-908-29-10	RES GAS EQUIP - PROG ADMIN	Expense
30-49-02-72-908-29-11	RES GAS EQUIP - ENGINEER SVCS	Expense
30-49-02-72-908-29-12	RES GAS EQUIP - ADMIN MATERIALS	Expense
30-49-02-72-908-29-13	RES GAS EQUIP - REG & GENERAL	Expense
30-49-02-72-908-29-14	RES GAS EQUIP - 3RD PTY ADMIN	Expense
30-49-02-72-908-29-20	RES GAS EQUIP - MARKETING	Expense
30-49-02-72-908-29-21	RES GAS EQUIP - 3RD PTY MKTING	Expense
30-49-02-72-908-29-30	RES GAS EQUIP - M&E	Expense
30-49-02-72-908-29-31	RES GAS EQUIP - 3RD PTY M&E	Expense
30-49-02-72-908-29-40	RES GAS EQUIP - REBATES	Expense
30-49-02-72-908-29-41	RES GAS EQUIP - ENERGY AUDITS	Expense
30-49-02-72-908-36-00	LC&I G RETROFIT - DESIGN	Expense
30-49-02-72-908-36-01	LC&I G RETROFIT - 3RD PTY DESIGN	Expense
30-49-02-72-908-36-10	LC&I G RETROFIT - PROG ADMIN	Expense
30-49-02-72-908-36-11	LC&I G RETROFIT - ENGINEER SVCS	Expense
30-49-02-72-908-36-12	LC&I G RETROFIT - ADMIN MATERIALS	Expense
30-49-02-72-908-36-13	LC&I G RETROFIT - REG & GENERAL	Expense
30-49-02-72-908-36-14	LC&I G RETROFIT - 3RD PTY ADMIN	Expense
30-49-02-72-908-36-20	LC&I G RETROFIT - MARKETING	Expense
30-49-02-72-908-36-21	LC&I G RETROFIT - 3RD PTY MKTING	Expense
30-49-02-72-908-36-30	LC&I G RETROFIT - M&E	Expense
30-49-02-72-908-36-31	LC&I G RETROFIT - 3RD PTY M&E	Expense
30-49-02-72-908-36-40	LC&I G RETROFIT - REBATES	Expense
30-49-02-72-908-36-41	LC&I G RETROFIT - ENERGY AUDITS	Expense
30-49-02-72-908-43-15	C&I CODES - EDU - INT ADMIN	Expense
30-49-02-72-908-43-16	RES EDUCATION - 3RD PTY ADMIN	Expense
30-49-02-72-908-43-26	RES EDUCATION - 3RD PTY ADMIN	Expense
30-49-02-72-908-43-27	C & I CODES - EDU - 3RD PTY ADMIN	Expense
30-49-02-72-908-43-33	RES G BUILDING PRAC - INT ADMIN	Expense
30-49-02-72-908-43-34	RES G BUILDING PRAC - 3RD PTY ADMIN	Expense
30-49-02-72-908-43-35	RES G BUILDING PRAC - REBATES	Expense

Account Code	Description	Type
30-49-02-72-908-47-00	RES NC EQUIP - DESIGN	Expense
30-49-02-72-908-47-01	RES NC EQUIP - 3RD PTY DESIGN	Expense
30-49-02-72-908-47-10	RES NC EQUIP - PROG ADMIN	Expense
30-49-02-72-908-47-11	RES NC EQUIP - ENGINEER SVCS	Expense
30-49-02-72-908-47-12	RES NC EQUIP - ADMIN MATERIALS	Expense
30-49-02-72-908-47-13	RES NC EQUIP - REG & GENERAL	Expense
30-49-02-72-908-47-14	RES NC EQUIP - 3RD PTY ADMIN	Expense
30-49-02-72-908-47-20	RES NC EQUIP - MARKETING	Expense
30-49-02-72-908-47-21	RES NC EQUIP - 3RD PTY MKTING	Expense
30-49-02-72-908-47-30	RES NC EQUIP - M&E	Expense
30-49-02-72-908-47-31	RES NC EQUIP - 3RD PTY M&E	Expense
30-49-02-72-908-47-40	RES NC EQUIP - CUST CONTR REBATES	Expense
30-49-02-72-908-47-41	RES NC EQUIP - ENERGY AUDITS	Expense
30-49-02-72-908-48-28	RES E&G ENERGY CODE TRAINING	Expense
30-49-02-72-908-49-00	SC&I G RETRO/DI - DESIGN	Expense
30-49-02-72-908-49-01	SC&I G RETRO/DI - 3RD PTY DESIGN	Expense
30-49-02-72-908-49-10	SC&I G RETRO/DI - PROG ADMIN	Expense
30-49-02-72-908-49-11	SC&I G RETRO/DI - ENGINEER SVCS	Expense
30-49-02-72-908-49-12	SC&I G RETRO/DI - ADMIN MATERIALS	Expense
30-49-02-72-908-49-13	SC&I G RETRO/DI - REG & GENERAL	Expense
30-49-02-72-908-49-14	SC&I G RETRO/DI - 3RD PTY ADMIN	Expense
30-49-02-72-908-49-20	SC&I G RETRO/DI - MARKETING	Expense
30-49-02-72-908-49-21	SC&I G RETRO/DI - 3RD PTY MKTING	Expense
30-49-02-72-908-49-30	SC&I G RETRO/DI - M&E	Expense
30-49-02-72-908-49-31	SC&I G RETRO/DI - 3RD PTY M&E	Expense
30-49-02-72-908-49-40	SC&I G RETRO/DI - REBATES	Expense
30-49-02-72-908-49-41	SC&I G RETRO/DI - ENERGY AUDITS	Expense
30-49-02-72-908-50-00	LC&I GNC EQUIP - DESIGN	Expense
30-49-02-72-908-50-01	LC&I G NC EQUIP - 3RD PTY DESIGN	Expense
30-49-02-72-908-50-10	LC&I G NC EQUIP PROG ADMIN	Expense
30-49-02-72-908-50-11	LC&I G NC EQUIP - ENGINEER SVCS	Expense
30-49-02-72-908-50-12	LC&I G NC EQUIP -ADMIN MATERIALS	Expense
30-49-02-72-908-50-13	LC&I NC EQUIP - REG & GENERAL	Expense
30-49-02-72-908-50-14	LC&I G NC EQUIP - 3RD PTY ADMIN	Expense
30-49-02-72-908-50-20	LC&I G NC EQUIP - MARKETING	Expense
30-49-02-72-908-50-21	LC&I G NC EQUIP - 3RD PTY MKTING	Expense
30-49-02-72-908-50-30	LC&I G NC EQUIP - M&E	Expense
30-49-02-72-908-50-31	LC&I G NC EQUIP - 3RD PTY M&E	Expense
30-49-02-72-908-50-40	LC&I G NC EQUIP - REBATES	Expense
30-49-02-72-908-50-41	LC&I G NC EQUIP - ENERGY AUDITS	Expense
30-49-02-72-908-51-10	SC&I G NC EQUIP - PROG ADMIN	Expense
30-49-02-72-908-51-13	SC&I G NC EQUIP - REG & GENERAL	Expense
30-49-02-72-908-51-14	SC&I G NC EQUIP - 3RD PTY ADMIN	Expense
30-49-02-72-908-51-20	SC&I G NC EQUIP - MARKETING	Expense
30-49-02-72-908-51-21	SC&I G NC EQUIP - 3RD PTY MKTING	Expense

Account Code	Description	Type
30-49-02-72-908-51-30	SC&I G NC EQUIP - M&E	Expense
30-49-02-72-908-51-31	SC&I G NC EQUIP - 3RD PTY M&E	Expense
30-49-02-72-908-51-40	SC&I G NC EQUIP - REBATES	Expense
30-49-02-72-908-51-41	SC&I G NC EQUIP - ENERGY AUDITS	Expense
30-49-02-72-908-57-00	C&I MF (COM AREA) DESIGN	Expense
30-49-02-72-908-57-01	C&I MF (COM AREA) 3RD PTY DESIGN	Expense
30-49-02-72-908-57-10	C&I MF (COM AREA) PROG ADMIN	Expense
30-49-02-72-908-57-11	C&I MF (COM AREA) ENGINEER SVCS	Expense
30-49-02-72-908-57-12	C&I MF (COM AREA) ADMIN MATERIALS	Expense
30-49-02-72-908-57-13	C&I MF (COM AREA) REG & GENERAL	Expense
30-49-02-72-908-57-14	C&I MF (COM AREA) 3RD PTY ADMIN	Expense
30-49-02-72-908-57-20	C&I MF (COM AREA) MARKETING	Expense
30-49-02-72-908-57-21	C&I MF (COM AREA) 3RD PTY MKTING	Expense
30-49-02-72-908-57-30	C&I MF (COM AREA) M&E	Expense
30-49-02-72-908-57-31	C&I MF (COM AREA) 3RD PTY M&E	Expense
30-49-02-72-908-57-40	C&I MF (COM AREA) REBATES	Expense
30-49-02-72-908-57-41	C&I MF (COM AREA) AUDITS	Expense
30-49-02-80-495-00-01	LOAN PAYBACK-EEBB-RES	Revenue
30-49-02-80-495-00-02	LOAN WRITEOFF-EEBB-RES	Revenue
30-49-02-80-495-00-03	LOAN WRITEOFF RECOVERY-EEBB-RES	Revenue
30-49-02-80-495-20-00	OTHER REVENUE-GRANT FUNDING-R	Revenue
30-49-02-80-908-43-30	EEBB RES FINANCING - INTERNAL ADMIN	Expense
30-49-02-80-908-43-31	EEBB RES FINANCING - 3RD PTY COSTS	Expense
30-49-02-80-908-43-32	EEBB RES FINANCING - LOAN/BUYDOWN	Expense
30-49-10-10-798-06-05	ASSET MGT CR - PNGTS CASE COSTS - NH	Expense
30-49-10-10-804-03-02	PEAK DEMAND CHARGES DEFERRED - NH	Expense
30-49-10-11-407-81-00	AMORT OF PNGTS RATE CASE COSTS - NH	Expense
30-49-10-11-495-00-90	ACCRD REV-DEM-COMM- UNBILLED-PEAK-NH	Revenue
30-49-10-13-419-00-99	WORKING CAPITAL - PEAK - NH	Revenue
30-49-10-13-495-00-90	ACCRD REV-WORK CAP-UNBILLED- PEAK-NH	Revenue
30-49-10-14-495-00-90	ACCRD REV-BAD DEBT- UNBILLED- PEAK-NH	Revenue
30-49-10-14-904-00-99	BAD DEBT ALLOWANCE - PEAK - NH	Expense
30-49-10-40-798-06-06	AMORT-GSG RATE CASE COSTS - NH	Expense
30-49-10-40-804-01-01	DEMAND - NH - OFF PEAK	Expense
30-49-10-41-495-00-00	ACCRUED REV-DEM-COMM- OFF PEAK - NH	Revenue
30-49-10-41-495-00-90	ACCRD REV-DEM-COMM- UNBILLED-OFF PEAK-NH	Revenue
30-49-10-43-419-00-99	WORKING CAPITAL - OFF PEAK - NH	Revenue
30-49-10-43-495-00-00	ACCRUED REV-WORKING CAPITAL OFF PEAK	Revenue
30-49-10-43-495-00-90	ACCRUED REVENUE-WORKING CAPITAL-UNBILLED- OFF PEAK	Revenue
30-49-10-44-495-00-00	ACCRUED REV-BAD DEBT OFF PEAK	Revenue
30-49-10-44-495-00-90	ACCRD REV-BAD DEBT- UNBILLED- PEAK - NH	Revenue
30-49-10-44-904-00-99	BAD DEBT ALLOWANCE - OFF PEAK - NH	Expense
30-49-13-10-483-00-00	SALES FOR RESALE - DEMAND - PEAK - NH	Revenue
30-49-13-10-483-02-00	COMPANY MANAGED DEMAND - PEAK - NH	Revenue
30-49-13-10-483-20-90	COMPANY MANAGED DEMAND - PEAK - NH EST	Revenue

Account Code	Description	Type
30-49-13-10-798-06-00	CAPACITY RELEASE- PEAK - NH	Expense
30-49-13-10-798-06-02	PIPELINE CAPACITY RELEASE - CAP ASSIGN - PEAK - NH	Expense
30-49-13-10-798-60-90	CAPACITY RELEASE- PEAK - NH - EST	Expense
30-49-13-10-799-01-02	CAPACITY MITIGATION - PEAK - NH	Expense
30-49-13-10-799-12-90	CAPACITY MITIGATION - PEAK - NH - EST	Expense
30-49-13-10-804-01-01	TRANSPORTATION - DEMAND - PEAK - NH	Expense
30-49-13-10-804-02-01	SUPPLY PURCHASES - DEMAND - PEAK - NH	Expense
30-49-13-10-804-11-90	TRANSP - DEMAND - PEAK EST - NH	Expense
30-49-13-10-804-21-90	SUPPLY PURCHASES -DEMAND- PEAK EST - NH	Expense
30-49-13-10-808-02-00	STORAGE COSTS -DEMAND - PEAK - NH	Expense
30-49-13-10-808-20-90	STORAGE COSTS -DEMAND - PEAK EST - NH	Expense
30-49-13-11-483-00-01	SALES FOR RESALE - COMMODITY - PEAK - NH	Revenue
30-49-13-11-483-02-00	COMPANY MANAGED COMMODITY- PEAK - NH	Revenue
30-49-13-11-483-10-90	SALES FOR RESALE COMMODITY - PEAK - NH - EST	Revenue
30-49-13-11-483-20-90	COMPANY MANAGED COMMODITY- PEAK - NH EST	Revenue
30-49-13-11-484-00-00	TRANSPORTATION CHARGES - COMMODITY - PEAK - NH	Revenue
30-49-13-11-804-01-02	TRANSPORTATION COMMODITY - PEAK - NH	Expense
30-49-13-11-804-02-02	SUPPLY PURCHASES COMMODITY- PEAK - NH	Expense
30-49-13-11-804-04-01	ATV RECON CHARGES - PEAK - NH	Expense
30-49-13-11-804-12-90	TRANSPORTATION VARIABLE - PEAK EST - NH	Expense
30-49-13-11-804-22-90	SUPPLY PURCHASES COMMODITY- PEAK EST - NH	Expense
30-49-13-11-806-01-00	GRANITE OBA - NH - PEAK	Expense
30-49-13-11-807-00-00	HEDGING - COMMODITY - NH - PEAK	Expense
30-49-13-11-808-01-01	LNG VAPORIZED FOR SENDOUT-BOILOFF - PEAK - NH	Expense
30-49-13-11-808-02-00	NAT GAS STORAGE WITHDRAWALS - NH-PEAK	Expense
30-49-13-11-808-02-01	STORAGE COSTS - COMMODITY - PEAK - NH	Expense
30-49-13-11-808-21-90	STORAGE WITHDRAWLS - PEAK EST - NH	Expense
30-49-13-11-812-00-00	COMPANY USE - PEAK - NH	Expense
30-49-13-41-483-00-01	SALES FOR RESALE - COMMODITY - OFF PEAK - NH	Revenue
30-49-13-41-483-10-90	SALES FOR RESALE COMMODITY - OP - NH - EST	Revenue
30-49-13-41-484-00-00	TRANSPORTATION CHARGES - COMMODITY - OFF PEAK - NH	Revenue
30-49-13-41-804-01-02	TRANSPORTATION COMMODITY - OFF PEAK - NH	Expense
30-49-13-41-804-02-02	SUPPLY PURCHASES - COMMODITY- OFF PEAK - NH	Expense
30-49-13-41-804-04-01	ATV RECON CHARGES - OFF PEAK - NH	Expense
30-49-13-41-804-12-90	TRANSPORTATION VARIABLE - OFF PEAK EST - NH	Expense
30-49-13-41-804-22-90	SUPPLY PURCHASES COMMODITY- OFF PEAK EST - NH	Expense
30-49-13-41-806-01-00	GRANITE OBA - NH - OFF PEAK	Expense
30-49-13-41-807-00-01	HEDGING COSTS - COMMODITY - OFF PEAK - NH	Expense
30-49-13-41-808-01-01	LNG VAPORIZED FOR SENDOUT - BOILOFF - OFF PEAK - NH	Expense
30-49-13-41-808-02-00	NAT GAS STORAGE WITHDRAWALS - NH-OFF PEAK	Expense
30-49-13-41-808-02-01	STORAGE COSTS - COMMODITY - OFF PEAK - NH	Expense
30-49-13-41-808-21-90	STORAGE WITHDRAWLS - OFF PEAK EST - NH	Expense
30-49-13-41-812-00-00	COMPANY USE - OFF PEAK - NH	Expense
30-49-21-14-904-00-01	PROVISION FOR DOUBTFUL ACCTS - CGA	Expense
30-49-21-14-904-01-00	PROVISION FOR DOUBTFUL ACCTS - CGA - NH - PEAK	Expense

Account Code	Description	Type
30-49-21-44-904-00-02	PROVISION FOR DOUBTFUL ACCTS - CGA	Expense
30-49-21-44-904-01-00	PROVISION FOR DOUBTFUL ACCTS - CGA - NH - OFF PEAK	Expense

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(10) The utility's Securities and Exchange Commission 10K forms and 10Q forms, for the most recent 2 years.

Response:

Northern Utilities, Inc. does not make Form 10-K or Form 10-Q filings. Please see response to Request No. 25.10 for Unitil Corporation’s Form 10-K and Form 10-Q filings for the most recent two years.

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(11) Detailed list of all membership fees, dues, and donations for the test year charged above the line showing the trade, technical, and professional associations and organizations and amount according to the following guidelines:

a. If the utility's annual gross revenues are less than $100,000, all membership fees, dues and donations shall be reported;
b. If the utility's annual gross revenues are $100,000 or are between $100,000 and $10,000,000, all membership fees, dues and donations of $1,000 and more shall be reported;
c. If the utility's annual gross revenues are $10,000,000 or are between $10,000,000 and $100,000,000, all membership fees, dues and donations of $2,500 and more shall be reported; and
d. If the utility's annual gross revenues are $100,000,000 or are in excess of $100,000,000, all membership fees, dues and donations of $5,000 and more shall be reported.

Response:

Northern Utilities, Inc. paid $64,566 to the American Gas Association in 2012 for membership dues; these were charged above the line.

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(12) A list of any management audit and depreciation studies performed within the last 5 years, specifying whether same are on file with the commission.

Response:

A depreciation study was performed in 2011, based on Gas Plant in Service at December 31, 2010. The study was submitted to the Commission in Docket No. 11-069, the Company's last general rate case proceeding.

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(13) Copies of any audits or studies referred to in (12) above which the utility has not submitted to the commission.

Response:

As noted below, there are no management audits or depreciation studies that have not been submitted to the Commission:

- No management audits have been performed within the last five years.
- The only depreciation study performed within the last five years was conducted in 2011, based on Gas Plant in Service at December 31, 2010. The depreciation study was submitted to the Commission in Docket No. 11-069, which was the Company's most recent general rate case proceeding.

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with PUC 1604.01(a), please provide:

(14) List of officers and directors of the utility and their compensation for the last two years.

Response:

Northern Utilities, Inc. is a wholly owned subsidiary of Unitil Corporation. The directors of Northern Utilities, Inc. ("Northern") are also directors of Unitil Corporation; the officers of Northern may be officers of Unitil Corporation and/or other Unitil Corporation subsidiaries.

The following table lists the total annual compensation for the members of the Board of Directors of Unitil Corporation and Northern for the past two years. All directors' compensation is allocated to Unitil Corporation's subsidiaries through the Unitil Service Corp. billing system.

	2011		**2012**		
	Compensation $	**Common Stock $**	**Compensation $**	**Common Stock $**	**Restricted Stock Units $**
William D. Adams	48,000	20,490	48,377	30,008	--
Robert V. Antonucci	48,000	20,490	48,377	30,008	--
David P. Brownell	56,000	20,490	56,377	--	30,008
Lisa Crutchfield [1]	--	--	--	--	--
Michael J. Dalton	51,000	20,490	51,377	30,008	--
Albert H. Elfner, III	59,000	20,490	59,377	--	30,008
Edward F. Godfrey	56,000	20,490	56,377	30,008	--
Michael B. Green	48,000	20,490	48,377	--	30,008
Eben S. Moulton	56,000	20.490	56,377	--	30,008
M. Brian O'Shaughnessy	51,000	20,490	51,377	30,008	--
Robert G. Schoenberger [2]	N/A	N/A	N/A	N/A	N/A
Sarah P. Voll	48,000	20,490	48,377	30,008	--
David A. Whiteley [3]	--	--	--	--	--

[1] Lisa Crutchfield was elected to the Unitil Corporation Board of Directors on December 13, 2012. No compensation was paid for 2012.
[2] Employee Directors are not compensated for Board service.
[3] David A. Whiteley was elected to the Unitil Corporation Board of Directors on December 13, 2012. No compensation was paid for 2012.

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

The following table lists the total annual compensation for the officers of Northern for the past two years. All officers' compensation is allocated to Unitil Corporation's subsidiaries through the Unitil Service Corp. billing system.

	2011			**2012**		
	Base Salary $	**Incentive Pay $**	**Restricted Stock $**	**Base Salary $**	**Incentive Pay $**	**Restricted Stock $**
Robert G. Schoenberger, President	525,091	182,640	170,718	540,844	317,680	871,486
Thomas P. Meissner, Jr., Senior Vice President	258,249	62,878	53,849	265,996	109,368	77,446
George R. Gantz [4] Senior Vice President	204,643	48,151	43,724	71,342	74,285	56,072
Todd R. Black [5] Senior Vice President	195,659	40,833	20,870	201,529	71,024	34,263
Mark H. Collin, Treasurer	255,233	62,144	53,849	264,443	108,091	77,446
Laurence M. Brock, Controller	172,175	25,626	26,017	177,340	52,083	33,692
Sandra L. Whitney, Secretary	87,713	3,250	1,635	90,413	5,307	1,986

[4] George R. Gantz retired on April 1, 2012.
[5] Todd R. Black was elected as senior vice president of Northern on June 6, 2012, but served in a similar capacity for other subsidiary companies of Unitil Corporation prior to his election.

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with PUC 1604.01(a), please provide:

(15) Lists of the amount of voting stock of the utility categorized as follows:

a. Owned by an officer or director individually;

b. Owned by the spouse or minor child of an officer or director; or

c. Controlled by the officer or director directly or indirectly.

Response:

For Northern Utilities, Inc. (Northern), the voting stock consists solely of common stock. The 100 outstanding shares of common stock of Northern are owned by Unitil Corporation. Therefore, the following responses are provided:

a. Owned by an officer or director individually – 0 shares

b. Owned by the spouse or minor child of an officer or director – 0 shares

c. Controlled by the officer or director directly or indirectly – 0 shares

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(16) A list of all payments to individuals or corporations for contractual services in the test year with a description of the purpose of the contractual services, as follows:

a. For utilities with less than $100,000 in annual gross revenues, a list of all payments in excess of $1,000;
b. For utilities with annual gross revenues of $100,000 or between $100,000 and $10,000,000, a list of all payments in excess of $10,000;
c. For utilities with annual gross revenues of $10,000,000 or between $10,000,000 and $100,000,000, a list of all payments in excess of $50,000;
d. For utilities with annual gross revenues of $100,000,000 or in excess of $100,000,000, a list of all payments in excess of $100,000; and
e. For utilities in categories b., c. and d. above, the reporting thresholds for a particular entity shall be on a cumulative basis, indicating the number of items comprising the total amount of expenditure.

Response:

Please see attached schedule of contractual payments in excess of $100,000 paid by Northern Utilities, Inc. for invoices dated between January 1, 2012 and December 31, 2012. These payments are for New Hampshire and Maine Divisions combined.

Northern Utilities,
Payments for Contractual Services
Invoices dated 01/01/12 to 12/31/12
NH and Maine combined

ADECCO EMPLOYMENT SERVICES	Temp Help	$	575,047
ADP	Payroll Services		6,638,466
AECOM	Professional Services		254,728
AMEC EARTH & ENVIRONMENTAL INC	Professional Services		166,447
APPLUS RTD	Professional Services		210,957
BANK OF AMERICA VISA	Charge Card Purchases		156,506
CITY OF AUBURN TREASURER	Property Taxes & Police Detail		242,281
CITY OF DOVER, NH	Property Taxes & Police Detail		353,024
CITY OF LEWISTON	Property Taxes & Police Detail		528,479
CITY OF PORTLAND	Property Taxes & Police Detail		242,273
CITY OF PORTLAND MAINE	Property Taxes & Police Detail		858,769
CITY OF PORTSMOUTH	Property Taxes & Police Detail		400,996
CITY OF ROCHESTER	Property Taxes & Police Detail		255,567
CITY OF SOMERSWORTH	Property Taxes & Police Detail		121,605
CITY OF SOUTH PORTLAND	Property Taxes & Police Detail		187,449
CITY OF WESTBROOK	Property Taxes & Police Detail		244,757
COASTAL ROAD REPAIR	Labor & Materials		106,722
COLLINS PIPE	Materials & Supplies		434,641
ELSTER AMERICAN METER	Materials & Supplies		694,574
ELSTER PERFECTION	Materials & Supplies		143,280
GEORG FISHCHER	Materials & Supplies		293,624
GORHAM SAND & GRAVEL INC	Labor & Materials		106,272
ISCO INDUSTRIES	Materials & Supplies		211,023
ITRON INC	Materials & Supplies		233,858
J ARON & COMPANY	Materials & Supplies		445,570
K C AUTO REPAIR INC	Auto Repair		150,924
KUBRA DATA TRANSFER LTD	Customer Bill Generation & Postage		332,788
MAINE PUBLIC UTILITIES COMMISSION	Assessment		975,097
MAINE REVENUE SERVICES	Sales Tax & Use		1,057,351
MERCURY INSTRUMENTS INC.	Materials & Supplies		123,410
MUELLER CO	Materials & Supplies		176,445
MULCARE PIPELINE SOLUTIONS	Materials & Supplies		214,167
NEW ENGLAND UTILITY CONTRACTORS	Labor & Equipment		15,548,935
PERFORMANCE PIPE	Materials & Supplies		767,706
PERKINS THOMPSON	Legal Expenses		128,937
PIERCE ATWOOD LLP	Legal Expenses		636,199
PROCESS PIPELINE SERVICES	Labor & Equipment		215,700
S U R CONSTRUCTION INC	Materials & Supplies		522,315
SHAW BROTHERS CONSTRUCTION INC	Materials & Labor		153,313
STATE OF NEW HAMPSHIRE	Taxes		265,436
STATE OF NEW HAMPSHIRE	PUC		256,180
STATE OF NEW HAMPSHIRE	Revenue		218,532
TOWN OF EXETER NH	Property Taxes & Police Detail		126,355
TOWN OF HAMPTON NH	Property Taxes & Police Detail		266,507
TOWN OF SEABROOK	Property Taxes & Police Detail		113,186
TREASURER OF STATE OF MAINE	Regulatory		271,699
TREASURER OF STATE OF MAINE PUC	PUC		341,290
UPSCO INC	Materials & Supplies		123,950
UTILITIES & INDUSTRIES	Professional Services		112,949
WINSTEAD PC	Professional Services		176,418
WRIGHT EXPRESS (WEX)	Fuel		291,278

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(17) For non-utility operations, the amount of assets and costs allocated thereto and justification for such allocations.

Response:

There are no non-utility assets or related costs to report for Northern Utilities, Inc.

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(18) Balance sheets and income statements for the previous 3 years.

Response:

Please see attached balance sheets and income statements for Northern Utilities for 2010, 2011 and 2012. The balance sheets are combined for Northern while the income statements are for the New Hampshire division of Northern only.

N.H.P.U.C. Report of: Northern Utilities, Inc. For the Year Ended: December 31, 2010

TABLE 10. (Sheet 1 of 2)

BALANCE SHEET ACCOUNTS
Assets and Other Debits

	Balance at beginning of year	Account Number	Title of Account	Detail on Page	Balance at end of year	Increase or (decrease)
	a	b	c	d	e	f
			Fixed Assets:			
1.	236,987,274	100	Fixed Capital - Gas	102	255,703,797	18,716,523
2.	0	108	Fixed Capital - Other			0
3.	2,456,218	110	Non-Operating Property	104	2,468,520	12,302
4.	239,443,492		Total Fixed Assets		258,172,317	18,728,825
			Investments:			
5.	0	111	Investments in Affiliated Companies	105	0	0
6.	1,584	112	Miscellaneous Investments	105	1,584	0
7.	0	113	Sinking Funds	106	0	0
8.	0	114	Miscellaneous Special Funds	106	0	0
9.	0	115	Depreciation Funds	106	0	0
10.	1,584		Total Investments		1,584	0
			Current Assets:			
11.	(191,465)	120	Cash		(195,183)	(3,718)
12.	2,966,460	121	Special Deposits		1,543,183	(1,423,277)
13.	2,200	122	Working Funds		2,000	(200)
14.	0	124	Notes Receivable			0
15.	11,189,095	125	Accounts Receivable	107	14,772,248	3,583,153
16.	2,745,895	126	Receivables from Affiliated Companies	107	701,862	(2,044,033)
17.	6,773,152	127	Unbilled Revenues		6,591,021	(182,131)
18.	0	128	Interest and Dividends Receivable			0
19.	2,094,267	131	Materials and Supplies	107	2,105,844	11,577
20.	1,035,000	132	Prepayments	106	1,304,060	269,060
21.	0	133	Miscellaneous Current Assets		0	0
22.	26,614,604		Total Current Assets		26,825,035	210,431
			Deferred Debits:			
23.	0	140	Unamortized Debt Discount and Expense	108	0	0
24.	0	141	Property Abandoned	104	0	0
25.	0	143	Clearing Accounts		0	0
26.	0	145.1	Maintenance Work in Progress		0	0
27.	0	145.2	Jobbing Accounts		0	0
28.	48,079,976	146	Miscellaneous Suspense	113	49,978,243	1,898,267
29.	48,079,976		Total Deferred Debits		49,978,243	1,898,267
	0		**Company Securities Owned:**		0	
30.	0	152	Reacquired Securities	106	0	0
31.	0	154	Unissued Securities		0	0
32.	0		Total Company Securities Owned		0	0
33.	314,139,656		**Total Assets and Other Debits**		334,977,179	20,837,523

TABLE 10. (Sheet 2) N.H.P.U.C. Report of: Northern Utilities, Inc. For the Year Ended: December 31, 2010

BALANCE SHEET ACCOUNTS

Liabilities and Other Credits

	Balance at beginning of year	Account Number	Title of Account	Detail on Page	Balance at end of year	Increase or (decrease)
	a	b	c	d	e	f
			Capital Stock:			
1.	1,000	200	Common Stock	109	1,000	0
2.	0	201	Preferred Stock		0	0
3.	0	202	Stock Liability for Conversion		0	0
4.	65,699,000	203	Premium on Capital Stock		73,199,000	7,500,000
5.	0	204	Capital Stock Subscribed		0	0
6.	0	205	Installments Paid on Capital Stock		0	0
7.	65,700,000		Total Capital Stock		73,200,000	7,500,000
			Non-Corporate Proprietorship:			
8.	0	209	Non-Corporate Proprietorship		0	0
			Long Term Debt:			
9.	80,000,000	210	Bonds and Notes	109	105,000,000	25,000,000
10.	0	211	Capital Lease Obligations		0	0
11.	0	212	Advances from Affiliated Companies		0	0
12.	0	213	Miscellaneous Long Term Debt		0	0
13.	80,000,000		Total Long Term Debt		105,000,000	25,000,000
			Current and Accrued Liabilities:			
14.	0	220	Notes Payable	110		0
15.	10,643,267	222	Accounts Payable		12,266,132	1,622,865
16.	46,899,316	223	Payables to Affiliated Companies	110	32,508,156	(14,391,160)
17.	1,766,000	224	Dividends Declared	108	620,000	(1,146,000)
18.	0	225	Matured Bonds			0
19.	0	226	Matured Interest			0
20.	1,811,181	227	Customers' Deposits (see page 101A)		1,357,979	(453,202)
21.	1,161,430	228	Taxes Accrued		11,544	(1,149,886)
22.	463,454	229	Interest Accrued		943,949	480,495
23.	8,413	230.1	Miscellaneous Current Liabilities		1,123,417	1,115,004
24.	8,413,356	230.2	Miscellaneous Accruals		8,623,981	210,625
25.	71,166,417		Total Current and Accrued Liabilities		57,455,158	(13,711,259)
			Deferred Credits:			
26.	0	240	Unamortized Premiums on Bonds		0	0
27.	12,323,233	242	Miscellaneous Unadjusted Credits	112	13,860,893	1,537,660
28.	12,323,233		Total Deferred Credits		13,860,893	1,537,660
			Reserves:			
29.	84,220,428	250	Depreciation Reserve - ME/NH	111	91,579,242	7,358,814
30.	(2,486,066)	251	Amortization Reserve	112	(4,379,815)	(1,893,749)
31.	451,012	254	Uncollectible Accounts Reserve	112	438,102	(12,910)
32.	0	255	Casualty and Insurance Reserve	112		0
33.	0	258.1	Sinking Funds Reserve	112		0
34.	0	258.2	Reserve for Dividends	112		0
35.	1,020,776	258.3	Misc. Reserves	112	(1,504,167)	(2,524,943)
36.	83,206,150		Total Reserves		86,133,362	2,927,212
			Contributions in Aid of Construction:			
37.	0	265	Contributions in Aid of Construction		0	0
			Surplus:			
38.	0	270	Capital Surplus	113	0	0
39.	1,743,856	271	Earned Surplus	113	(672,234)	(2,416,090)
40.	1,743,856		Total Surplus		(672,234)	(2,416,090)
41.	314,139,656		**Total Liabilities and Other Credits**		334,977,179	20,837,523

TABLE 40.

INCOME STATEMENT

	Account Number	Items	Amount	Totals	Increase or (decrease)
	a	b	c	d	e
1	1501	Operating Revenues - Gas		60,060,896	3,746,114
2	1701-1812	Operation and Maintenance - Gas	49,593,034		5,160,976
3	1503	Depreciation - Gas	4,347,100		253,940
4	1504	Amortization - Gas	(768,535)		250,508
5	1507	Taxes - Gas	2,323,198		(1,041,305)
6		Total Revenue Deductions		55,494,797	4,624,119
7		Gas Operating Income		4,566,099	(878,005)
8	1508.1	Rent for Lease of Gas Plant	0		0
9	1508.2	Rent from Lease of Gas Plant	0		0
10	1508.3	Joint Facility Rents	0		0
11	1508.4	Rent from Gas Appliances	(225,249)		(817,109)
12	1508.5	Miscellaneous Rents	0		0
13	1508.6	Miscellaneous Other Revenues	(4,413)		(134,850)
14	1508	Operating Rents - Net		(229,662)	(951,959)
15		Net Gas Operating Income		4,336,437	(1,829,964)
16	1509	Operating Income - Other Utility Operations		0	0
17		Net Utility Operating Income		4,336,437	(1,829,964)
18	1522	Revenues from Non-Operating Property	0		0
19	1523	Dividend Income	0		0
20	1524	Interest Income	0		0
21	1525	Income from Special Funds	0		0
22	1526	Miscellaneous Non-Operating Revenues	168,459		47,586
23		Non-Operating Property Revenues		168,459	47,586
24	1527	Non-Operating Revenue Deductions		(17,021)	(16,066)
25		Non-Operating Property Income		185,480	63,652
26		Gross Income		4,521,917	(1,766,312)
27	1530	Interest on Long-Term Debt	3,309,491		64,541
28	1531	Amortization of Debt Discount and Expense	72,751		13,658
29	1533	Taxes Assumed on Interest			0
30	1535	Miscellaneous Interest Deductions	193,485		158,687
31	1536	Interest Charges to Property - Credit	(42,604)		(18,454)
32	1537	Miscellaneous Amortization			0
33	1538	Miscellaneous Deductions from Income	132,328		69,159
34	1540	Contractual Appropriations of Income	0		0
35		Deductions from Gross Income		3,665,451	287,591
36		Income Balance Transferred to Earned Surplus N.H.		856,466	(2,053,903)
37		Income Balance Transferred to Earned Surplus ME.		(792,556)	(3,661,128)
38		TOTAL		63,910	(5,715,031)

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N.H.P.U.C. Report of: Northern Utilities, Inc. For the Year Ended: December 31, 2011

TABLE 10. (Sheet 1 of 2)

BALANCE SHEET ACCOUNTS

Assets and Other Debits

* Please note that some 2010 amounts throughout the report have been restated to conform with account realignment.*

	Balance at beginning of year	Account Number	Title of Account	Detail on Page	Balance at end of year	Increase or (decrease)
	a	b	c	d	e	f
			Fixed Assets:			
1.	255,703,797	100	Fixed Capital - Gas	102	276,753,506	21,049,709
2.		108	Fixed Capital - Other			0
3.	2,468,520	110	Non-Operating Property	104	2,505,729	37,209
4.	258,172,317		Total Fixed Assets		279,259,235	21,086,918
			Investments:			
5.	0	111	Investments in Affiliated Companies	105		0
6.	1,584	112	Miscellaneous Investments	105		(1,584)
7.	0	113	Sinking Funds	106		0
8.	0	114	Miscellaneous Special Funds	106		0
9.	0	115	Depreciation Funds	106		0
10.	1,584		Total Investments		0	(1,584)
			Current Assets:			
11.	(195,183)	120	Cash		215,920	411,103
12.	1,543,183	121	Special Deposits		2,624,030	1,080,847
13.	2,000	122	Working Funds		2,000	0
14.		124	Notes Receivable			0
15.	14,772,248	125	Accounts Receivable	107	17,526,039	2,753,791
16.	701,862	126	Receivables from Affiliated Companies	107	879,618	177,756
17.	4,177,321	127	Accrued Utilities Revenue		4,408,620	231,299
18.		128	Interest and Dividends Receivable			0
19.	10,453,750	131	Materials and Supplies	107	14,968,432	4,514,682
20.	1,304,060	132	Prepayments	106	2,019,833	715,773
21.	2,520,977	133	Miscellaneous Current Assets		3,024,726	503,749
22.	35,280,218		Total Current Assets		45,669,218	10,389,000
			Deferred Debits:			
23.	1,076,628	140	Unamortized Debt Discount and Expense	108	936,040	(140,588)
24.	0	141	Property Abandoned	104	0	0
25.	0	143	Clearing Accounts		0	0
26.	0	145.1	Maintenance Work in Progress		0	0
27.	0	145.2	Jobbing Accounts		0	0
28.	40,446,432	146	Miscellaneous Suspense	113	43,533,577	3,087,145
29.	41,523,060		Total Deferred Debits		44,469,617	2,946,557
	0		**Company Securities Owned:**		0	
30.	0	152	Reacquired Securities	106	0	0
31.	0	154	Unissued Securities		0	0
32.	0		Total Company Securities Owned		0	0
33.	334,977,179		**Total Assets and Other Debits**		369,398,070	34,420,891

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TABLE 10. (Sheet 2) N.H.P.U.C. Report of: Northern Utilities, Inc. For the Year Ended: December 31, 2011

BALANCE SHEET ACCOUNTS

Liabilities and Other Credits

* Please note that some 2010 amounts throughout the report have been restated to conform with account realignment.*

	Balance at beginning of year	Account Number	Title of Account	Detail on Page	Balance at end of year	Increase or (decrease)
	a	b	c	d	e	f
			Capital Stock:			
1.	1,000	200	Common Stock	109	1,000	0
2.	0	201	Preferred Stock			0
3.	0	202	Stock Liability for Conversion			0
4.	73,199,000	203	Premium on Capital Stock		73,199,000	0
5.	0	204	Capital Stock Subscribed			0
6.	0	205	Installments Paid on Capital Stock			0
7.	73,200,000		Total Capital Stock		73,200,000	0
			Non-Corporate Proprietorship:			
8.	0	209	Non-Corporate Proprietorship		0	0
			Long Term Debt:			
9.	105,000,000	210	Bonds and Notes	109	105,000,000	0
10.	0	211	Capital Lease Obligations			0
11.	0	212	Advances from Affiliated Companies			0
12.	0	213	Miscellaneous Long Term Debt			0
13.	105,000,000		Total Long Term Debt		105,000,000	0
			Current and Accrued Liabilities:			
14.		220	Notes Payable	110		0
15.	12,243,271	222	Accounts Payable		14,982,953	2,739,682
16.	32,508,156	223	Payables to Affiliated Companies	110	58,117,182	25,609,026
17.	620,000	224	Dividends Declared	108		(620,000)
18.		225	Matured Bonds			0
19.		226	Matured Interest			0
20.	1,357,743	227	Customers' Deposits (see page 101A)		1,329,168	(28,575)
21.	1,157,822	228	Taxes Accrued		33,850	(1,123,972)
22.	943,949	229	Interest Accrued		976,826	32,877
23.	334	230.1	Miscellaneous Current Liabilities		543	209
24.	22,468,623	230.2	Miscellaneous Accruals		30,784,833	8,316,210
25.	71,299,898		Total Current and Accrued Liabilities		106,225,355	34,925,457
			Deferred Credits:			
26.	0	240	Unamortized Premiums on Bonds			0
27.	0	242	Miscellaneous Unadjusted Credits	112		0
28.	0		Total Deferred Credits		0	0
			Reserves:			
29.	91,579,242	250	Depreciation Reserve - ME/NH	111	94,580,349	3,001,107
30.	(4,379,815)	251	Amortization Reserve	112	(5,552,570)	(1,172,755)
31.	438,102	254	Uncollectible Accounts Reserve	112	420,451	(17,651)
32.	16,153	255	Casualty and Insurance Reserve	112	26,825	10,672
33.		258.1	Sinking Funds Reserve	112		0
34.		258.2	Reserve for Dividends	112		0
35.	(1,504,167)	258.3	Misc. Reserves	112	(4,054,037)	(2,549,870)
36.	86,149,515		Total Reserves		85,421,018	(728,497)
			Contributions in Aid of Construction:			
37.	0	265	Contributions In Aid of Construction		0	0
			Surplus:			
38.	0	270	Capital Surplus	113	0	0
39.	(672,234)	271	Earned Surplus	113	(448,303)	223,931
40.	(672,234)		Total Surplus		(448,303)	223,931
41.	334,977,179		**Total Liabilities and Other Credits**		369,398,070	34,420,891

N.H.P.U.C. Report of: Northern Utilities, Inc. For the Year Ended: December 31, 2011

TABLE 40. *** Lines 1 and 11 have been revised 05/02/12 *** 200

INCOME STATEMENT

	Account Number	Items	Amount	Totals	Increase or (decrease)
	a	b	c	d	e
1	1501	Operating Revenues - Gas	$63,523,155	$ 63,523,155	3,462,259
2	1701-1812	Operation and Maintenance - Gas	51,973,377		2,952,744
3	1503	Depreciation - Gas	3,356,082		(991,018)
4	1504	Amortization - Gas	151,890		348,025
5	1507	Taxes - Gas	3,201,875		878,677
6		Total Revenue Deductions		58,683,224	3,188,428
7		Gas Operating Income		4,839,931	273,831
8	1508.1	Rent for Lease of Gas Plant	-		0
9	1508.2	Rent from Lease of Gas Plant	-		0
10	1508.3	Joint Facility Rents	-		0
11	1508.4	Rent from Gas Appliances	11,226		236,475
12	1508.5	Miscellaneous Rents	-		0
13	1508.6	Miscellaneous Other Revenues	(7,815)		(3,402)
14	1508	Operating Rents - Net		3,411	233,073
15		Net Gas Operating Income		4,843,342	506,904
16	1509	Operating Income - Other Utility Operations	-	-	0
17		Net Utility Operating Income		4,843,342	506,904
18	1522	Revenues from Non-Operating Property	217,752		0
19	1523	Dividend Income	-		0
20	1524	Interest Income	131,799		(40,132)
21	1525	Income from Special Funds			0
22	1526	Miscellaneous Non-Operating Revenues	(23,069)		(19,597)
23		Non-Operating Property Revenues		326,482	85,215
24	1527	Non-Operating Revenue Deductions	158,296	158,296	67,647
25		Non-Operating Property Income		168,186	17,568
26		Gross Income		5,011,528	524,472
27	1530	Interest on Long-Term Debt	3,402,644		93,153
28	1531	Amortization of Debt Discount and Expense	75,529		2,778
29	1533	Taxes Assumed on Interest			0
30	1535	Miscellaneous Interest Deductions	329,934		136,449
31	1536	Interest Charges to Property - Credit	(71,244)		(28,640)
32	1537	Miscellaneous Amortization			0
33	1538	Miscellaneous Deductions from Income	78,009		(19,458)
34	1540	Contractual Appropriations of Income			0
35		Deductions from Gross Income		3,814,872	184,282
36		Income Balance Transferred to Earned Surplus N.H.		1,196,656	340,190
37		Income Balance Transferred to Earned Surplus ME.		257,875	1,050,431
38		TOTAL		1,454,531	1,390,621

N.H.P.U.C. Report of: Northern Utilities, Inc. For the Year Ended: December 31, 2012

TABLE 10. (Sheet 1 of 2)

BALANCE SHEET ACCOUNTS
Assets and Other Debits

	Balance at beginning of year	Account Number	Title of Account	Detail on Page	Balance at end of year	Increase or (decrease)
	a	b	c	d	e	f
			Fixed Assets:			
1.	277,447,882	* 100	Fixed Capital - Gas	102	303,672,505	26,224,623
2.		108	Fixed Capital - Other			0
3.	2,505,729	110	Non-Operating Property	104	2,532,203	26,474
4.	279,953,611		Total Fixed Assets		306,204,708	26,251,097
			Investments:			
5.	0	111	Investments in Affiliated Companies	105		0
6.	0	112	Miscellaneous Investments	105		0
7.	0	113	Sinking Funds	106		0
8.	0	114	Miscellaneous Special Funds	106		0
9.	0	115	Depreciation Funds	106		0
10.	0		Total Investments		0	0
			Current Assets:			
11.	215,920	120	Cash		791,547	575,627
12.	2,624,030	121	Special Deposits		1,200,574	(1,423,456)
13.	2,000	122	Working Funds		2,000	0
14.		124	Notes Receivable			0
15.	17,526,039	125	Accounts Receivable	107	19,074,194	1,548,155
16.	879,618	126	Receivables from Affiliated Companies	107	854,925	(24,693)
17.	4,408,620	127	Accrued Utilities Revenue		6,848,367	2,439,747
18.		128	Interest and Dividends Receivable			0
19.	14,968,432	131	Materials and Supplies	107	11,575,394	(3,393,038)
20.	2,019,833	132	Prepayments	106	2,302,229	282,396
21.	3,024,726	133	Miscellaneous Current Assets		1,354,741	(1,669,985)
22.	45,669,218		Total Current Assets		44,003,971	(1,665,247)
			Deferred Debits:			
23.	936,040	140	Unamortized Debt Discount and Expense	108	817,080	(118,960)
24.	0	141	Property Abandoned	104		0
25.	0	143	Clearing Accounts			0
26.	0	145.1	Maintenance Work in Progress			0
27.	0	145.2	Jobbing Accounts			0
28.	43,533,577	146	Miscellaneous Suspense	113	42,834,187	(699,390)
29.	44,469,617		Total Deferred Debits		43,651,267	(818,350)
	0		**Company Securities Owned:**		0	
30.	0	152	Reacquired Securities	106	0	0
31.	0	154	Unissued Securities		0	0
32.	0		Total Company Securities Owned		0	0
33.	370,092,446		**Total Assets and Other Debits**		393,859,946	23,767,500

* Note: Line 1, column (a), has been restated. Offset is on page 101, line 29, column a.

TABLE 10. (Sheet 2) N.H.P.U.C. Report of: Northern Utilities, Inc. For the Year Ended: December 31, 2012

BALANCE SHEET ACCOUNTS

Liabilities and Other Credits

	Balance at beginning of year		Account Number	Title of Account	Detail on Page	Balance at end of year	Increase or (decrease)
	a		b	c	d	e	f
				Capital Stock:			
1.	1,000		200	Common Stock	109	1,000	0
2.	0		201	Preferred Stock			0
3.	0		202	Stock Liability for Conversion			0
4.	73,199,000		203	Premium on Capital Stock		113,199,000	40,000,000
5.	0		204	Capital Stock Subscribed			0
6.	0		205	Installments Paid on Capital Stock			0
7.	73,200,000			Total Capital Stock		113,200,000	40,000,000
				Non-Corporate Proprietorship:			
8.	0		209	Non-Corporate Proprietorship		0	0
				Long Term Debt:			
9.	105,000,000		210	Bonds and Notes	109	105,000,000	0
10.	0		211	Capital Lease Obligations			0
11.	0		212	Advances from Affiliated Companies			0
12.	0		213	Miscellaneous Long Term Debt			0
13.	105,000,000			Total Long Term Debt		105,000,000	0
				Current and Accrued Liabilities:			
14.			220	Notes Payable	110		0
15.	14,982,953		222	Accounts Payable		10,717,004	(4,265,949)
16.	58,117,182		223	Payables to Affiliated Companies	110	34,836,976	(23,280,206)
17.			224	Dividends Declared	108		0
18.			225	Matured Bonds			0
19.			226	Matured Interest			0
20.	1,329,168		227	Customers' Deposits (see page 101A)		1,102,713	(226,455)
21.	33,850		228	Taxes Accrued		233,143	199,293
22.	976,826		229	Interest Accrued		927,463	(49,363)
23.	543		230.1	Miscellaneous Current Liabilities		393	(150)
24.	53,811,573	*	230.2	Miscellaneous Accruals		58,979,416	5,167,843
25.	129,252,095			Total Current and Accrued Liabilities		106,797,108	(22,454,987)
				Deferred Credits:			
26.			240	Unamortized Premiums on Bonds			0
27.			242	Miscellaneous Unadjusted Credits	112		0
28.	0			Total Deferred Credits		0	0
				Reserves:			
29.	72,247,985	*	250	Depreciation Reserve - ME/NH	111	76,062,705	3,814,720
30.	(5,552,570)		251	Amortization Reserve	112	(6,976,917)	(1,424,347)
31.	420,451		254	Uncollectible Accounts Reserve	112	625,976	205,525
32.	26,825		255	Casualty and Insurance Reserve	112	18,258	(8,567)
33.			258.1	Sinking Funds Reserve	112		0
34.			258.2	Reserve for Dividends	112		0
35.	(4,054,037)		258.3	Misc. Reserves	112	(1,939,421)	2,114,616
36.	63,088,654			Total Reserves		67,790,601	4,701,947
				Contributions in Aid of Construction:			
37.	0		265	Contributions in Aid of Construction		0	0
				Surplus:			
38.	0		270	Capital Surplus	113		0
39.	(448,303)		271	Earned Surplus	113	1,072,237	1,520,540
40.	(448,303)			Total Surplus		1,072,237	1,520,540
41.	370,092,446			**Total Liabilities and Other Credits**		393,859,946	23,767,500

* Note: Lines 24 & 29, column (a), have been restated.

N.H.P.U.C. Report of: Northern Utilities, Inc. For the Year Ended: December 31, 2012

TABLE 40. 200

INCOME STATEMENT

	Account Number	Items	Amount	Totals	Increase or (decrease)
	a	b	c	d	e
1	1501	Operating Revenues - Gas	$53,819,548	$ 53,819,548	(9,703,607)
2	1701-1812	Operation and Maintenance - Gas	40,948,824		(11,024,553)
3	1503	Depreciation - Gas	4,053,049		696,967
4	1504	Amortization - Gas	259,404		107,514
5	1507	Taxes - Gas	3,625,622		423,747
6		Total Revenue Deductions		48,886,899	(9,796,325)
7		Gas Operating Income		4,932,649	92,718
8	1508.1	Rent for Lease of Gas Plant	-		0
9	1508.2	Rent from Lease of Gas Plant	-		0
10	1508.3	Joint Facility Rents	-		0
11	1508.4	Rent from Gas Appliances	35,936		24,710
12	1508.8	Miscellaneous Rents	173,472		173,472
13	1509	Miscellaneous Other Revenues	389,714		397,529
14	1508	Operating Rents - Net		599,122	595,711
15		Net Gas Operating Income		5,531,771	688,429
16	1509	Operating Income - Other Utility Operations	-	-	0
17		Net Utility Operating Income		5,531,771	688,429
18	1522	Revenues from Non-Operating Property	272,691		54,939
19	1523	Dividend Income			0
20	1524	Interest Income	115,045		(16,754)
21	1525	Income from Special Funds			0
22	1526	Miscellaneous Non-Operating Revenues	(90,643)		(67,574)
23		Non-Operating Property Revenues	-	297,093	(29,389)
24	1527	Non-Operating Revenue Deductions		34,812	(123,484)
25		Non-Operating Property Income		262,281	94,095
26		Gross Income		5,794,052	782,524
27	1530	Interest on Long-Term Debt	3,365,579		(37,065)
28	1531	Amortization of Debt Discount and Expense	39,354		(36,175)
29	1533	Taxes Assumed on Interest			0
30	1535	Miscellaneous Interest Deductions	598,958		269,024
31	1536	Interest Charges to Property - Credit	(75,819)		(4,575)
32	1537	Miscellaneous Amortization			0
33	1538	Miscellaneous Deductions from Income	206,525		128,516
34	1540	Contractual Appropriations of Income			0
35		Deductions from Gross Income		4,134,597	319,725
36		Income Balance Transferred to Earned Surplus N.H.		1,659,455	462,799
37		Income Balance Transferred to Earned Surplus ME.		4,048,185	3,790,310
38		TOTAL		5,707,640	4,253,109

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(19) Quarterly income statements for the previous 5 years.

Response:

On December 1, 2008, Northern Utilities, Inc. ("Northern Utilities") was acquired by Unitil Corporation from Bay State Gas Company ("Bay State"), a wholly-owned subsidiary of NiSource, Inc. ("NiSource".) Prior to December 1, 1, 2008, when Northern Utilities was under the ownership of Bay State / NiSource, no quarterly income statements were prepared.

Accordingly, please find attached for Northern Utilities, quarterly income statements for quarters one through three of 2009, 2010, 2011, 2012 as well as the one month period ending December 31, 2008.

For the quarterly periods ending December 31, 2009, 2010, 2011 and 2012 quarterly statements are not available. Therefore, annual amounts for 2009, 2010, 2011 and 2012 are being provided. Quarterly amounts for these periods ended December 31 can be derived by subtracting the September YTD amounts from the YTD amounts in the December income statements.

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

		Period Ended December 31, 2008
Operating Revenues	$	21.8
Operating Expenses:		
Purchased Gas		16.8
Operation and Maintenance		1.2
Depreciation and Amortization		0.5
Provisions for Taxes:		
Local Property and Other		0.2
Federal and State Income		1.1
Total Operating Expenses		19.8
Operating Income		2.0
Non-Operating Income		0.1
Income Before Interest Expense		2.1
Interest Expense		0.4
Net Income	$	1.7

NORTHERN UTILITIES, INC.
STATEMENT OF EARNINGS
(Millions, Except Common Shares and Per Share Data)
(UNAUDITED)

Three Months Ended March 31,	**2009**
Operating Revenues	$ 54.9
Operating Expenses:	
Purchased Gas	37.6
Operation and Maintenance	3.2
Conservation & Load Management	0.5
Depreciation and Amortization	1.7
Provisions for Taxes:	
Local Property and Other	0.7
Federal and State Income	3.7
Total Operating Expense	47.4
Operating Income	7.5
Non-operating Income	0.1
Income Before Interest Expense	7.6
Interest Expense	1.7
Net Income	$ 5.9

NORTHERN UTILITIES, INC.
STATEMENTS OF EARNINGS
(Millions, Except Common Shares and Per Share Data)
(UNAUDITED)

	(UNAUDITED) Three Months Ended June 30, **2009**	(UNAUDITED) Six Months Ended June 30, 2009
Operating Revenues	**$ 17.4**	**$ 72.3**
Operating Expenses:		
Purchased Gas	**9.4**	**47.0**
Operation and Maintenance	**3.5**	**6.7**
Conservation & Load Management	**0.5**	**1.0**
Depreciation and Amortization	**1.8**	**3.5**
Provisions for Taxes:		
Local Property and Other	**0.7**	**1.4**
Federal and State Income	**(0.1)**	**3.6**
Total Operating Expense	**15.8**	**63.2**
Operating Income	**1.6**	**9.1**
Non-operating Income	**0.1**	**0.2**
Income Before Interest Expense	**1.7**	**9.3**
Interest Expense	**1.7**	**3.4**
Net Income	**$ -**	**$ 5.9**

NORTHERN UTILITIES, INC.
STATEMENTS OF EARNINGS
(Millions, Except Common Shares and Per Share Data)
(UNAUDITED)

	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2009
Operating Revenues	**$ 10.8**	**$ 83.1**
Operating Expenses:		
Purchased Gas	**5.4**	**52.4**
Operation and Maintenance	**4.7**	**11.4**
Conservation & Load Management	**0.3**	**1.3**
Depreciation and Amortization	**1.7**	**5.2**
Provisions for Taxes:		
Local Property and Other	**0.7**	**2.1**
Federal and State Income	**(1.7)**	**1.9**
Total Operating Expense	**11.1**	**74.3**
Operating Income	**(0.3)**	**8.8**
Non-operating Income	**0.1**	**0.3**
Income Before Interest Expense	**(0.2)**	**9.1**
Interest Expense	**1.7**	**5.1**
Net Income	**$ (1.9)**	**$ 4.0**

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

	Year Ended December 31, 2009	Period December 1 to December 31, 2008
Operating Revenues	$ 116.0	$ 21.8
Operating Expenses:		
Purchased Gas	73.2	16.8
Operation and Maintenance	14.8	1.2
Conservation & Load Management	1.5	---
Depreciation and Amortization	7.8	0.5
Provisions for Taxes:		
Local Property and Other	2.9	0.2
Federal and State Income	3.4	1.1
Total Operating Expenses	103.6	19.8
Operating Income	12.4	2.0
Non-Operating Income	0.3	0.1
Income Before Interest Expense	12.7	2.1
Interest Expense	6.9	0.4
Net Income Applicable to Common Stock	$ 5.8	$ 1.7

NORTHERN UTILITIES, INC.
STATEMENTS OF EARNINGS
(Millions, Except Common Shares and Per Share Data)
(UNAUDITED)

	Three Months Ended March 31, 2010	Three Months Ended March 31, 2009
Operating Revenues	$ 48.4	$ 54.9
Operating Expenses:		
Purchased Gas	32.0	37.6
Operation and Maintenance	5.7	3.2
Conservation & Load Management	0.5	0.5
Depreciation and Amortization	2.2	1.7
Provisions for Taxes:		
Local Property and Other	0.8	0.7
Federal and State Income	2.2	3.7
Total Operating Expense	43.4	47.4
Operating Income	5.0	7.5
Non-operating Income	-	0.1
Income Before Interest Expense	5.0	7.6
Interest Expense	1.8	1.7
Net Income	$ 3.2	$ 5.9

NORTHERN UTILITIES, INC.
STATEMENTS OF EARNINGS
(Millions, Except Common Shares and Per Share Data)

	(UNAUDITED) Three Months Ended June 30,		(UNAUDITED) Six Months Ended June 30,	
	2010	2009	**2010**	2009
Operating Revenues:	**$ 18.0**	$ 17.4	**$ 66.4**	$ 72.3
Operating Expenses:				
Purchased Gas	**12.1**	9.4	**44.1**	47.0
Operation and Maintenance	**4.1**	3.5	**9.8**	6.7
Conservation & Load Management	**0.7**	0.5	**1.2**	1.0
Depreciation and Amortization	**2.3**	1.8	**4.5**	3.5
Provisions for Taxes:				
Local Property and Other	**0.7**	0.7	**1.5**	1.4
Federal and State Income	**(1.2)**	(0.1)	**1.0**	3.6
Total Operating Expense	**18.7**	15.8	**62.1**	63.2
Operating Income (Loss)	**(0.7)**	1.6	**4.3**	9.1
Non-operating Income	**0.1**	0.1	**0.1**	0.2
Income (Loss) Before Interest Expense	**(0.6)**	1.7	**4.4**	9.3
Interest Expense	**1.9**	1.7	**3.7**	3.4
Net Income (Loss)	**$ (2.5)**	$ -	**$ 0.7**	$ 5.9

NORTHERN UTILITIES, INC.
STATEMENTS OF EARNINGS
(Millions)

	(UNAUDITED) Three Months Ended September 30,		(UNAUDITED) Nine Months Ended September 30,	
	2010	2009	**2010**	2009
Operating Revenues:	**$ 13.2**	$ 10.8	**$ 79.6**	$ 83.1
Operating Expenses:				
Purchased Gas	**7.5**	5.4	**51.6**	52.4
Operation and Maintenance	**5.0**	4.7	**14.8**	11.4
Conservation & Load Management	**0.5**	0.3	**1.7**	1.3
Depreciation and Amortization	**2.0**	1.7	**6.5**	5.2
Provisions (Benefit) for Taxes:				
Local Property and Other	**0.8**	0.7	**2.3**	2.1
Federal and State Income	**(2.2)**	(1.7)	**(1.2)**	1.9
Total Operating Expense	**13.6**	11.1	**75.7**	74.3
Operating Income (Loss)	**(0.4)**	(0.3)	**3.9**	8.8
Non-operating Income	**-**	0.1	**0.1**	0.3
Income (Loss) Before Interest Expense	**(0.4)**	(0.2)	**4.0**	9.1
Interest Expense	**1.9**	1.7	**5.6**	5.1
Net Income (Loss)	**$ (2.3)**	$ (1.9)	**$ (1.6)**	$ 4.0

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

	Year Ended December 31, 2010	Year Ended December 31, 2009	Period December 1 to December 31, 2008
Operating Revenues	**$ 118.3**	$ 116.0	$ 21.8
Operating Expenses:			
Purchased Gas	**77.5**	73.2	16.8
Operation and Maintenance	**19.1**	14.8	1.2
Conservation & Load Management	**2.0**	1.5	---
Depreciation and Amortization	**8.9**	7.8	0.5
Provisions for Taxes:			
Local Property and Other	**3.3**	2.9	0.2
Federal and State Income	**0.1**	3.4	1.1
Total Operating Expenses	**110.9**	103.6	19.8
Operating Income	**7.4**	12.4	2.0
Non-Operating Income	**0.3**	0.3	0.1
Income Before Interest Expense	**7.7**	12.7	2.1
Interest Expense	**7.6**	6.9	0.4
Net Income Applicable to Common Stock	**$ 0.1**	$ 5.8	$ 1.7

NORTHERN UTILITIES, INC
STATEMENTS OF EARNINGS
(Millions)
(UNAUDITED)

Three Months Ended March 31,	**2011**	2010
Operating Revenues	**$ 53.0**	$ 48.4
Operating Expenses:		
Purchased Gas	**35.4**	32.0
Operation and Maintenance	**5.3**	5.7
Conservation & Load Management	**0.3**	0.5
Depreciation and Amortization	**2.3**	2.2
Provisions for Taxes:		
Local Property and Other	**1.0**	0.8
Federal and State Income	**2.5**	2.2
Total Operating Expense	**46.8**	43.4
Operating Income	**6.2**	5.0
Non-operating Income	**0.1**	-
Income Before Interest Expense	**6.3**	5.0
Interest Expense	**2.0**	1.8
Net Income	**$ 4.3**	$ 3.2

NORTHERN UTILITIES, INC.
STATEMENTS OF EARNINGS
(Millions)

	(UNAUDITED) Three Months Ended June 30,		(UNAUDITED) Six Months Ended June 30,	
	2011	2010	**2011**	2010
Operating Revenues:	**$ 20.1**	$ 18.0	**$ 73.1**	$ 66.4
Operating Expenses:				
Purchased Gas	**13.1**	12.1	**48.5**	44.1
Operation and Maintenance	**4.7**	4.1	**10.0**	9.8
Conservation & Load Management	**0.3**	0.7	**0.6**	1.2
Depreciation and Amortization	**2.3**	2.3	**4.6**	4.5
Provisions (Benefit) for Taxes:				
Local Property and Other	**1.1**	0.7	**2.1**	1.5
Federal and State Income	**(1.1)**	(1.2)	**1.4**	1.0
Total Operating Expense	**20.4**	18.7	**67.2**	62.1
Operating Income (Loss)	**(0.3)**	(0.7)	**5.9**	4.3
Non-operating Income	**-**	0.1	**0.1**	0.1
Income (Loss) Before Interest Expense	**(0.3)**	(0.6)	**6.0**	4.4
Interest Expense	**2.0**	1.9	**4.0**	3.7
Net Income (Loss)	**$ (2.3)**	$ (2.5)	**$ 2.0**	$ 0.7

NORTHERN UTILITIES, INC.
STATEMENTS OF EARNINGS
(Millions)

	(UNAUDITED) Three Months Ended September 30,		(UNAUDITED) Nine Months Ended September 30,	
	2011	2010	**2011**	2010
Operating Revenues:	**$ 16.4**	$ 13.2	**$ 89.5**	$ 79.6
Operating Expenses:				
Purchased Gas	**11.1**	7.5	**59.6**	51.6
Operation and Maintenance	**5.2**	5.0	**15.2**	14.8
Conservation & Load Management	**0.3**	0.5	**0.9**	1.7
Depreciation and Amortization	**2.4**	2.0	**7.0**	6.5
Provisions (Benefit) for Taxes:				
Local Property and Other	**0.9**	0.8	**3.0**	2.3
Federal and State Income	**(2.4)**	(2.2)	**(1.0)**	(1.2)
Total Operating Expense	**17.5**	13.6	**84.7**	75.7
Operating Income (Loss)	**(1.1)**	(0.4)	**4.8**	3.9
Non-operating Income	**-**	-	**0.1**	0.1
Income (Loss) Before Interest Expense	**(1.1)**	(0.4)	**4.9**	4.0
Interest Expense	**2.0**	1.9	**6.0**	5.6
Net Income (Loss)	**$ (3.1)**	$ (2.3)	**$ (1.1)**	$ (1.6)

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

	Year Ended December 31,		
	2011	2010	2009
Operating Revenues	**$ 126.7**	$ 118.3	$ 116.0
Operating Expenses:			
Purchased Gas	**82.8**	77.5	73.2
Operation and Maintenance	**20.1**	19.1	14.8
Conservation & Load Management	**1.2**	2.0	1.5
Depreciation and Amortization	**8.0**	8.9	7.8
Provisions for Taxes:			
Local Property and Other	**4.3**	3.3	2.9
Federal and State Income	**1.0**	0.1	3.4
Total Operating Expenses	**117.4**	110.9	103.6
Operating Income	**9.3**	7.4	12.4
Non-Operating Income	**0.4**	0.3	0.3
Income Before Interest Expense	**9.7**	7.7	12.7
Interest Expense	**8.2**	7.6	6.9
Net Income Applicable to Common Stock	**$ 1.5**	$ 0.1	$ 5.8

NORTHERN UTILITIES, INC.
STATEMENTS OF EARNINGS
(Millions)

	(UNAUDITED) Three Months Ended March 31,	
	2012	2011
Operating Revenues	**$ 51.7**	$ 53.0
Operating Expenses:		
Purchased Gas	**31.9**	35.4
Operation and Maintenance	**5.5**	5.3
Conservation & Load Management	**0.2**	0.3
Depreciation and Amortization	**2.3**	2.3
Provisions for Taxes:		
Local Property and Other	**1.3**	1.0
Federal and State Income	**3.0**	2.5
Total Operating Expense	**44.2**	46.8
Operating Income	**7.5**	6.2
Non-operating Income	**0.1**	0.1
Income Before Interest Expense	**7.6**	6.3
Interest Expense	**2.1**	2.0
Net Income	**$ 5.5**	$ 4.3

NORTHERN UTILITIES, INC.
STATEMENTS OF EARNINGS
(Millions)

	(UNAUDITED) Three Months Ended June 30,		(UNAUDITED) Six Months Ended June 30,	
	2012	2011	**2012**	2011
Operating Revenues:	**$ 16.7**	$ 20.1	**$ 68.4**	$ 73.1
Operating Expenses:				
Purchased Gas	**8.4**	13.1	**40.3**	48.5
Operation and Maintenance	**5.8**	4.7	**11.3**	10.0
Conservation & Load Management	**0.4**	0.3	**0.6**	0.6
Depreciation and Amortization	**2.5**	2.3	**4.8**	4.6
Provisions (Benefit) for Taxes:				
Local Property and Other	**1.1**	1.1	**2.4**	2.1
Federal and State Income	**(1.1)**	(1.1)	**1.9**	1.4
Total Operating Expense	**17.1**	20.4	**61.3**	67.2
Operating Income (Loss)	**(0.4)**	(0.3)	**7.1**	5.9
Non-operating Income	**0.1**	-	**0.2**	0.1
Income (Loss) Before Interest Expense	**(0.3)**	(0.3)	**7.3**	6.0
Interest Expense	**2.0**	2.0	**4.1**	4.0
Net Income (Loss)	**$ (2.3)**	$ (2.3)	**$ 3.2**	$ 2.0

NORTHERN UTILITIES, INC.
STATEMENTS OF EARNINGS
(Millions)

	(UNAUDITED) Three Months Ended September 30,		(UNAUDITED) Nine Months Ended September 30,	
	2012	2011	**2012**	2011
Operating Revenues:	**$ 15.6**	$ 16.4	**$ 84.0**	$ 89.5
Operating Expenses:				
Purchased Gas	**7.7**	11.1	**48.0**	59.6
Operation and Maintenance	**5.4**	5.2	**16.7**	15.2
Conservation & Load Management	**0.2**	0.3	**0.8**	0.9
Depreciation and Amortization	**2.6**	2.4	**7.4**	7.0
Provisions (Benefit) for Taxes:				
Local Property and Other	**1.2**	0.9	**3.6**	3.0
Federal and State Income	**(1.4)**	(2.4)	**0.5**	(1.0)
Total Operating Expense	**15.7**	17.5	**77.0**	84.7
Operating Income (Loss)	**(0.1)**	(1.1)	**7.0**	4.8
Non-operating Income	**-**	-	**0.2**	0.1
Income (Loss) Before Interest Expense	**(0.1)**	(1.1)	**7.2**	4.9
Interest Expense	**1.9**	2.0	**6.0**	6.0
Net Income (Loss) Applicable to Common Stock	**$ (2.0)**	$ (3.1)	**$ 1.2**	$ (1.1)

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

	Year Ended December 31,		
	2012	2011	2010
Operating Revenues	**$ 127.6**	$ 126.7	$ 118.3
Operating Expenses:			
Purchased Gas	**72.8**	82.8	77.5
Operation and Maintenance	**21.6**	20.1	19.1
Conservation & Load Management	**1.1**	1.2	2.0
Depreciation and Amortization	**10.2**	8.0	8.9
Provisions for Taxes:			
Local Property and Other	**4.8**	4.3	3.3
Federal and State Income	**3.8**	1.0	0.1
Total Operating Expenses	**114.3**	117.4	110.9
Operating Income	**13.3**	9.3	7.4
Non-Operating Income	**0.7**	0.4	0.3
Income Before Interest Expense	**14.0**	9.7	7.7
Interest Expense	**8.3**	8.2	7.6
Net Income Applicable to Common Stock	**$ 5.7**	$ 1.5	$ 0.1

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(20) Quarterly sales volumes for the previous 5 years, itemized for residential and other classifications of service.

Response:

On December 1, 2008, Northern Utilities, Inc. was acquired by Unitil Corporation from Bay State Gas Company a wholly-owned subsidiary of NiSource, Inc.

Accordingly for the period January through December 2008 please refer to "PUC 1604.01(a) - 20 Attachment 2.pdf", which is a copy of the Summer and Winter Form III from the Cost of Gas Reconciliation filing.

For the periods 2009 to 2012 please refer to "PUC 1604.01(a) - 20 Attachment 1.pdf"

Northern Utilities, Inc.
Quarterly Sales Volumes (therms)
New Hampshire

	Therms Qtr 1 2012	Therms Qtr 2 2012	Therms Qtr 3 2012	Therms Qtr 4 2012	YTD Therms 2012
Residential:					
R-6	139,687	77,581	50,599	74,764	342,631
R-11	2,581	1,171	440	434	4,626
R-5	6,757,966	2,479,867	970,486	3,415,818	13,624,138
R-10	392,663	159,161	46,131	154,194	752,149
Total Residential	7,292,897	2,717,779	1,067,657	3,645,210	14,723,543
Commercial:					
G-40	4,409,233	1,381,638	412,500	2,005,739	8,209,110
G-50	753,271	508,261	458,707	391,980	2,112,219
G-41	4,937,241	1,905,413	730,922	2,632,479	10,206,054
G-51	1,250,568	907,333	795,859	1,107,156	4,060,915
Accrued Consumption - Commercial	-	-	-	-	-
Total Commercial	11,350,313	4,702,645	2,397,988	6,137,354	24,588,299
Industrial:					
G-42	1,435,629	686,387	731,423	1,290,197	4,143,636
G-52	3,908,265	2,804,426	2,459,712	3,516,825	12,689,228
Special Contract	2,516,801	2,573,186	2,400,791	2,540,611	10,031,389
Accrued Consumption - Industrial	-	-	-	-	-
Total Industrial	7,860,695	6,063,999	5,591,926	7,347,632	26,864,253
Grand Total	26,503,905	13,484,423	9,057,571	17,130,196	66,176,095

	Therms Qtr 1 2011	Therms Qtr 2 2011	Therms Qtr 3 2011	Therms Qtr 4 2011	YTD Therms 2011
Residential:					
R-6	144,337	86,385	56,096	79,130	365,949
R-11	(1,972)	1,521	963	1,672	2,183
R-5	8,125,809	3,176,785	950,780	2,798,545	15,051,918
R-10	463,996	248,427	69,672	145,796	927,890
Total Residential	8,732,169	3,513,117	1,077,510	3,025,143	16,347,940
Commercial:					
G-40	5,153,810	1,686,671	383,692	1,637,337	8,861,510
G-50	833,546	545,093	453,878	505,388	2,337,905
G-41	6,030,280	2,448,876	761,056	2,259,387	11,499,600
G-51	1,426,125	977,835	778,595	932,458	4,115,013
Accrued Consumption - Commercial	-	-	-	-	-
Total Commercial	13,443,761	5,658,475	2,377,222	5,334,570	26,814,028
Industrial:					
G-42	2,177,176	795,026	614,767	1,203,044	4,790,012
G-52	4,081,746	2,715,149	2,356,283	3,370,400	12,523,577
Special Contract	2,554,422	2,303,432	2,180,980	2,390,403	9,429,237
Accrued Consumption - Industrial	-	-	-	-	-
Total Industrial	8,813,343	5,813,606	5,152,030	6,963,846	26,742,826
Grand Total	30,989,274	14,985,198	8,606,762	15,323,559	69,904,793

Northern Utilities, Inc.
Quarterly Sales Volumes (therms)
New Hampshire

	Therms Qtr 1 2010	Therms Qtr 2 2010	Therms Qtr 3 2010	Therms Qtr 4 2010	YTD Therms 2010
Residential:					
R-6	128,727	76,690	53,421	79,750	338,589
R-11	2,077	1,038	1,239	7,745	12,099
R-5	7,530,433	2,738,295	939,086	3,239,939	14,447,753
R-10	296,504	108,815	49,075	155,865	610,259
Total Residential	7,957,741	2,924,838	1,042,822	3,483,299	15,408,700
Commercial:					
G-40	4,634,051	1,317,397	346,684	1,787,772	8,085,904
G-50	732,462	490,932	428,535	513,753	2,165,682
G-41	5,340,694	1,803,127	673,396	2,447,580	10,264,795
G-51	1,255,446	835,127	774,582	933,263	3,798,418
Accrued Consumption - Commercial	-	-	-	-	-
Total Commercial	11,962,652	4,446,584	2,223,196	5,682,368	24,314,799
Industrial:					
G-42	2,161,070	638,400	613,556	1,858,184	5,271,210
G-52	3,571,025	2,380,164	2,096,323	3,100,232	11,147,743
Special Contract	2,876,492	2,574,618	2,522,758	2,479,812	10,453,680
Accrued Consumption - Industrial	-	-	-	-	-
Total Industrial	8,608,587	5,593,182	5,232,636	7,438,228	26,872,634
Grand Total	28,528,979	12,964,604	8,498,654	16,603,896	66,596,133

	Therms Qtr 1 2009	Therms Qtr 2 2009	Therms Qtr 3 2009	Therms Qtr 4 2009	YTD Therms 2009
Residential:					
R-6	119,931	78,762	50,080	75,029	323,802
R-11	1,290	1,128	724	1,447	4,589
R-5	8,002,316	2,839,378	1,138,260	3,008,550	14,988,504
R-10	438,778	215,898	43,970	128,233	826,879
Total Residential	8,562,315	3,135,166	1,233,034	3,213,259	16,143,773
Commercial:					
G-40	5,274,570	1,593,944	298,274	1,594,882	8,761,670
G-50	745,588	517,772	429,420	503,605	2,196,385
G-41	5,700,780	2,112,908	714,874	2,675,544	11,204,106
G-51	1,380,947	967,564	721,705	986,500	4,056,716
Accrued Consumption - Commercial	88,335	(1,119,285)	-	-	(1,030,950)
Total Commercial	13,190,220	4,072,903	2,164,273	5,760,531	25,187,927
Industrial:					
G-42	1,870,295	1,573,902	657,391	1,904,827	6,006,415
G-52	3,223,540	3,054,038	1,857,555	2,902,452	11,037,585
Special Contract	(116,818)	(1,550,885)	-	-	(1,667,703)
Accrued Consumption - Industrial	2,832,241	3,846,225	2,686,311	2,628,245	11,993,022
Total Industrial	7,809,258	6,923,280	5,201,257	7,435,523	27,369,319
Grand Total	29,561,793	14,131,349	8,598,564	16,409,313	68,701,019

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
2007-08 WINTER RECONCILIATION - Revised
SCHEDULE 3: REVENUE BACKUP TO REPORTED COLLECTIONS
November 2007 - April 2008

GAS COST RECOVERY FOR THE MONTH OF :			November 2007	Prorated						
	Res. Heat & NH	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	412,340	6,373	46,653	225,794	124,644	381,697	68,059	78,963	280,094	1,624,616
										1,624,616
									Sales	1,344,521
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$1.1314	$1.1314	$1.0505	$1.1993	$1.0505	$1.1993	$1.0505	$1.1993	$ -	
Prior Period Reconciliation	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	$ -	
Working Captal Allowance	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$ -	
Supplier Refund	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	$ -	
Bad Debt Allowance	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$ -	
Capacity Reserve Charge	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$ 0.00551	
Total Billed Rate	$1.0610	$1.0610	$0.9801	$1.1289	$0.9801	$1.1289	$0.9801	$1.1289	$ 0.00551	
Peak Period Demand/Commodity Recovery Revenues										
Demand & Commodity	$ 466,521	$ 7,210	$ 49,009	$ 270,795	$ 130,938	$ 457,769	$ 71,495	$ 94,701	$ -	$ 1,548,438
Prior Period Reconciliation	$ (31,420)	$ (486)	$ (3,555)	$ (17,206)	$ (9,498)	$ (29,085)	$ (5,186)	$ (6,017)	$ -	$ (102,453)
Working Captal Allowance	$ 742	$ 11	$ 84	$ 406	$ 224	$ 687	$ 123	$ 142	$ -	$ 2,420
Supplier Refund	$ (206)	$ (3)	$ (23)	$ (113)	$ (62)	$ (191)	$ (34)	$ (39)	$ -	$ (672)
Bad Debt Allowance	$ 1,856	$ 29	$ 210	$ 1,016	$ 561	$ 1,718	$ 306	$ 355	$ -	$ 6,050
Capacity Reserve Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,543	$ 1,543
Total Peak COG Revenues	**$ 437,493**	**$ 6,761**	**$ 45,725**	**$ 254,899**	**$ 122,163**	**$ 430,897**	**$ 66,704**	**$ 89,142**	**$ 1,543**	**$ 1,455,327**
Check (Total Billed Sales Rate * Therms)	$ 437,493	$ 6,761	$ 45,725	$ 254,899	$ 122,163	$ 430,897	$ 66,704	$ 89,142	$ 1,543	$ 1,455,327

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
2007-08 WINTER RECONCILIATION - Revised
SCHEDULE 3: REVENUE BACKUP TO REPORTED COLLECTIONS
November 2007 - April 2008

GAS COST RECOVERY FOR THE MONTH OF : December 2007

	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	2,168,421	32,147	170,253	1,186,009	329,251	1,085,168	105,113	171,477	744,653	5,992,492
										7,472,553
									Sales	5,247,839
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$1.1314	$1.1314	$1.0505	$1.1993	$1.0505	$1.1993	$1.0505	$1.1993	$ -	
Prior Period Reconciliation	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	$ -	
Working Captal Allowance	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$ -	
Supplier Refund	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	$ -	
Bad Debt Allowance	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$ -	
Capacity Reserve Charge	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$ 0.00551	
Total Billed Rate	$1.0610	$1.0610	$0.9801	$1.1289	$0.9801	$1.1289	$0.9801	$1.1289	$ 0.00551	
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 2,453,352	$ 36,371	$ 178,851	$ 1,422,381	$ 345,878	$ 1,301,442	$ 110,421	$ 205,652	$ -	$ 6,054,348
Prior Period Reconciliation	$ (165,234)	$ (2,450)	$ (12,973)	$ (90,374)	$ (25,089)	$ (82,690)	$ (8,010)	$ (13,067)	$ -	$ (399,885)
Working Captal Allowance	$ 3,903	$ 58	$ 306	$ 2,135	$ 593	$ 1,953	$ 189	$ 309	$ -	$ 9,446
Supplier Refund	$ (1,084)	$ (16)	$ (85)	$ (593)	$ (165)	$ (543)	$ (53)	$ (86)	$ -	$ (2,624)
Bad Debt Allowance	$ 9,758	$ 145	$ 766	$ 5,337	$ 1,482	$ 4,883	$ 473	$ 772	$ -	$ 23,615
Capacity Reserve Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,103	$ 4,103
Total Peak COG Revenues	$ 2,300,695	$ 34,108	$ 166,865	$ 1,338,886	$ 322,699	$ 1,225,046	$ 103,021	$ 193,580	$ 4,103	$ 5,689,003
Check (Total Billed Sales Rate * Therms)	2,300,695	34,108	166,865	1,338,886	322,699	1,225,046	103,021	193,580	4,103	5,689,003

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
2007-08 WINTER RECONCILIATION - Revised
SCHEDULE 3: REVENUE BACKUP TO REPORTED COLLECTIONS
November 2007 - April 2008

GAS COST RECOVERY FOR THE MONTH OF :	January 2008									
	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	2,744,489	35,421	230,580	1,531,133	359,149	1,239,744	71,163	130,441	894,482	7,236,602
										9,176,920
Peak Period Demand/Commodity Recovery Rate									Sales	6,342,120
Demand & Commodity Rate	$1.1314	$1.1314	$1.0505	$1.1993	$1.0505	$1.1993	$1.0505	$1.1993	$ -	
Prior Period Reconciliation	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	$ -	
Working Captal Allowance	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$ -	
Supplier Refund	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	$ -	
Bad Debt Allowance	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$ -	
Capacity Reserve Charge	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$ 0.00551	
Total Billed Rate	$1.0610	$1.0610	$0.9801	$1.1289	$0.9801	$1.1289	$0.9801	$1.1289	$ 0.00551	
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 3,105,115	$ 40,075	$ 242,224	$ 1,836,288	$ 377,286	$ 1,486,825	$ 74,757	$ 156,438	$ -	$ 7,319,008
Prior Period Reconciliation	$ (209,130)	$ (2,699)	$ (17,570)	$ (116,672)	$ (27,367)	$ (94,468)	$ (5,423)	$ (9,940)	$ -	$ (483,270)
Working Captal Allowance	$ 4,940	$ 64	$ 415	$ 2,756	$ 646	$ 2,232	$ 128	$ 235	$ -	$ 11,416
Supplier Refund	$ (1,372)	$ (18)	$ (115)	$ (766)	$ (180)	$ (620)	$ (36)	$ (65)	$ -	$ (3,171)
Bad Debt Allowance	$ 12,350	$ 159	$ 1,038	$ 6,890	$ 1,616	$ 5,579	$ 320	$ 587	$ -	$ 28,540
Capacity Reserve Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,929	$ 4,929
Total Peak COG Revenues	**$ 2,911,903**	**$ 37,582**	**$ 225,991**	**$ 1,728,496**	**$ 352,002**	**$ 1,399,547**	**$ 69,747**	**$ 147,255**	**$ 4,929**	**$ 6,877,451**
Check (Total Billed Sales Rate * Therms)	$ 2,911,903	$ 37,582	$ 225,991	$ 1,728,496	$ 352,002	$ 1,399,547	$ 69,747	$ 147,255	$ 4,929	$ 6,877,451

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
2007-08 WINTER RECONCILIATION - Revised
SCHEDULE 3: REVENUE BACKUP TO REPORTED COLLECTIONS
November 2007 - April 2008

GAS COST RECOVERY FOR THE MONTH OF : Febrauary 2008

	Res. Heat	Res NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	2,635,399	32,354	184,239	1,482,788	356,649	1,170,606	58,677	167,483	903,698	6,991,893 8,793,148
									Sales	6,088,195
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$1.1314	$1.1314	$1.0505	$1.1993	$1.0505	$1.1993	$1.0505	$1.1993	$ -	
Prior Period Reconciliation	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	$ -	
Working Captal Allowance	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$ -	
Supplier Refund	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	$ -	
Bad Debt Allowance	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$ -	
Capacity Reserve Charge	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$ 0.00551	
Total Billed Rate	$1.0610	$1.0610	$0.9801	$1.1289	$0.9801	$1.1289	$0.9801	$1.1289	$ 0.00551	
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 2,981,690	$ 36,605	$ 193,543	$ 1,778,308	$ 374,660	$ 1,403,908	$ 61,640	$ 200,862	$ -	$ 7,031,217
Prior Period Reconciliation	$ (200,817)	$ (2,465)	$ (14,039)	$ (112,988)	$ (27,177)	$ (89,200)	$ (4,471)	$ (12,762)	$ -	$ (463,920)
Working Captal Allowance	$ 4,744	$ 58	$ 332	$ 2,669	$ 642	$ 2,107	$ 106	$ 301	$ -	$ 10,959
Supplier Refund	$ (1,318)	$ (16)	$ (92)	$ (741)	$ (178)	$ (585)	$ (29)	$ (84)	$ -	$ (3,044)
Bad Debt Allowance	$ 11,859	$ 146	$ 829	$ 6,673	$ 1,605	$ 5,268	$ 264	$ 754	$ -	$ 27,397
Capacity Reserve Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,979	$ 4,979
Total Peak COG Revenues	$ 2,796,158	$ 34,328	$ 180,573	$ 1,673,919	$ 349,552	$ 1,321,497	$ 57,509	$ 189,072	$ 4,979	$ 6,607,587
Check (Total Billed Sales Rate * Therms)	$ 2,796,158	$ 34,328	$ 180,573	$ 1,673,919	$ 349,552	$ 1,321,497	$ 57,509	$ 189,072	$ 4,979	$ 6,607,587

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NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
2007-08 WINTER RECONCILIATION - Revised
SCHEDULE 3: REVENUE BACKUP TO REPORTED COLLECTIONS
November 2007 - April 2008

GAS COST RECOVERY FOR THE MONTH OF : March 2008

	Res. Heat	Res NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (therms)	2,496,732	31,078	183,359	1,369,487	326,982	1,120,681	56,596	138,979	813,941	6,537,835
										8,444,432
Peak Period Demand/Commodity Recovery Rate									Sales	5,723,894
Demand & Commodity Rate	$1.1314	$1.1314	$1.0505	$1.1993	$1.0505	$1.1993	$1.0505	$1.1993	$ -	
Prior Period Reconciliation	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	$ -	
Working Captal Allowance	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$ -	
Supplier Refund	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	$ -	
Bad Debt Allowance	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$ -	
Capacity Reserve Charge	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$ 0.00551	
Total Billed Rate	$1.0610	$1.0610	$0.9801	$1.1289	$0.9801	$1.1289	$0.9801	$1.1289	$ 0.00551	
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 2,824,803	$ 35,162	$ 192,619	$ 1,642,426	$ 343,495	$ 1,344,033	$ 59,454	$ 166,678	$ -	$ 6,608,668
Prior Period Reconciliation	$ (190,251)	$ (2,368)	$ (13,972)	$ (104,355)	$ (24,916)	$ (85,396)	$ (4,313)	$ (10,590)	$ -	$ (436,161)
Working Captal Allowance	$ 4,494	$ 56	$ 330	$ 2,465	$ 589	$ 2,017	$ 102	$ 250	$ -	$ 10,303
Supplier Refund	$ (1,248)	$ (16)	$ (92)	$ (685)	$ (163)	$ (560)	$ (28)	$ (69)	$ -	$ (2,862)
Bad Debt Allowance	$ 11,235	$ 140	$ 825	$ 6,163	$ 1,471	$ 5,043	$ 255	$ 625	$ -	$ 25,758
Capacity Reserve Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,485	$ 4,485
Total Peak COG Revenues	**$ 2,649,033**	**$ 32,974**	**$ 179,710**	**$ 1,546,014**	**$ 320,475**	**$ 1,265,137**	**$ 55,470**	**$ 156,893**	**$ 4,485**	**$ 6,210,190**
Check (Total Billed Sales Rate * Therms)	$ 2,649,033	$ 32,974	$ 179,710	$ 1,546,014	$ 320,475	$ 1,265,137	$ 55,470	$ 156,893	$ 4,485	$ 6,210,190

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
2007-08 WINTER RECONCILIATION - Revised
SCHEDULE 3: REVENUE BACKUP TO REPORTED COLLECTIONS
November 2007 - April 2008

FORM III
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GAS COST RECOVERY FOR THE MONTH OF : April 2008 Old

	Res. Heat	Res NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (therms)	1,562,861	19,940	116,351	705,407	143,237	431,669	7,543	26,359	323,478	3,336,845
										5,392,449
									Sales	3,013,367
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$1.1314	$1.1314	$1.0505	$1.1993	$1.0505	$1.1993	$1.0505	$1.1993	$ -	
Prior Period Reconciliation	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	$ -	
Working Captal Allowance	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$ -	
Supplier Refund	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	$ -	
Bad Debt Allowance	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$ -	
Capacity Reserve Charge	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$ 0.00551	
Total Billed Rate	$1.0610	$1.0610	$0.9801	$1.1289	$0.9801	$1.1289	$ 0.9801	$ 1.1289	$ 0.00551	
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 1,768,221	$ 22,560	$ 122,227	$ 845,995	$ 150,470	$ 517,701	$ 7,923	$ 31,613	$ -	$ 3,466,710
Prior Period Reconciliation	$ (119,090)	$ (1,519)	$ (8,866)	$ (53,752)	$ (10,915)	$ (32,893)	$ (575)	$ (2,009)	$ -	$ (229,619)
Working Captal Allowance	$ 2,813	$ 36	$ 209	$ 1,270	$ 258	$ 777	$ 14	$ 47	$ -	$ 5,424
Supplier Refund	$ (781)	$ (10)	$ (58)	$ (353)	$ (72)	$ (216)	$ (4)	$ (13)	$ -	$ (1,507)
Bad Debt Allowance	$ 7,033	$ 90	$ 524	$ 3,174	$ 645	$ 1,943	$ 34	$ 119	$ -	$ 13,560
Capacity Reserve Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,782	$ 1,782
Total Peak COG Revenues	$ 1,658,195	$ 21,157	$ 114,036	$ 796,334	$ 140,386	$ 487,311	$ 7,392	$ 29,757	$ 1,782	$ 3,256,351
Check (Total Billed Sales Rate * Therms)	$ 1,658,195	$ 21,157	$ 114,036	$ 796,334	$ 140,386	$ 487,311	$ 7,392	$ 29,757	$ 1,782	$ 3,256,351

GAS COST RECOVERY FOR THE MONTH OF : April 2008 New

	Res. Heat	Res NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	395,235	7,754	54,531	246,473	130,163	313,038	24,621	66,585	289,329	1,527,728
										1,527,728
									Sales	1,238,399
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$1.3436	$1.3436	$1.2465	$1.4115	$1.2465	$1.4115	$1.2465	$1.4115	$ -	
Prior Period Reconciliation	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	$ -	
Working Captal Allowance	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$ -	
Supplier Refund	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	$ -	
Bad Debt Allowance	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$ -	
Capacity Reserve Charge	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$ 0.00551	
Total Billed Rate	$1.2732	$1.2732	$1.1761	$1.3411	$1.1761	$1.3411	$1.1761	$1.3411	$ 0.00551	
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 531,038	$ 10,418	$ 67,972	$ 347,896	$ 162,248	$ 441,853	$ 30,689	$ 93,984	$ -	$ 1,686,100
Prior Period Reconciliation	$ (30,117)	$ (591)	$ (4,155)	$ (18,781)	$ (9,918)	$ (23,854)	$ (1,876)	$ (5,074)	$ -	$ (94,366)
Working Captal Allowance	$ 711	$ 14	$ 98	$ 444	$ 234	$ 563	$ 44	$ 120	$ -	$ 2,229
Supplier Refund	$ (198)	$ (4)	$ (27)	$ (123)	$ (65)	$ (157)	$ (12)	$ (33)	$ -	$ (619)
Bad Debt Allowance	$ 1,779	$ 35	$ 245	$ 1,109	$ 586	$ 1,409	$ 111	$ 300	$ -	$ 5,573
Capacity Reserve Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,594	$ 1,594
Total Peak COG Revenues	$ 503,213	$ 9,872	$ 64,133	$ 330,544	$ 153,085	$ 419,815	$ 28,956	$ 89,297	$ 1,594	$ 1,600,511
Check (Total Billed Sales Rate * Therms)	$ 503,213	$ 9,872	$ 64,133	$ 330,544	$ 153,085	$ 419,815	$ 28,956	$ 89,297	$ 1,594	$ 1,600,511

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
2007-08 WINTER RECONCILIATION - Revised
SCHEDULE 3: REVENUE BACKUP TO REPORTED COLLECTIONS
November 2007 - April 2008

GAS COST RECOVERY FOR THE MONTH OF : May 2008 Prorated

	Res. Heat	Res NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	773,549.6	16,572.2	91,832.9	297,533.4	113,180.5	222,478.5	7,604.6	11,936.4	178,971.9	1,713,660
										3,309,271
									Sales	1,534,688
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$1.3436	$1.3436	$1.2465	$1.4115	$1.2465	$1.4115	$1.2465	$1.4115	$ -	
Prior Period Reconciliation	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	($0.0762)	$ -	
Working Captal Allowance	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$0.0018	$ -	
Supplier Refund	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	($0.0005)	$ -	
Bad Debt Allowance	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$0.0045	$ -	
Capacity Reserve Charge	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$ 0.00551	
Total Billed Rate	$1.2732	$1.2732	$1.1761	$1.3411	$1.1761	$1.3411	$1.1761	$1.3411	$ 0.00551	
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 1,039,341	$ 22,266	$ 114,470	$ 419,968	$ 141,079	$ 314,028	$ 9,479	$ 16,848	$ -	$ 2,077,481
Prior Period Reconciliation	$ (58,944)	$ (1,263)	$ (6,998)	$ (22,672)	$ (8,624)	$ (16,953)	$ (579)	$ (910)	$ -	$ (116,943)
Working Captal Allowance	$ 1,392	$ 30	$ 165	$ 536	$ 204	$ 400	$ 14	$ 21	$ -	$ 2,762
Supplier Refund	$ (387)	$ (8)	$ (46)	$ (149)	$ (57)	$ (111)	$ (4)	$ (6)	$ -	$ (767)
Bad Debt Allowance	$ 3,481	$ 75	$ 413	$ 1,339	$ 509	$ 1,001	$ 34	$ 54	$ -	$ 6,906
Capacity Reserve Charge	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 986	$ 986
Total Peak COG Revenues	$ 984,883	$ 21,100	$ 108,005	$ 399,022	$ 133,112	$ 298,366	$ 8,944	$ 16,008	$ 986	$ 1,970,425
Check (Total Billed Sales Rate * Therms)	$ 984,883	$ 21,100	$ 108,005	$ 399,022	$ 133,112	$ 298,366	$ 8,944	$ 16,008	$ 986	$ 1,970,425

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
2008 SUMMER PERIOD RECONCILIATION
SCHEDULE 3: REVENUE BACKUP TO REPORTED COLLECTIONS
May 2008 - October 2008

GAS COST RECOVERY FOR THE MONTH OF :		May-08	Prorated							
	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	230,187	6,657	46,481	120,636	111,[illegible]	164,206	37,361	40,854	179,803	938,156
									Sales Volumes	758,353
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$ 1.1382	$ 1.1382	$ 1.1210	$ 1.1889	$ 1.1210	$ 1.1889	$ 1.1210	$ 1.1889	$ -	
Prior Period Reconciliation	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ -	
Working Captal Allowance	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ -	
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Bad Debt Allowance	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ -	
Capacity Reserve Charge	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ 0.00550	
Total Billed Rate	$ 1.1315	$ 1.1315	$ 1.1143	$ 1.1822	$ 1.1143	$ 1.1822	$ 1.1143	$ 1.1822	$ 0.00550	
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 261,999	$ 7,577	$ 52,105.31	$ 143,423.66	$ 125,520	$ 195,224	$ 41,882	$ 48,571	$ -	$ 876,302
Prior Period Reconciliation	$ (1,565)	$ (45)	$ (316)	$ (820)	$ (761)	$ (1,117)	$ (254)	$ (278)	$ -	$ (5,157)
Working Captal Allowance	$ 368	$ 11	$ 74	$ 193	$ 179	$ 263	$ 60	$ 65	$ -	$ 1,213
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bad Debt Allowance	$ 852	$ 25	$ 172	$ 446	$ 414	$ 608	$ 138	$ 151	$ -	$ 2,806
Capacity Reserve Charge	$ (1,197)	$ (35)	$ (242)	$ (627)	$ (582)	$ (854)	$ (194)	$ (212)	$ 989	$ (2,955)
Total Off Peak COG Revenues	$ 260,457	$ 7,532	$ 51,794	$ 142,615	$ 124,770	$ 194,124	$ 41,632	$ 48,297	$ 989	$ 872,210
Check (Total Billed Sales Rate * Therms)	$ 260,457	$ 7,532	$ 51,794	$ 142,615	$ 124,770	$ 194,124	$ 41,632	$ 48,297	$ 989	$ 872,210

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
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GAS COST RECOVERY FOR THE MONTH OF : June 2008 Old

	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	427,509	15,494	92,579	127,779	108,675	126,091	7,493	5,149	1,187,536	2,098,505
									Sales Volumes	910,969
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$ 1.1382	$ 1.1382	$ 1.1210	$ 1.1889	$ 1.1210	$ 1.1889	$ 1.1210	$ 1.1889	$ -	
Prior Period Reconciliation	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ -	
Working Captal Allowance	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ -	
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Bad Debt Allowance	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ -	
Capacity Reserve Charge	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ 0.00550	
Total Billed Rate	$ 1.1315	$ 1.1315	$ 1.1143	$ 1.1822	$ 1.1143	$ 1.1822	$ 1.1143	$ 1.1822	$ 0.00550	
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 486,591	$ 17,636	$ 103,780.61	$ 151,915.98	$ 122,049	$ 149,910	$ 8,400	$ 6,122	$ -	$ 1,046,404
Prior Period Reconciliation	$ (2,907)	$ (105)	$ (629.53)	$ (868.89)	$ (740)	$ (857)	$ (51)	$ (35)	$ -	$ (6,195)
Working Captal Allowance	$ 684	$ 25	$ 148.13	$ 204.45	$ 174	$ 202	$ 12	$ 8	$ -	$ 1,458
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bad Debt Allowance	$ 1,582	$ 57	$ 342.54	$ 472.78	$ 403	$ 467	$ 28	$ 19	$ -	$ 3,371
Capacity Reserve Charge	$ (2,223)	$ (81)	$ (481.41)	$ (664.45)	$ (566)	$ (656)	$ (39)	$ (27)	$ 6,531	$ 1,794
Total Off Peak COG Revenues	$ 483,726	$ 17,532	$ 103,160	$ 151,060	$ 121,320	$ 149,065	$ 8,350	$ 6,087	$ 6,531	$ 1,046,832
Check (Total Billed Sales Rate * Therms)	$ 483,726	$ 17,532	$ 103,160	$ 151,060	$ 121,320	$ 149,065	$ 8,350	$ 6,087	$ 6,531	$ 1,046,832

June 2008 New

	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	113,208	5,919	44,062	46,667	90,791	170,288	39,218	18,359	100,189	628,701
									Sales Volumes	528,512
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$ 1.3298	$ 1.3298	$ 1.3126	$ 1.3805	$ 1.3126	$ 1.3805	$ 1.3126	$ 1.3805	$ -	
Prior Period Reconciliation	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ -	
Working Captal Allowance	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ -	
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Bad Debt Allowance	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ -	
Capacity Reserve Charge	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ 0.00550	
Total Billed Rate	$ 1.3231	$ 1.3231	$ 1.3059	$ 1.3738	$ 1.3059	$ 1.3738	$ 1.3059	$ 1.3738	$ 0.00550	
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 150,544	$ 7,871	$ 57,836.31	$ 64,424.35	$ 119,172	$ 235,083	$ 51,477	$ 25,344	$ -	$ 711,751
Prior Period Reconciliation	$ (770)	$ (40)	$ (299.62)	$ (317.34)	$ (617)	$ (1,158)	$ (267)	$ (125)	$ -	$ (3,594)
Working Captal Allowance	$ 181	$ 9	$ 70.50	$ 74.67	$ 145	$ 272	$ 63	$ 29	$ -	$ 846
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bad Debt Allowance	$ 419	$ 22	$ 163.03	$ 172.67	$ 336	$ 630	$ 145	$ 68	$ -	$ 1,955
Capacity Reserve Charge	$ (589)	$ (31)	$ (229.12)	$ (242.67)	$ (472)	$ (885)	$ (204)	$ (95)	$ 551	$ (2,197)
Total Off Peak COG Revenues	$ 149,786	$ 7,831	$ 57,541	$ 64,112	$ 118,563	$ 233,942	$ 51,215	$ 25,221	$ 551	$ 708,761
Check (Total Billed Sales Rate * Therms)	$ 149,786	$ 7,831	$ 57,541	$ 64,112	$ 118,563	$ 233,942	$ 51,215	$ 25,221	$ 551	$ 708,761

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
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GAS COST RECOVERY FOR THE MONTH OF :

July 2008

	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	356,257	18,625	135,568	94,76[illegible]	204,2[illegible]	143,498	30,816	19,511	846,683	1,850,022
									Sales Volumes	1,003,339
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$ 1.3298	$ 1.3298	$ 1.3126	$ 1.3805	$ 1.3126	$ 1.3805	$ 1.3126	$ 1.3805	$ -	
Prior Period Reconciliation	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ -	
Working Captal Allowance	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ -	
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Bad Debt Allowance	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ -	
Capacity Reserve Charge	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ 0.00550	
Total Billed Rate	$ 1.3231	$ 1.3231	$ 1.3059	$ 1.3738	$ 1.3059	$ 1.3738	$ 1.3059	$ 1.3738	$ 0.00550	
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 473,751	$ 24,768	$ 177,946.56	$ 130,828.60	$ 268,158	$ 198,099	$ 40,449	$ 26,935	$ -	$ 1,340,934
Prior Period Reconciliation	$ (2,423)	$ (127)	$ (921.86)	$ (644.43)	$ (1,389)	$ (976)	$ (210)	$ (133)	$ -	$ (6,823)
Working Captal Allowance	$ 570	$ 30	$ 216.91	$ 151.63	$ 327	$ 230	$ 49	$ 31	$ -	$ 1,605
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bad Debt Allowance	$ 1,318	$ 69	$ 501.60	$ 350.65	$ 756	$ 531	$ 114	$ 72	$ -	$ 3,712
Capacity Reserve Charge	$ (1,853)	$ (97)	$ (704.95)	$ (492.80)	$ (1,062)	$ (746)	$ (160)	$ (101)	$ 4,657	$ (561)
Total Off Peak COG Revenues	$ 471,364	$ 24,643	$ 177,038	$ 130,194	$ 266,789	$ 197,138	$ 40,243	$ 26,804	$ 4,657	$ 1,338,868
Check (Total Billed Sales Rate * Therms)	$ 471,364	$ 24,643	$ 177,038	$ 130,194	$ 266,789	$ 197,138	$ 40,243	$ 26,804	$ 4,657	$ 1,338,868

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
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GAS COST RECOVERY FOR THE MONTH OF :

August 2008 old

	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	215,351	12,180	92,822	47,426	88,574	52,499	6,033	3,371	732,489	1,250,744
									Sales Volumes	518,255
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$ 1.3298	$ 1.3298	$ 1.3126	$ 1.3805	$ 1.3126	$ 1.3805	$ 1.3126	$ 1.3805	$ -	
Prior Period Reconciliation	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ -	
Working Captal Allowance	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ -	
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Bad Debt Allowance	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ -	
Capacity Reserve Charge	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ 0.00550	
Total Billed Rate	$ 1.3231	$ 1.3231	$ 1.3059	$ 1.3738	$ 1.3059	$ 1.3738	$ 1.3059	$ 1.3738	$ 0.00550	
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 286,373	$ 16,197	$ 121,837.89	$ 65,471.87	$ 116,262	$ 72,475	$ 7,919	$ 4,653	$ -	$ 691,189
Prior Period Reconciliation	$ (1,464)	$ (83)	$ (631.19)	$ (322.50)	$ (602)	$ (357)	$ (41)	$ (23)	$ -	$ (3,524)
Working Captal Allowance	$ 345	$ 19	$ 148.51	$ 75.88	$ 142	$ 84	$ 10	$ 5	$ -	$ 829
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bad Debt Allowance	$ 797	$ 45	$ 343.44	$ 175.48	$ 328	$ 194	$ 22	$ 12	$ -	$ 1,918
Capacity Reserve Charge	$ (1,120)	$ (63)	$ (482.67)	$ (246.62)	$ (461)	$ (273)	$ (31)	$ (18)	$ 4,029	$ 1,334
Total Off Peak COG Revenues	$ 284,930	$ 16,115	$ 121,216	$ 65,154	$ 115,669	$ 72,123	$ 7,879	$ 4,631	$ 4,029	$ 691,745
Check (Total Billed Sales Rate * Therms)	$ 284,930	$ 16,115	$ 121,216	$ 65,154	$ 115,669	$ 72,123	$ 7,879	$ 4,631	$ 4,029	$ 691,745

August 2008 new

	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	96,012	5,160	45,640	31,988	91,287	65,290	51,713	11,771	84,269	483,131
									Sales Volumes	398,862
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$ 1.2117	$ 1.2117	$ 1.1945	$ 1.2624	$ 1.1945	$ 1.2624	$ 1.1945	$ 1.2624	$ -	
Prior Period Reconciliation	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ -	
Working Captal Allowance	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ -	
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Bad Debt Allowance	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ -	
Capacity Reserve Charge	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ 0.00550	
Total Billed Rate	$ 1.2050	$ 1.2050	$ 1.1878	$ 1.2557	$ 1.1878	$ 1.2557	$ 1.1878	$ 1.2557	$ 0.00550	
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 116,338	$ 6,253	$ 54,517.22	$ 40,381.40	$ 109,042	$ 82,422	$ 61,771	$ 14,860	$ -	$ 485,585
Prior Period Reconciliation	$ (653)	$ (35)	$ (310.35)	$ (217.52)	$ (621)	$ (444)	$ (352)	$ (80)	$ -	$ (2,712)
Working Captal Allowance	$ 154	$ 8	$ 73.02	$ 51.18	$ 146	$ 104	$ 83	$ 19	$ -	$ 638
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bad Debt Allowance	$ 355	$ 19	$ 168.87	$ 118.35	$ 338	$ 242	$ 191	$ 44	$ -	$ 1,476
Capacity Reserve Charge	$ (499)	$ (27)	$ (237.33)	$ (166.34)	$ (475)	$ (340)	$ (269)	$ (61)	$ 463	$ (1,611)
Total Off Peak COG Revenues	$ 115,695	$ 6,218	$ 54,211	$ 40,167	$ 108,431	$ 81,985	$ 61,424	$ 14,781	$ 463	$ 483,376
Check (Total Billed Sales Rate * Therms)	$ 115,695	$ 6,218	$ 54,211	$ 40,167	$ 108,431	$ 81,985	$ 61,424	$ 14,781	$ 463	$ 483,376

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GAS COST RECOVERY FOR THE MONTH OF :

September 2008 old

	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	228,167	12,715	95,970	51,375	98,[illegible]	65,940	6,348	5,859	742,976	1,307,625
									Sales Volumes	564,649
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$ 1.2117	$ 1.2117	$ 1.1945	$ 1.2624	$ 1.1945	$ 1.2624	$ 1.1945	$ 1.2624	$ -	
Prior Period Reconciliation	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ -	
Working Captal Allowance	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ -	
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Bad Debt Allowance	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ -	
Capacity Reserve Charge	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ 0.00550	
Total Billed Rate	$ 1.2050	$ 1.2050	$ 1.1878	$ 1.2557	$ 1.1878	$ 1.2557	$ 1.1878	$ 1.2557	$ 0.00550	
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 276,470	$ 15,407	$ 114,635.69	$ 64,856.18	$ 117,388	$ 83,243	$ 7,583	$ 7,396	$ -	$ 686,979
Prior Period Reconciliation	$ (1,552)	$ (86)	$ (652.59)	$ (349.35)	$ (668)	$ (448)	$ (43)	$ (40)	$ -	$ (3,840)
Working Captal Allowance	$ 365	$ 20	$ 153.55	$ 82.20	$ 157	$ 106	$ 10	$ 9	$ -	$ 903
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bad Debt Allowance	$ 844	$ 47	$ 355.09	$ 190.09	$ 364	$ 244	$ 23	$ 22	$ -	$ 2,089
Capacity Reserve Charge	$ (1,186)	$ (66)	$ (499.04)	$ (267.15)	$ (511)	$ (343)	$ (33)	$ (30)	$ 4,086	$ 1,150
Total Off Peak COG Revenues	$ 274,942	$ 15,322	$ 113,993	$ 64,512	$ 116,730	$ 82,801	$ 7,541	$ 7,357	$ 4,086	$ 687,283
Check (Total Billed Sales Rate * Therms)	$ 274,942	$ 15,322	$ 113,993	$ 64,512	$ 116,730	$ 82,801	$ 7,541	$ 7,357	$ 4,086	$ 687,283

September 2008 new

	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	102,560	5,082	42,553	33,774	100,014	84,390	25,018	22,991	98,330	514,711
									Sales Volumes	416,381
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$ 0.9372	$ 0.9372	$ 0.9200	$ 0.9879	$ 0.9200	$ 0.9879	$ 0.9200	$ 0.9879	$ -	
Prior Period Reconciliation	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ -	
Working Captal Allowance	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ -	
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Bad Debt Allowance	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ -	
Capacity Reserve Charge	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ 0.0055	
Total Billed Rate	$ 0.9305	$ 0.9305	$ 0.9133	$ 0.9812	$ 0.9133	$ 0.9812	$ 0.9133	$ 0.9812	$ 0.0055	
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 96,119	$ 4,763	$ 39,149.13	$ 33,365.04	$ 92,013	$ 83,369	$ 23,016	$ 22,713	$ -	$ 394,507
Prior Period Reconciliation	$ (697)	$ (35)	$ (289.36)	$ (229.66)	$ (680)	$ (574)	$ (170)	$ (156)	$ -	$ (2,831)
Working Captal Allowance	$ 164	$ 8	$ 68.09	$ 54.04	$ 160	$ 135	$ 40	$ 37	$ -	$ 666
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bad Debt Allowance	$ 379	$ 19	$ 157.45	$ 124.96	$ 370	$ 312	$ 93	$ 85	$ -	$ 1,541
Capacity Reserve Charge	$ (533)	$ (26)	$ (221.28)	$ (175.62)	$ (520)	$ (439)	$ (130)	$ (120)	$ 541	$ (1,624)
Total Off Peak COG Revenues	$ 95,432	$ 4,729	$ 38,864	$ 33,139	$ 91,343	$ 82,804	$ 22,849	$ 22,559	$ 541	$ 392,258
Check (Total Billed Sales Rate * Therms)	$ 95,432	$ 4,729	$ 38,864	$ 33,139	$ 91,343	$ 82,804	$ 22,849	$ 22,559	$ 541	$ 392,258

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SCHEDULE 3: REVENUE BACKUP TO REPORTED COLLECTIONS
May 2008 - October 2008

GAS COST RECOVERY FOR THE MONTH OF : October 2008

	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	453,744	18,612	118,574	144,887	193,834	244,219	45,956	37,166	1,418,199	2,675,191
									Sales Volumes	1,256,992
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$ 0.9372	$ 0.9372	$ 0.9200	$ 0.9879	$ 0.9200	$ 0.9879	$ 0.9200	$ 0.9879	$ -	
Prior Period Reconciliation	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ -	
Working Captal Allowance	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ -	
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Bad Debt Allowance	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ -	
Capacity Reserve Charge	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ 0.0055	
Total Billed Rate	$ 0.9305	$ 0.9305	$ 0.9133	$ 0.9812	$ 0.9133	$ 0.9812	$ 0.9133	$ 0.9812	$ 0.0055	
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 425,249	$ 17,443	$ 109,088.08	$ 143,133.87	$ 178,327	$ 241,264	$ 42,280	$ 36,716	$ -	$ 1,193,501
Prior Period Reconciliation	$ (3,085)	$ (127)	$ (806.30)	$ (985.23)	$ (1,318)	$ (1,661)	$ (313)	$ (253)	$ -	$ (8,548)
Working Captal Allowance	$ 726	$ 30	$ 169.72	$ 231.82	$ 310	$ 391	$ 74	$ 59	$ -	$ 2,011
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bad Debt Allowance	$ 1,679	$ 69	$ 438.72	$ 536.08	$ 717	$ 904	$ 170	$ 138	$ -	$ 4,651
Capacity Reserve Charge	$ (2,359)	$ (97)	$ (616.58)	$ (753.41)	$ (1,008)	$ (1,270)	$ (239)	$ (193)	$ 7,800	$ 1,264
Total Off Peak COG Revenues	$ 422,209	$ 17,318	$ 108,294	$ 142,163	$ 177,029	$ 239,628	$ 41,972	$ 36,467	$ 7,800	$ 1,192,879
Check (Total Billed Sales Rate * Therms)	$ 422,209	$ 17,318	$ 108,294	$ 142,163	$ 177,029	$ 239,628	$ 41,972	$ 36,467	$ 7,800	$ 1,192,879

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
2008 SUMMER PERIOD RECONCILIATION
SCHEDULE 3: REVENUE BACKUP TO REPORTED COLLECTIONS
May 2008 - October 2008

FORM III
Schedule 3
Page 8 of 8

GAS COST RECOVERY FOR THE MONTH OF : Nov-08 Prorated

	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	761,549	18,707	89,575	289,537	130,92[illegible]	269,651	12,128	19,532	1,820,285	3,411,890
									Sales Volumes	1,591,605
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$ 0.9372	$ 0.9372	$ 0.9200	$ 0.9879	$ 0.9200	$ 0.9879	$ 0.9200	$ 0.9879	$ -	
Prior Period Reconciliation	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ (0.0068)	$ -	
Working Captal Allowance	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ 0.0016	$ -	
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	
Bad Debt Allowance	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ 0.0037	$ -	
Capacity Reserve Charge	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ (0.0052)	$ 0.0055	
Total Billed Rate	$ 0.9305	$ 0.9305	$ 0.9133	$ 0.9812	$ 0.9133	$ 0.9812	$ 0.9133	$ 0.9812	$ 0.0055	

	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Off Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 713,724	$ 17,532	$ 82,409	$ 286,033	$ 120,452	$ 266,389	$ 11,157	$ 19,296	$ -	$ 1,516,992
Prior Period Reconciliation	$ (5,179)	$ (127)	$ (609)	$ (1,969)	$ (890)	$ (1,834)	$ (82)	$ (133)	$ -	$ (10,823)
Working Captal Allowance	$ 1,218	$ 30	$ 143	$ 463	$ 209	$ 431	$ 19	$ 31	$ -	$ 2,547
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bad Debt Allowance	$ 2,818	$ 69	$ 331	$ 1,071	$ 484	$ 998	$ 45	$ 72	$ -	$ 5,889
Capacity Reserve Charge	$ (3,960)	$ (97)	$ (466)	$ (1,506)	$ (681)	$ (1,402)	$ (63)	$ (102)	$ 10,012	$ 1,735
Total Off Peak COG Revenues	$ 708,621	$ 17,407	$ 81,809	$ 284,093	$ 119,575	$ 264,582	$ 11,076	$ 19,165	$ 10,012	$ 1,516,340
Check (Total Billed Sales Rate * Therms)	$ 708,621	$ 17,407	$ 81,809	$ 284,093	$ 119,575	$ 264,582	$ 11,076	$ 19,165	$ 10,012	$ 1,516,340

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
2008-09 WINTER RECONCILIATION
SCHEDULE 3: REVENUE BACKUP TO REPORTED COLLECTIONS
November 2008 - April 2009

GAS COST RECOVERY FOR THE MONTH OF :		November 2008	Prorated							
	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	284,158	6,593	36,991	142,042	111,511	272,986	28,294	54,747	214,572	1,151,894
										1,151,894
									Sales	937,322
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$1.2776	$1.2776	$1.0748	$1.4089	$1.0748	$1.4089	$1.0748	$1.4089	$ -	
Prior Period Reconciliation	($0.0195)	($0.0195)	($0.0195)	($0.0195)	($0.0195)	($0.0195)	($0.0195)	($0.0195)	$ -	
Working Captal Allowance	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$ -	
Supplier Refund	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$ -	
Bad Debt Allowance	$0.0052	$0.0052	$0.0052	$0.0052	$0.0052	$0.0052	$0.0052	$0.0052	$ -	
Capacity Reserve Charge	($0.0019)	($0.0019)	($0.0019)	($0.0019)	($0.0019)	($0.0019)	($0.0019)	($0.0019)	$ 0.0055	
Total Billed Rate	$1.2636	$1.2636	$1.0608	$1.3949	$1.0608	$1.3949	$1.0608	$1.3949	$ 0.0055	
Peak Period Demand/Commodity Recovery Revenues										
Demand & Commodity	$ 363,040	$ 8,423	$ 39,758	$ 200,124	$ 119,852	$ 384,610	$ 30,410	$ 77,133	$ -	$ 1,223,350
Prior Period Reconciliation	$ (5,541)	$ (129)	$ (721)	$ (2,770)	$ (2,174)	$ (5,323)	$ (552)	$ (1,068)	$ -	$ (18,278)
Working Captal Allowance	$ 625	$ 15	$ 81	$ 312	$ 245	$ 601	$ 62	$ 120	$ -	$ 2,062
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bad Debt Allowance	$ 1,478	$ 34	$ 192	$ 739	$ 580	$ 1,420	$ 147	$ 285	$ -	$ 4,874
Capacity Reserve Charge	$ (540)	$ (13)	$ (70)	$ (270)	$ (212)	$ (519)	$ (54)	$ (104)	$ 1,180	$ (601)
Total Peak COG Revenues	**$ 359,062**	**$ 8,331**	**$ 39,240**	**$ 198,135**	**$ 118,291**	**$ 380,788**	**$ 30,014**	**$ 76,366**	**$ 1,180**	**$ 1,211,407**
Check (Total Billed Sales Rate * Therms)	$ 359,062	$ 8,331	$ 39,240	$ 198,135	$ 118,291	$ 380,788	$ 30,014	$ 76,366	$ 1,180	$ 1,211,407

NORTHERN UTILITIES, INC. - NEW HAMPSHIRE DIVISION
2008-09 WINTER RECONCILIATION
SCHEDULE 3: REVENUE BACKUP TO REPORTED COLLECTIONS
November 2008 - April 2009

GAS COST RECOVERY FOR THE MONTH OF :	December 2008									
	Res. Heat	Res. NH	G-50	G-40	G-51	G-41	G-52	G-42	Transportation	Total
Sales (Therms)	1,949,850	32,526	156,247	1,047,211	311,152	1,045,146	44,411	143,436	3,475,106	8,205,085
										0
									Sales	4,729,979
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity Rate	$1.2776	$1.2776	$1.0748	$1.4089	$1.0748	$1.4089	$1.0748	$1.4089	$ -	
Prior Period Reconciliation	($0.0195)	($0.0195)	($0.0195)	($0.0195)	($0.0195)	($0.0195)	($0.0195)	($0.0195)	$ -	
Working Captal Allowance	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$0.0022	$ -	
Supplier Refund	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$0.0000	$ -	
Bad Debt Allowance	$0.0052	$0.0052	$0.0052	$0.0052	$0.0052	$0.0052	$0.0052	$0.0052	$ -	
Capacity Reserve Charge	($0.0019)	($0.0019)	($0.0019)	($0.0019)	($0.0019)	($0.0019)	($0.0019)	($0.0019)	$ 0.0055	
Total Billed Rate	$1.2636	$1.2636	$1.0608	$1.3949	$1.0608	$1.3949	$1.0608	$1.3949	$ 0.0055	
Peak Period Demand/Commodity Recovery Rate										
Demand & Commodity	$ 2,491,128	$ 41,555	$ 167,934	$ 1,475,416	$ 334,426	$ 1,472,506	$ 47,733	$ 202,087	$ -	$ 6,232,786
Prior Period Reconciliation	$ (38,022)	$ (634)	$ (3,047)	$ (20,421)	$ (6,067)	$ (20,380)	$ (866)	$ (2,797)	$ -	$ (92,235)
Working Captal Allowance	$ 4,290	$ 72	$ 344	$ 2,304	$ 685	$ 2,299	$ 98	$ 316	$ -	$ 10,406
Supplier Refund	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Bad Debt Allowance	$ 10,139	$ 169	$ 812	$ 5,445	$ 1,618	$ 5,435	$ 231	$ 746	$ -	$ 24,596
Capacity Reserve Charge	$ (3,705)	$ (62)	$ (297)	$ (1,990)	$ (591)	$ (1,986)	$ (84)	$ (273)	$ 19,113	$ 10,126
Total Peak COG Revenues	**$ 2,463,830**	**$ 41,100**	**$ 165,747**	**$ 1,460,755**	**$ 330,070**	**$ 1,457,874**	**$ 47,111**	**$ 200,079**	**$ 19,113**	**$ 6,185,679**
Check (Total Billed Sales Rate * Therms)	2,463,830	41,100	165,747	1,460,755	330,070	1,457,874	47,111	200,079	19,113	6,185,679

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(21) A description of the utility's projected need for external capital for the 2 year period immediately following the test year.

Response:

Northern reviews and analyzes its long-term financing requirements in light of its long-term objective to maintain investment grade capitalization ratios. Principally due to the size of Northern's capital expenditures, Northern has a financing cycle that requires it to seek external long-term capital periodically, approximately every two to three years. This time frame gives Northern flexibility in determining the market timing of its financings and allows for sufficient "build up" of short-term debt levels and corresponding plant investment prior to going to the market for long-term financing.

Over the next two years, Northern will likely be in a position to issue long-term debt. At this time, Northern is continuing to monitor its needs for long-term external capital and will request approval from the Commission to issue long-term debt securities when the timing of its financing plan is finalized.

For short-term debt financing, Northern participates in Unitil Corporation's Cash Pool to fund construction expenditures and working capital requirements up to the Commission's authorized limit which is subject to annual adjustment.

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(22) The utility's capital budget with a statement of the source and uses of funds for the 2 years immediately subsequent to the test year.

Response:

Please see PUC 1604.01. (a) 22 - Attachment 1 - Confidential for the projected sources and uses of funds for calendar years 2013 and 2014.

REDACTED

Northern Utilities, Inc. - New Hampshire
Sources and Uses of Funds for Years 2013 and 2014
Including the Projected Construction Budgets
($000)

See Volume 4 of 4 for Puc 1604.01(a) 22 - Attachment 1 CONFIDENTIAL

Notes:
*2013 Budget and 2014 Forecast include rate relief

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with PUC 1604.01(a), please provide:

(23) The provisions of any sinking funds associated with senior capital and a description of the rate at which any respective issues of senior capital will be retired, consistent with such sinking fund(s).

Response:

Please see the attached schedule of NU Sinking Fund Commitments, which commence in 2016.

Northern Utilities Inc.
Sinking Fund Commitments

Year	Due SF beg	10 years Series A 6.95% 12/3/2018 12/3/2016	Due SF beg	30 years Series B 7.72% 12/3/2038 12/3/2029	Due SF beg	10 years 5.29% 3/2/2020 3/2/2018	NU Total
2012		-		-		-	-
2013		-		-		-	-
2014		-		-		-	-
2015		-		-		-	-
2016		$ 10,000,000		-		-	$ 10,000,000
2017		10,000,000		-		-	10,000,000
2018		10,000,000		-		$ 8,400,000	18,400,000
2019		-		-		8,400,000	8,400,000
2020		-		-		8,200,000	8,200,000
2021		-		-		-	-
2022		-		-		-	-
2023		-		-		-	-
2024		-		-		-	-
2025		-		-		-	-
2026		-		-		-	-
2027		-		-		-	-
2028		-		-		-	-
2029		-		$ 5,000,000		-	5,000,000
2030		-		5,000,000		-	5,000,000
2031		-		5,000,000		-	5,000,000
2032		-		5,000,000		-	5,000,000
2033		-		5,000,000		-	5,000,000
2034		-		5,000,000		-	5,000,000
2035		-		5,000,000		-	5,000,000
2036		-		5,000,000		-	5,000,000
2037		-		5,000,000		-	5,000,000
2038		-		5,000,000		-	5,000,000
2039		-		-		-	-
2040		-		-		-	-
Total		$ 30,000,000		$ 50,000,000		$ 25,000,000	$ 105,000,000

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with PUC 1604.01(a), please provide:

(24) If the short-term debt component of total invested capital is volatile, the amount outstanding, on a monthly basis, during the test year, for each short-term indebtedness.

Response:

Please refer to the attached schedule showing NU's end of month balance and average daily balance of short-term debt outstanding for each month during the test year.

Northern Utilities, Inc.
Short-Term Debt Outstanding
12 Months Ended December 31, 2012

Line No.	Month	Month-End Amount Outstanding	Average Daily Borrowings
1	January 2012	$ 46,666,011	$ 52,044,123
2	February 2012	41,010,186	43,988,105
3	March 2012	40,575,562	40,741,962
4	April 2012	37,609,783	37,152,721
5	May 2012	33,449,660	33,734,482
6	June 2012	-	16,571,719
7	July 2012	756,965	353,624
8	August 2012	7,272,264	3,827,948
9	September 2012	12,752,109	10,109,624
10	October 2012	18,214,480	15,039,228
11	November 2012	21,837,681	19,716,959
12	December 2012	32,791,607	27,737,435

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(25) If a utility is a subsidiary, duplicates of all items required by this section for the parent company except as provided in (26) below;

(25.01) The utility's internal financial reports for the following periods:

a. For the first and last month of the test year;

b. For the entire test year; and

c. For the 12 months or 5 quarters prior to the test year.

Response:

Unitil Corporation (Unitil) was incorporated under the laws of the State of New Hampshire in 1984. Unitil is a registered public utility holding company under the Public Utility Holding Act of 1935 and is the parent company of the Unitil System. Northern Utilities, Inc. is a subsidiary of Unitil.

Where applicable, information for Unitil has been provided for elsewhere in these supplemental filing requirements.

Please see the Puc 1604.01(a) – 25.01 Attachment.

	December 2011	January 2012	December 2012
ASSETS			
Utility Plant, at Cost:			
Electric	333,293,673.11	337,511,590.87	356,926,986.27
Gas	382,290,678.44	386,953,031.39	424,356,542.97
Common	29,313,321.66	29,314,221.33	30,426,090.86
Const. Work in Progress	28,284,866.72	25,057,966.96	19,366,699.86
Total Utility Plant	773,182,539.93	778,836,810.55	831,076,319.96
Less: Accum. Depr & Amort	(262,517,181.82)	(264,304,505.82)	(229,883,738.61)
Net utility plant	510,665,358.11	514,532,304.73	601,192,581.35
Other Property and Investments:			
Nonutility Property, net of Amort.	494,776.26	477,130.29	401,410.38
Other Investments at Cost	619.41	619.41	
Total Other Prop. & Invest.	495,395.67	477,749.70	401,410.38
Current Assets:			
Cash	281,149.56	745,724.62	3,195,651.56
Other Special Deposits	7,201,979.63	6,928,632.91	6,594,430.90
Accounts Receivable-net of:			
Allow. for doubtful accts	44,153,102.26	51,541,453.10	45,856,562.92
Materials & Supplies	6,047,130.47	5,255,388.90	5,977,167.03
Prepayments	19,531,482.66	20,769,212.35	21,067,146.24
Accrued revenue	56,570,992.05	51,374,155.15	57,899,538.77
Misc Current Assets	13,330,360.83	9,258,277.07	9,576,653.65
Total Current Assets	147,116,197.46	145,872,844.10	150,167,151.07
Regulatory Assets:			
Regulatory Assets	139,800,525.82	122,055,765.82	136,153,023.26
Deferred Debits:			
Unamortized Debt Expense	3,561,904.46	3,538,312.23	3,278,797.71
Preliminary Survey Chgs	647,137.94	689,550.86	697,391.61
Clearing Accounts	1,522,871.64	2,314,722.20	1,530,019.85
Other Deferred Debits	12,282,188.51	25,992,129.13	10,923,103.44
Total Deferred Debits	157,814,628.37	154,590,480.24	152,582,335.87
TOTAL ASSETS	816,091,579.61	815,473,378.77	904,343,478.67

	December 2011	January 2012	December 2012
LIABILITIES AND CAPITAL			
Capitalization:			
Common Stock Equity			
Common Stock of Parent, No Par	171,209,234.02	171,242,569.13	242,926,345.67
Misc. Paid in Capital	361,058.41	393,881.90	368,394.85
Capital Stock Expense	(9,185,996.17)	(9,185,996.17)	(13,187,946.20)
Retained earnings	29,291,437.72	29,136,956.03	30,305,112.75
Total Common Equity	191,675,733.98	191,587,410.89	260,411,907.07
Preferred Stock:			
Non-Redeemable, Non-Cumulative	225,000.00	225,000.00	225,000.00
Redeemable, Cumulative	1,755,700.00	1,755,700.00	
Total Preferred Stock	1,980,700.00	1,980,700.00	225,000.00
LT Debt-Net of Curr. Install	287,880,534.22	287,837,004.78	287,338,595.93
Total Capitalization	481,536,968.20	481,405,115.67	547,975,503.00
Current Liabilities:			
LT Debt Due Within One Year	500,404.94	503,740.97	541,938.29
Notes payable	87,895,000.00	82,595,000.00	49,375,000.00
Accounts payable	47,470,278.07	46,508,924.06	44,677,143.42
Customer deposits	3,223,767.22	3,164,917.15	2,708,246.69
Taxes accrued	963,951.56	6,015,022.86	653,180.21
Interest accrued	3,185,758.27	4,391,943.63	3,112,722.93
Dividends Declared - Preferred	32,838.90	40,457.96	3,375.00
Dividends Declared - Common		3,757,468.14	
Misc current liabilities	11,121,516.88	9,937,208.15	10,160,124.39
Capital Leases - Current	740,290.48	728,034.84	627,704.97
Total current liabilities	155,133,806.32	157,642,717.76	111,859,435.90
Deferred Credits:			
Cust Adv for Construction	1,467,619.24	1,430,156.32	1,347,728.74
Unamort. Invest. Tax Credit	51,309.19	49,162.19	25,545.19
Other Deferred Credits	133,323,061.71	133,084,396.67	192,863,575.13
Total Deferred Credits	134,841,990.14	134,563,715.18	194,236,849.06
Deferred Income Tax	43,779,303.78	41,131,725.34	49,889,483.86
Capital Leases-Noncurrent	799,511.17	730,104.82	382,206.85
TOTAL LIABILITIES AND CAPITAL	816,091,579.61	815,473,378.77	904,343,478.67

	YTD December 2011	MTD January 2012	MTD December 2012	YTD December 2012
Operating Revenues:				
Electric	$191,402,306.24	$17,533,482.85	$15,798,241.23	$184,042,892.89
Other Electric	(3,288,019.12)	178,018.70	967,053.28	2,995,010.60
Gas	152,229,467.53	31,584,856.45	26,403,782.73	157,839,783.44
Other Gas	6,972,947.48	(6,103,426.56)	(458,234.86)	2,773,563.98
Other	5,492,431.20	436,490.60	471,723.81	5,513,980.57
Total Operating Revenues	352,809,133.33	43,629,422.04	43,182,566.19	353,165,231.48
Operating Expenses:				
Purchased Electricity	114,147,856.73	11,608,104.57	8,910,579.45	108,477,186.90
Purchased Gas	89,126,473.58	15,610,318.82	13,146,313.10	81,882,153.25
Operation and Maintenance	51,498,898.81	4,240,316.02	5,221,949.50	57,013,466.74
Conservation & Load Management:				
Electric C&LM	6,273,811.58	293,201.68	789,101.66	6,743,194.63
Gas C&LM	2,252,727.23	86,588.79	537,095.58	2,501,391.66
Depreciation & Amortization	29,313,227.44	2,670,527.14	3,183,263.11	35,052,471.91
Provisions for Taxes:				
Local Property and Other	12,926,230.23	1,311,718.19	1,131,842.51	13,982,299.76
Federal and State Income	10,025,228.88	2,530,161.12	3,343,634.04	10,975,567.74
Total Operating Expenses	315,564,454.48	38,350,936.33	36,263,778.95	316,627,732.59
Operating Income	37,244,678.85	5,278,485.71	6,918,787.24	36,537,498.89
Non-operating Expenses (Income)	366,713.95	33,652.11	47,774.14	247,025.18
Income before Interest	36,877,964.90	5,244,833.60	6,871,013.10	36,290,473.71
Interest Income	(1,419,243.70)	(256,152.54)	(610,785.71)	(3,719,191.69)
Interest Expense	21,857,871.59	1,887,005.63	1,799,872.30	21,813,774.19
Interest Expense, net	20,438,627.89	1,630,853.09	1,189,086.59	18,094,582.50
Net Income	16,439,337.01	3,613,980.51	5,681,926.51	18,195,891.21
Less: Pref. Dividend Req.	131,498.84	10,994.06	(18,429.14)	101,626.32
Net Income Appl. to Comm.	$16,307,838.17	$3,602,986.45	$5,700,355.65	$18,094,264.89

Northern Utilities, Inc.
DG 13-086

Supplementary Filing Requirements
Pursuant to Puc 1604.01(a)

In accordance with Puc 1604.01(a), please provide:

(25) If a utility is a subsidiary, duplicates of all items required by this section for the parent company except as provided in (26) below;

(25.02) Annual reports to stockholders and statistical supplements, if any, for the most recent 5 years.

Response:

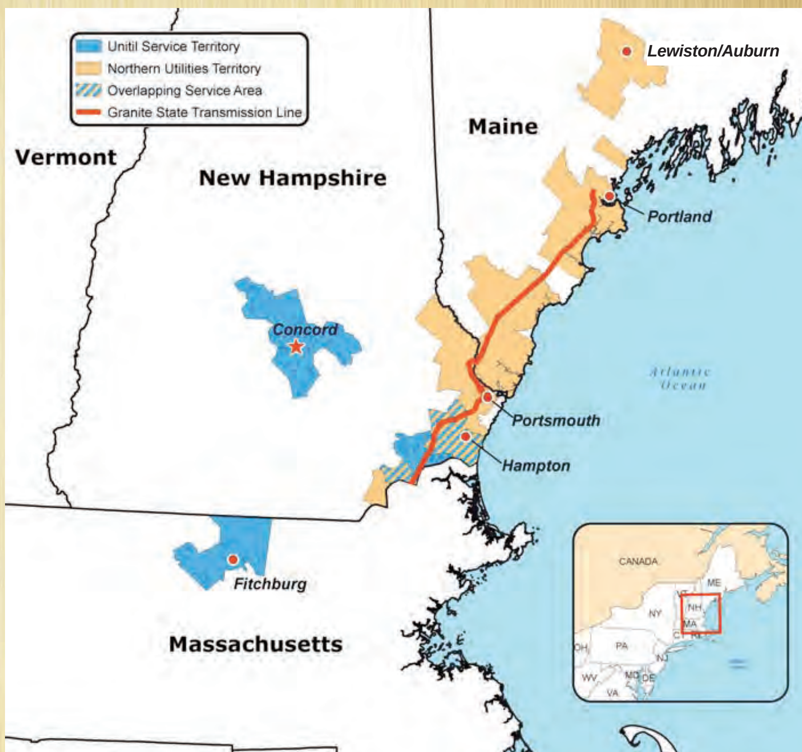
Please see the attached for copies of Unitil Corporation’s annual reports to stockholders for the years 2008 through 2012.

It's Our Employees.

Unitil

Annual Report 2008

Unitil Distribution Service Territories

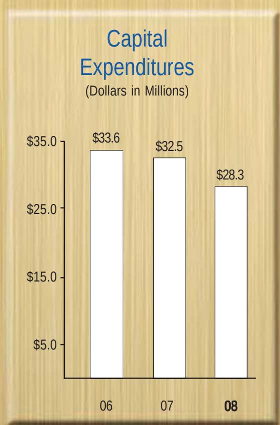


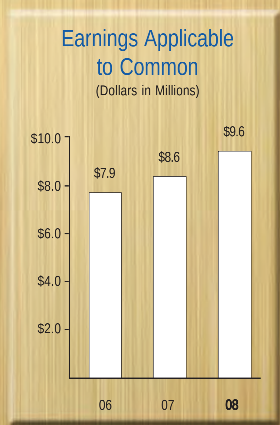
About the Company

Unitil (NYSE: UTL) is a public utility holding company with utility subsidiaries providing electric and gas service in New Hampshire and Massachusetts and gas service in Maine. Unitil has approximately 430 employees and serves approximately 170,000 customers. Its utility subsidiaries include Unitil Energy Systems, Inc., Fitchburg Gas and Electric Light Company, Northern Utilities, Inc., and Granite State Gas Transmission, Inc. Its other main subsidiaries include Unitil Service Corp. and its non-regulated business segment doing business as Usource.

Financial Highlights*

		2008		2007		2006
Financial Data (Millions)						
Total Operating Revenues	**$**	**288.2**	$	262.9	$	260.9
Total Operating Income	**$**	**20.5**	$	18.5	$	15.8
Earnings Applicable to Common	**$**	**9.6**	$	8.6	$	7.9
Capital Expenditures	**$**	**28.3**	$	32.5	$	33.6
Common Share Data						
Diluted Earnings per Share	**$**	**1.65**	$	1.52	$	1.41
Dividends Paid per Common Share	**$**	**1.38**	$	1.38	$	1.38
Book Value per Share (Year-end)	**$**	**17.90**	$	17.50	$	17.30
Market Price (Year-end)	**$**	**20.65**	$	28.51	$	25.35
Average Common Shares Outstanding (000's)		**5,830**		5,672		5,612
Operating Data						
Electric Distribution Sales (Millions of kWh)		**1,695.9**		1,743.0		1,751.5
Firm Gas Distribution Sales (Millions of therms)		**47.2**		28.4		26.4
Customers Served (Year-end)		**169,602**		115,016		114,387





* *Financial Highlights reflect the acquisition on December 1, 2008, of Northern Utilities, Inc. and Granite State Gas Transmission, Inc.*

To Our Shareholders

2008 was a transformative year for your Company, culminating with the acquisition of Northern Utilities and Granite State Gas Transmission from NiSource. The transaction was a few years in the making and capitalized on our steady resolve and prudent pursuit of this attractive opportunity.

The acquisition nearly doubles the size of the Company, increasing our customer base to about 170,000 and diversifying our revenues and earnings between electric and gas operations. We now operate in the states of Maine, Massachusetts, and New Hampshire, and are uniquely positioned to seek new opportunities to expand on this electric and gas combination utility platform.

We closed on the acquisition on December 1, which allowed us to count the benefits of one month of the gas heating season in our 2008 gas sales margin. Notably, we secured regulatory approvals of the acquisition in three states in just eight months. We were also successful in putting together a credit-worthy acquisition financing in the most challenging financial market in generations.

We are well on our way to integrating these new operating subsidiaries into your Company. Since the acquisition is essentially a carve out of operating divisions of a larger Company, we are expanding our own capabilities – including the hiring of 65 new employees – to provide centralized administrative and professional services for these new operating subsidiaries through our shared utility services model. We will complete the transition of all major systems, including customer information, financial services and gas operations, in the first half of 2009. We expect to realize significant synergies of $5.6 million per year from this combination.

The acquisition has already produced benefits. In 2008 net income increased by 12% to a record $9.6 million over $8.6 million in 2007. Earnings per share increased to $1.65, $0.13 higher than last year, including the benefit of higher gas sales margins, due to the acquisitions. The Company paid annual dividends of $1.38, representing a continuous payment of quarterly dividends since Unitil was formed in 1985. We achieved these results in the most challenging economic environment that we have seen in a long time.

The acquisition and integration of these new utility subsidiaries into your Company has been a major challenge. Our employees have risen to this challenge and made extraordinary efforts in managing the complex and rigorous details associated with the acquisition, while continuing to provide high-quality operations and customer service for our existing utility business.

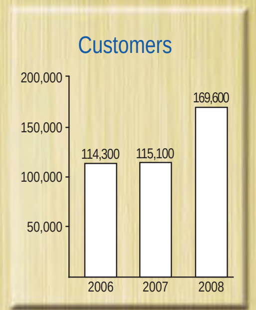
In the midst of all these activities, the New England region was hit by a major ice storm on the evening of December 11, 2008. The storm was a region-wide event with the worst-hit areas concentrated in our Fitchburg franchise area and southern and western New Hampshire. At the height of the storm, two-thirds of our customers were out of service. Crews from as far away as Tennessee, Ohio, and Michigan were brought in to help restore power. This was a very difficult time for the Company and its employees, our communities, and our customers, as it took 14 days for us to completely restore power. Power restoration times for utilities in the region ranged from 10 days to 21 days. The cost of the storm restoration effort is estimated at $10 million.

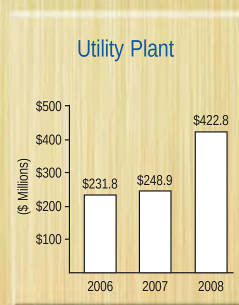
We initiated an internal self-assessment of our response to the storm and will participate in regulatory reviews of utility responses, with the goal of improving our own emergency preparedness and response effectiveness.

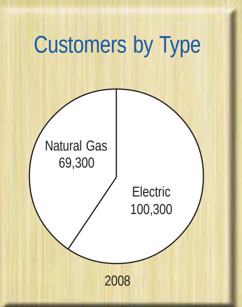
We honor our employees and the utility lineworkers who performed so tirelessly in restoring power to our customers by including their photos in the image on the front cover of this Annual Report.

The Economy

The national and global economies face the most challenging environment we have seen in generations. The bursting of the credit bubble – which reversed a decade of people living beyond their means on borrowed money – has led to a severe contraction in the







demand for goods and services.

Economists do not agree on what comes next. The optimists see a recovery beginning in the second half of 2009. The pessimists see a prolonged economic slump, some even comparing it to Japan's lost decade in the 1990s. Governments worldwide are attempting to stimulate their economies with massive stimulus packages and a partial or complete nationalization of their banking systems. These are clearly unprecedented times.

In this environment, your Company is planning for an economic downturn lasting through 2010. We are budgeting operating and capital expenses accordingly. The previously discussed acquisition synergies will be an immense help towards managing our spending.

We have seen decreases in electric consumption in each of the last three years, due to high energy prices and the resulting conservation efforts of consumers. Offsetting this trend is an increase in the use of natural gas for heating and other purposes. We plan to pursue the expansion of natural gas usage in our territories, an initiative which is actively supported by current public policy and is being welcomed by our communities.

The major risk of a prolonged economic downturn is in the commercial and industrial sectors. Thus far we have seen these sectors holding their own.

Access to Capital

One of the major business challenges today is access to credit. The good news is that your Company has demonstrated an ability to access short-term and long-term capital to meet its requirements. As a general rule, regulated utilities are seen as good credit and low-risk borrowers. Our proven access to capital markets, combined with our strong operating cash flow, provide us with the liquidity necessary to run the business. We constantly monitor the credit markets, as well as manage the use of cash to ensure continuing access to capital in these difficult times.

Debt and equity capital markets have largely been closed to many businesses. In 2008, we successfully raised $90 million in private placement debt at competitive fixed interest rates and raised $45 million in new equity to finance the acquisition of Northern Utilities and Granite State Gas Transmission.

We were particularly pleased with the issuance of 2.3 million new shares last December, as we were one of only a few companies able to access the equity markets in the last quarter of 2008. We anticipate completing a follow-on equity offering to finish the acquisition financing in 2009. We believe the results we reported for 2008 highlight the anticipated benefits of our acquisition.

The Way Forward

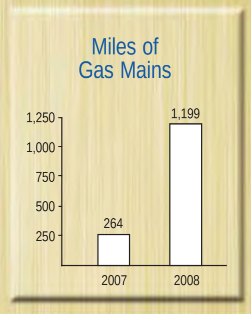
The Chinese word for crisis, wei-ji (危机), is composed of the two characters meaning danger and opportunity. It is an apt word to describe the environment we operate in today. As we have done in the past, we will weather the current economic downturn by concentrating on the following strategies:

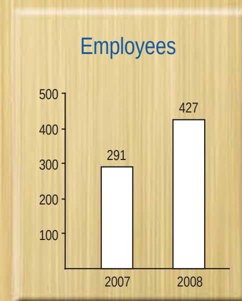
1. Seek to expand the use of natural gas in each of our franchise territories. The penetration rate in the New England region is only about 35%, thereby giving us the opportunity to increase gas sales. The demand for conversion to natural gas in each of our territories has been strong, particularly in the Northern Utilities service territory.

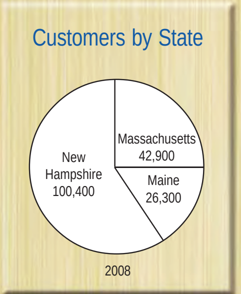
2. Implement a regulatory strategy to move towards a revenue decoupling model which will separate our revenues from gas and electric sales. This would eliminate the disincentive for our companies to promote conservation and energy efficiency actively without having to sacrifice our financial stability. In a nut shell, revenue decoupling works by adjusting the actual sales volumes to the weather-normalized sales volumes approved during the last rate case. When sales volumes deviate from the level forecasted in the rate case, the true-up mechanism makes a modest adjustment to the distribution charge, which gives the utility an opportunity to recover its authorized fixed costs, regardless of fluctuations in energy use. The transition towards this new revenue model will start in Massachusetts in 2009. We hope to make similar transitions in New Hampshire and Maine over the next few years. This will allow us to continue to have diversified and more stable revenue growth in the years ahead and to take a lead in the promotion of conservation efforts and the efficient use of energy by our customers.

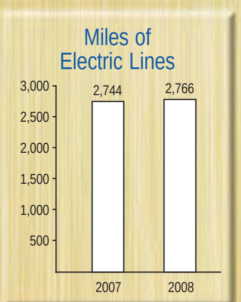
3. Continue the evolution toward a 21st century distribution utility model, gradually incorporating distributed and smart grid technologies. We now have the opportunity to make utility investments in certain types of alternative and distributed technologies in Massachusetts and New Hampshire. While this will be a gradual evolution, we believe it is the future for local distribution utility companies.

4. Redouble our commitment to be a customer-focused organization. The reaction of some of our customers to our response in last December's ice storm shows we have work to do. While our employees performed heroically, we need to improve our emergency pre-









paredness and response efforts, including how we communicate with our customers. We have already begun this effort, and we will be a stronger Company as a result.

Conclusion

2008 was a transformative year for your Company. We achieved a long-desired strategic objective of growing through acquisitions, significantly increasing our utility assets and customer base. The acquisition of Northern Utilities and Granite State Gas Transmission will help diversify our revenue and earnings and will provide significant benefits to our customers, shareholders, and employees. The acquisition puts us in a good position to expand on this proven platform.

But challenges abound. Uncertain economic prospects require us to plan for a prolonged economic slowdown. We are prepared to do what is necessary to achieve our goal of increasing earnings per share 3% to 5% per year, even in these uncertain times.

For their extraordinary efforts throughout 2008, I want to thank all of our employees. They are among the best in our industry. That we are attracting first-class talent to help grow your Company underscores the fact that the Company is seen as an excellent place to work. We are all committed to being a customer-focused organization.

I also want to thank you, our shareholders, for your continued investment in, and support of, Unitil management and its employees.

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

March 4, 2009

This Annual Report contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. All statements, other than statements of historical fact, are forward-looking statements. 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 the following: variations in weather; changes in the regulatory environment; customers' preferences on energy sources; general economic conditions; increased competition; fluctuations in supply, demand, transmission capacity, and prices for energy commodities; and other uncertainties, all of which are difficult to predict, and many of which are beyond the control of Unitil Corporation.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2008

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-8858

UNITIL CORPORATION
(Exact name of registrant as specified in its charter)

New Hampshire **(State or other jurisdiction of incorporation or organization)**	**02-0381573** **(I.R.S. Employer Identification No.)**
6 Liberty Lane West, Hampton, New Hampshire **(Address of principal executive offices)**	**03842-1720** **(Zip Code)**

Registrant's telephone number, including area code: (603) 772-0775

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, No Par Value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large Accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Based on the closing price of June 30, 2008, the aggregate market value of common stock held by non-affiliates of the registrant was $148,801,666.

The number of common shares outstanding of the registrant was 8,095,724 as of February 17, 2009.

Documents Incorporated by Reference:

Portions of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 16, 2009 are incorporated by reference into Part III of this Report

UNITIL CORPORATION
FORM 10-K
For the Fiscal Year Ended December 31, 2008
Table of Contents

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PART I

Item 1. Business

UNITIL CORPORATION

Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil was incorporated under the laws of the State of New Hampshire in 1984. The following companies are wholly owned subsidiaries of Unitil:

Company Name	State and Year of Organization	Principal Business
Unitil Energy Systems, Inc. (Unitil Energy)	NH - 1901	Electric Distribution Utility
Fitchburg Gas and Electric Light Company (Fitchburg)	MA - 1852	Electric & Gas Distribution Utility
Northern Utilities, Inc. (Northern Utilities)	NH - 1979	Natural Gas Distribution Utility
Granite State Gas Transmission, Inc. (Granite State)	NH - 1955	Natural Gas Transmission Pipeline
Unitil Power Corp. (Unitil Power)	NH - 1984	Wholesale Electric Power Utility
Unitil Service Corp. (Unitil Service)	NH - 1984	Utility Service Company
Unitil Realty Corp. (Unitil Realty)	NH - 1986	Real Estate Management
Unitil Resources, Inc. (Unitil Resources)	NH - 1993	Non-regulated Energy Services
Usource Inc. and Usource L.L.C. (Usource)	DE - 2000	Energy Brokering and Advisory Services

Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005.

On December 1, 2008, the Company purchased: (i) all of the outstanding capital stock of Northern Utilities, a natural gas distribution utility serving customers in Maine and New Hampshire, originally founded as Portland Gas Light Company in 1849, from Bay State Gas Company (Bay State) and (ii) all of the outstanding capital stock of Granite State, an interstate natural gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource Inc. (NiSource) pursuant to the Stock Purchase Agreement dated as of February 15, 2008 by and among NiSource, Bay State, and Unitil (the Acquisitions). Bay State is a wholly owned subsidiary of NiSource. The aggregate purchase price for the Acquisitions was $160 million in cash, plus an additional working capital adjustment of $49.2 million, including approximately $30.0 million of natural gas storage inventory. To finance the Acquisitions and recapitalize Northern Utilities and Granite State, the Company issued additional equity and debt (see "Liquidity, Commitments and Capital Requirements" section in Part II, Item 7 below).

Unitil's principal business is the local distribution of electricity and natural gas throughout its service territory in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly owned distribution utilities: i) Unitil Energy, which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the city of Concord, New Hampshire, ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts, and iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland and the Lewiston-Auburn area. In addition, Unitil is the parent company of Granite State, an interstate natural gas transmission pipeline company that principally provides interstate natural gas pipeline access and transportation services to Northern Utilities in its New Hampshire and Maine service territory. Together, Unitil's three distribution utilities serve approximately 100,300 electric customers and 69,300 natural gas customers.

Unitil's distribution utilities are local "pipes and wires" operating companies and, combined with Granite State, had an investment in net utility plant of $422.8 million at December 31, 2008. Unitil's total revenue was $288.2 million in 2008. Earnings applicable to common shareholders for 2008 was $9.6 million. Substantially all of Unitil's revenue and earnings are derived from regulated utility operations.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of substantially all of its long-term power supply contracts through the sale of the entitlements to the electricity associated with those contracts.

Unitil also has three other wholly owned subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology and energy supply management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire. Unitil Resources is the Company's wholly owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are indirect subsidiaries that are wholly owned by Unitil Resources. Usource provides energy brokering and advisory services to large commercial and industrial customers in the northeastern United States.

OPERATIONS

Electric Distribution Utility Operations

Unitil's electric utility operations are conducted through two of the Company's distribution utilities, Unitil Energy and Fitchburg. Revenue from Unitil's electric utility operations was $227.5 million for 2008. Earnings from electric utility operations were $5.2 million for the same 12-month period.

The primary business of Unitil's electric utility operations is the local distribution of electricity to customers in its service territory in New Hampshire and Massachusetts. As a result of the implementation of choice in New Hampshire and Massachusetts, Unitil's customers are free to contract for their supply of electricity with third-party suppliers. The distribution utilities continue to deliver that supply of electricity over their distribution systems. Both Unitil Energy and Fitchburg supply electricity to those customers who do not obtain their supply from third-party suppliers, with the costs associated with electricity supplied by the distribution utilities being recovered on a pass-through basis under periodically-adjusted rates.

Unitil Energy distributes electricity to approximately 72,500 customers in New Hampshire in the capital city of Concord as well as parts of 12 surrounding towns and all or part of 18 towns in the southeastern and seacoast regions of New Hampshire, including the towns of Hampton, Exeter, Atkinson and Plaistow. Unitil Energy's service territory consists of approximately 408 square miles. In addition, Unitil Energy's service territory encompasses retail trading and recreation centers for the central and southeastern parts and includes the Hampton Beach recreational area. These areas serve diversified commercial and industrial businesses, including manufacturing firms engaged in the production of electronic components, wires and plastics, healthcare and education. Unitil Energy's 2008 electric operating revenue was $161.0 million, of which approximately 49.0% was derived from residential sales and 51.0% from commercial/industrial sales.

Fitchburg is engaged in the distribution of both electricity and natural gas in the city of Fitchburg and several surrounding communities. Fitchburg's service territory encompasses approximately 170 square miles. Electricity is supplied and distributed by Fitchburg to approximately 27,800 customers in the communities of Fitchburg, Ashby, Townsend and Lunenburg. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries and education. Fitchburg's 2008 electric operating revenue was $66.5 million, of which approximately 54.0% was derived from residential sales and 46.0% from commercial/industrial sales.

Gas Operations

Unitil's Gas Operations include gas distribution utility operations and gas transportation pipeline company operations, discussed below. Revenue from Unitil's gas operations was $56.9 million for 2008. Earnings from gas operations were $4.3 million for the same 12-month period. In 2008, the Company significantly expanded its gas operations by acquiring Northern Utilities and Granite State on December 1, 2008.

Gas Distribution Utility Operations

Unitil's natural gas utility operations are conducted through two of the Company's distribution utilities, Northern Utilities and Fitchburg. The primary business of Unitil's natural gas distribution utility operations is the local distribution of natural gas to customers in its service territory in New Hampshire, Massachusetts and Maine. As a result of a restructuring of the gas utility industry in New Hampshire, Massachusetts and Maine, Fitchburg's residential and commercial and industrial (C&I) customers and Northern Utilities' C&I customers have the opportunity to purchase their natural gas supplies from third party vendors. Most customers, however, continue to purchase such supplies through Northern Utilities and Fitchburg as the provider of last resort. Northern Utilities and Fitchburg purchase natural gas from unaffiliated wholesale suppliers and recover the actual costs of these supplies on a pass-through basis through reconciling rate mechanisms that are periodically adjusted.

Natural gas is supplied and distributed by Northern Utilities to approximately 54,200 customers in 44 New Hampshire and southern Maine communities, from Plaistow, New Hampshire in the south to the city of Portland, Maine and then extending to Lewiston-Auburn, Maine in the north. Northern Utilities has a diversified customer base both in Maine and New Hampshire. Commercial businesses include healthcare, education, government and retail. Northern Utilities' industrial base includes manufacturers in the industries of auto, housing, rubber, printing, textile, pharmaceutical, electronics, wires and food production as well as a military installation. Northern Utilities 2008 gas operating revenue was $19.5 million, of which approximately 35.0% was derived from residential firm sales and 65.0% from commercial/industrial firm sales.

Natural gas is supplied and distributed by Fitchburg to approximately 15,100 customers in the communities of Fitchburg, Lunenburg, Townsend, Ashby, Gardner and Westminster, all located in Massachusetts. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries. Fitchburg's 2008 gas operating revenue was $37.0 million, of which approximately 54.0% was derived from residential firm sales and 46.0% from commercial/industrial firm sales.

Gas Transmission Pipeline Company Operations

Granite State is an interstate natural gas transmission pipeline company, operating 87 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State had operating revenue of $0.4 million for 2008. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third-party marketers.

Seasonality

Natural gas sales in New England are seasonal, and our results of operations reflect this seasonal nature. In particular, the Company expects that consolidated results of operations in future reporting periods will reflect to a greater degree the seasonal nature of natural gas sales by Northern Utilities, which was acquired by the Company on December 1, 2008. Accordingly, the Company expects that as a result of the Acquisitions consolidated results of operations will be positively affected during the first and fourth quarters, and negatively affected during the second and third quarters of future reporting years.

Electric sales in New England are far less seasonal than natural gas sales; however, the highest usage typically occurs in both the summer months due to air conditioning demand and the winter months due to heating-related requirements and shorter daylight hours. Unitil Energy, Fitchburg and Northern Utilities are not dependent on a single customer or a few customers for their electric and natural gas sales.

Non-regulated and Other Non-Utility Operations

Unitil's non-regulated operations are conducted through Usource, a subsidiary of Unitil Resources. Usource provides energy brokering and consulting services to large commercial and industrial customers in the northeastern United States. Revenue from Unitil's non-regulated operations was $3.8 million in 2008. Earnings from Unitil's non-regulated operations were $0.3 million in 2008.

The results of Unitil's other non-utility subsidiaries, Unitil Service and Unitil Realty, and the holding company are included in the Company's consolidated results of operations. The results of these non-utility operations are principally derived from income earned on short-term investments and real property owned for Unitil's and its subsidiaries' use and are reported in Other segment income (for segment information, see Part II, Item 8, Note 11 herein). Unitil's other non-utility operations recognized a net loss of ($0.2) million in 2008.

(For details on Unitil's Results of Operations, see Part II, Item 7 herein.)

RATES AND REGULATION

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and Maine Public Utilities Commission (MPUC). Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers have the opportunity to purchase their electricity or natural gas supplies from third party vendors. Most customers, however, continue to purchase such supplies through the distribution utilities. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

The regulatory process in both New Hampshire and Maine, in connection with those states' approvals of the Acquisitions, included the negotiation and filing of settlement agreements reflecting commitments by Unitil with respect to Northern Utilities' rates, customer service and operations. The settlement agreements were separately negotiated and filed in each state but reflect a number of common features.

Also see Management's Discussion and Analysis of Financial Condition and Results of Operations—Regulatory Matters and Note 7 to the accompanying Consolidated Financial Statements for additional information on Regulatory Matters.

ELECTRIC POWER SUPPLY

The transition to retail choice required the divestiture of Unitil's power supply arrangements and the procurement of replacement supplies, which provided the flexibility for migration of customers to and from utility service. Fitchburg, Unitil Energy, and Unitil Power each are members of the New England Power Pool (NEPOOL) and participate in the ISO New England, Inc. (ISO-NE) markets for the purpose of facilitating these wholesale electric power supply transactions, which are necessary to serve Unitil's customers.

As a result of restructuring of the electric utility industry in Massachusetts and New Hampshire, Unitil's customers in both New Hampshire and Massachusetts have the opportunity to purchase their electric supply from competitive suppliers. Retail choice has been successful for Unitil's largest customers. As of December 2008, 82 or 55% of Unitil's largest New Hampshire customers representing 18% of total New Hampshire electric sales and 27 or 84% of Unitil's largest Massachusetts customers representing 35%

of total Massachusetts electric sales are purchasing their electric power supply in the competitive market. However, most residential and small commercial customers continue to purchase their electric supply through Unitil's distribution utilities. The concentration of the competitive market on higher use customers has been a common experience throughout the New England electricity market.

Regulated Electric Power Supply

In order to provide regulated electric supply service to their customers, Unitil's distribution utilities enter into load-following wholesale electric power supply contracts with various wholesale suppliers.

Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service energy supply. MDPU policy dictates the pricing structure and duration of each of these contracts. Currently, all Basic Service power supply contracts for large general accounts are three months in duration and provide 100% of supply requirements. Basic Service power supply contracts for residential and small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements.

Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. Unitil Energy procures Default Service supply for its large general service accounts through competitive solicitations for power contracts of three months in duration for 100% of supply requirements. Unitil Energy procures Default Service supply for its other customers through a series of two one-year contracts and two three-year contracts, each providing 25% of the total supply requirements of the group.

The NHPUC and MDPU regularly investigate alternatives to their procurement policy, which may lead to future changes in this procurement structure.

Regional Electric Transmission and Power Markets

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economic manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England is performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated power system operation in a reliable manner and a supportive business environment for the development of a competitive electric marketplace.

Electric Power Supply Divestiture

Prior to May 1, 2003, Unitil Energy purchased all of its power supply from Unitil Power under the Unitil System Agreement, a FERC-regulated tariff, which provided for the recovery of all of Unitil Power's power supply-related costs on a cost pass-through basis. Effective May 1, 2003, Unitil Energy and Unitil Power amended the Unitil System Agreement, such that power sales from Unitil Power to Unitil Energy ceased, and Unitil Power sold substantially all of its entitlements under the remaining portfolio of power supply contracts. Under the amended Unitil System Agreement, Unitil Energy continues to pay contract release payments to Unitil Power for stranded costs associated with the portfolio sale and its other ongoing power supply-related costs. In connection with the implementation of retail choice, Unitil Power and Fitchburg divested substantially all of their long-term power supply contracts and interests in generation assets through the sale of the interest in those assets or the sale of the entitlements to the electricity provided by those generation assets and long-term power supply contracts.

Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets.

Unitil's distribution utilities have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Also see Management's Discussion and Analysis of Financial Condition and Results of Operations—Regulatory Matters and Note 6 to the accompanying Consolidated Financial Statements for additional information on Electric Power Supply.

NATURAL GAS SUPPLY

With the purchase of Northern Utilities on December 1, 2008, Unitil now manages gas supply for customers served by Northern Utilities in Maine and New Hampshire as well as customers served by Fitchburg in Massachusetts.

Fitchburg's residential and C&I customers have the opportunity to purchase their natural gas supply from third-party vendors, although most of Fitchburg's customers continue to purchase such supplies at regulated rates from Fitchburg. Northern Utilities' C&I natural gas customers have the opportunity to purchase their natural gas supply from third-party vendors, and third-party supply is prevalent among Northern Utilities' larger C&I customers. Most small C&I customers, as well as all residential customers, purchase their gas supply at regulated rates from Northern Utilities as the provider of last resort. The costs associated with the acquisition of such wholesale natural gas supplies for customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically-adjusted rates and are included in Purchased Gas in the Consolidated Statements of Earnings.

Regulated Natural Gas Supply

Fitchburg purchases natural gas under contracts of one year or less, as well as from producers and marketers on the spot market. Fitchburg arranges for gas delivery to its city gate station or underground storage through its own long-term contracts with Tennessee Gas Pipeline. Fitchburg's gas supply is delivered to the city gate station or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), by truck to each storage facility within Fitchburg's service territory.

Fitchburg has available under firm contract 14,057 MMbtu per day of year-round and seasonal transportation and underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Northern Utilities purchases a majority of its natural gas from U.S. domestic and Canadian suppliers under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern Utilities arranges for gas delivery to its city gate station or underground storage through its own long-term contracts with various interstate pipeline and storage facilities, or through peaking supply contracts delivered to its city gate station. Northern Utilities gas supply is delivered to its city gate stations or in the case of LNG or LPG, by truck to each storage facility within Northern Utilities' service territory.

Northern Utilities has available under firm contract 100,000 MMbtu per day of year-round and seasonal transportation capacity to its distribution facilities, and 3.4 Bcf of underground storage. As a supplement to pipeline natural gas, Northern Utilities owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Also see Management's Discussion and Analysis of Financial Condition and Results of Operations—Regulatory Matters and Note 6 to the accompanying Consolidated Financial Statements for additional information on Natural Gas Supply.

ENVIRONMENTAL MATTERS

Unitil's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2008, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed. Also, see Note 7 for additional discussion of Fitchburg's regulatory and environmental matters.

Fitchburg recovers the environmental response costs incurred at this former MGP site not recovered by insurance or other means in gas rates pursuant to terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. In addition, Fitchburg has filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. Any recovery that Fitchburg receives from insurance or third parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are split equally between Fitchburg and its gas customers.

Northern Utilities' Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid 1800s through the mid 1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. Northern Utilities believes material future costs will be recovered. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Also, see Discussion and Analysis of Financial Condition and Results of Operations—Environmental Matters and Note 7 to the accompanying Consolidated Financial Statements for additional information on Environmental Matters.

EMPLOYEES

As of December 31, 2008, the Company and its subsidiaries had 406 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of December 31, 2008, 144 of the Company's employees were represented by labor unions. These employees are covered by collective bargaining agreements. Two of these agreements expire on March 31, 2009, two agreements expire on May 31, 2010, and one agreement expires on June 5, 2010. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to successfully negotiate new agreements prior to their expiration dates.

AVAILABLE INFORMATION

The Company's Internet address is *www.unitil.com*. There, the Company makes available, free of charge, its SEC fillings, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports, as well as amendments to those reports. These reports are made available through the Investors section of Unitil's website via a direct link to the section of the SEC's website which contains Unitil's SEC filings.

The Company's current Code of Ethics was approved by Unitil's Board of Directors on January 15, 2004. This Code of Ethics, along with any amendments or waivers, is also available on Unitil's website.

Unitil's common stock is listed on the New York Stock Exchange under the ticker symbol "UTL."

DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table provides information about our directors and senior management as of February 18, 2009:

Name	Age	Position
Robert G. Schoenberger	58	Chairman of the Board, Chief Executive Officer and President
Mark H. Collin	49	Senior Vice President, Chief Financial Officer and Treasurer
Thomas P. Meissner, Jr.	46	Senior Vice President and Chief Operating Officer
Laurence M. Brock	55	Controller and Chief Accounting Officer
Todd R. Black	44	President, Usource
George R. Gantz	57	Senior Vice President, Customer Services and Communications, Unitil Service
George E. Long, Jr.	52	Vice President, Administration, Unitil Service
Raymond J. Morrissey	61	Vice President, Information Systems, Unitil Service
Sandra L. Whitney	45	Corporate Secretary
Dr. Robert V. Antonucci	63	Director
David P. Brownell	65	Director
Michael J. Dalton	68	Director
Albert H. Elfner, III	64	Director
Edward F. Godfrey	59	Director
Michael B. Green	59	Director
Eben S. Moulton	62	Director
M. Brian O'Shaughnessy	65	Director
Charles H. Tenney, III	61	Director
Dr. Sarah P. Voll	66	Director

Robert G. Schoenberger has been Unitil's Chairman of the Board of Directors and Chief Executive Officer since 1997, as well as President since 2003. Prior to his employment with Unitil, Mr. Schoenberger was president and chief operating officer of the New York Power Authority (a state-owned utility operating 6,000 MW of generation and 1,400 miles of high voltage transmission) from 1993 until 1997. Mr. Schoenberger also serves as chairman and trustee of Exeter Health Resources, Exeter, New Hampshire, since 1998, and as a director of SatCon Technology Corporation, Boston, Massachusetts (a company engaged in the development and manufacture of power electronics and control systems) since 2007. Mr. Schoenberger was director of the Greater Seacoast (New Hampshire) United Way from 1998 until 2004, the New England Gas Association from 1999 until 2002 and the Southwest Power Pool from 2003 until 2005.

Mark H. Collin has been Unitil's Senior Vice President and Chief Financial Officer since February 2003. Mr. Collin has also served as Treasurer since 1998. Mr. Collin joined Unitil in 1988, and served as Vice President of Finance from 1995 until 2003.

Thomas P. Meissner, Jr. has been Unitil's Senior Vice President and Chief Operating Officer since June 2005. Mr. Meissner served as Senior Vice President, Operations, from February 2003 until June 2005. Mr. Meissner joined Unitil in 1994 and served as Director of Engineering from 1998 until 2003.

George R. Gantz has been Unitil's Senior Vice President, Customer Services and Communications, Unitil Service, since January 2003. Mr. Gantz joined Unitil in 1983 and served as Senior Vice President, Communication and Regulation, from 1994 until 2003.

Todd R. Black has been President of Usource since June 2003. Mr. Black joined Unitil in 1998 and served as Vice President, Sales and Marketing, for Usource from 1998 until 2003.

Laurence M. Brock has been Unitil's Controller and Chief Accounting Officer since June 2005. Mr. Brock joined Unitil in 1995 as Vice President and Controller, and is a certified public accountant in the state of New Hampshire.

George E. Long, Jr. has been Unitil's Vice President, Administration, Unitil Service, since February 2003. Mr. Long joined Unitil in 1994 and was Director, Human Resources, from 1998 until 2003.

Raymond J. Morrissey has been Unitil's Vice President, Information Systems, Unitil Service, since February 2003. Mr. Morrissey served as Unitil's Vice President of Customer Service from 1992 until 2003, and general manager of Fitchburg from 1991 until 1992. Mr. Morrissey joined Unitil in 1985.

Sandra L. Whitney has been Unitil's Corporate Secretary and secretary of our Board of Directors since February 2003. Ms. Whitney joined Unitil in 1990 and also serves as the Corporate Secretary of Unitil's subsidiary companies.

Dr. Robert V. Antonucci has been a member of Unitil's Board of Directors since 2004. Dr. Antonucci has been the president of Fitchburg State College (FSC) in Fitchburg, Massachusetts, since 2003. Prior to his employment with FSC, Dr. Antonucci was president of the School Group of Riverdeep, Inc., San Francisco, California, from 2001 until 2003 and president and chief executive officer of Harcourt Learning Direct and Harcourt Online College, Chestnut Hill, Massachusetts from 1998 until 2001. Dr. Antonucci also served as the commissioner of education for the Commonwealth of Massachusetts from 1992 until 1998. Dr. Antonucci also serves as a trustee of Eastern Bank (formerly Plymouth (Massachusetts) Savings Bank) since 1988.

David P. Brownell has been a member of Unitil's Board of Directors since 2001. Mr. Brownell has been a retired senior vice president of Tyco International Ltd. (Tyco) (a diversified global manufacturing and service company), Portsmouth, New Hampshire, since 2003. Mr. Brownell had been with Tyco since 1984. Mr. Brownell was also interim president of the University of New Hampshire Foundation (UNHF), former vice chairman of the board of UNHF, former volunteer board president of the United Way of the Greater Seacoast, and a former board member of the New Hampshire Junior Achievement Advisory Council.

Michael J. Dalton has been a member of Unitil's Board of Directors since 1984. Mr. Dalton has been the retired president and chief operating officer of Unitil since 2003. Mr. Dalton has been a member of the Industrial Advisory Board of the University of New Hampshire College of Engineering and Physical Sciences since 2003. Mr. Dalton was a director of the New England Gas Association from 2002 until 2003, the Electric Council of New England, the UNHF, the University of New Hampshire Alumni Association, and the University of New Hampshire President's Council.

Albert H. Elfner, III has been a member of Unitil's Board of Directors since 1999. Mr. Elfner was the chairman of Evergreen Investment Management Company, Boston, Massachusetts, from 1994 until 1999 and its chief executive officer from 1995 until 1999. Mr. Elfner is also a director of NGM Insurance Company (NGM), Jacksonville, Florida, as well as a member of the NGM finance committee.

Edward F. Godfrey has been a member of Unitil's Board of Directors since 2002. Mr. Godfrey was the executive vice president and chief operating officer of Keystone Investments, Incorporated (Keystone), Boston, Massachusetts, from 1997 until 1998. Mr. Godfrey was senior vice president, chief financial officer and treasurer of Keystone from 1988 until 1996. Mr. Godfrey is also a director of VehiCare, LLC, Charlotte, North Carolina, since 2006.

Michael B. Green has been a member of Unitil's Board of Directors since 2001. Mr. Green has been the president and chief executive officer of Capital Region Health Care and Concord Hospital, Concord, New Hampshire, since 1992. Mr. Green is also a member of the adjunct faculty, Dartmouth Medical School, Dartmouth College, Hanover, New Hampshire. In addition, Mr. Green currently serves on the board of the Foundation for Healthy Communities, is a director of the New Hampshire Hospital Association, a director of New Hampshire Business Committee for the Arts, and a director of Merrimack County Savings Bank including membership on the bank's investment and audit committees.

Eben S. Moulton has been a member of Unitil's Board of Directors since 2000. Mr. Moulton has been the managing partner of Seacoast Capital Corporation, Danvers, Massachusetts, (a private investment company) since 1995. Mr. Moulton is also a director of IEC Electronics (a complex circuit boards manufacturer), a director of six private companies, and a trustee of Colorado College, Colorado Springs, Colorado.

M. Brian O'Shaughnessy has been a member of Unitil's Board of Directors since 1998. Mr. O'Shaughnessy has been the chairman of the board of Revere Copper Products, Inc. (Revere), Rome, New York, since 1988. Mr. O'Shaughnessy also served as chief executive officer and president of Revere from 1988 until 2007. Mr. O'Shaughnessy also serves on the Board of Directors of the Coalition for a Prosperous America, three copper industry trade associations, three manufacturing associations in New York State regarding energy-related issues, and the Economic Development Growth Enterprise of Mohawk Valley.

Charles H. Tenney III has been a member of Unitil's Board of Directors since 1992. Mr. Tenney was the director of operations of BrainShift.com, Inc., Medford, Massachusetts (a learning technology development company) from 2002 until 2008. Mr. Tenney is currently a director of The BrainShift Foundation (a non-profit division of BrainShift.com, Inc. engaged in energy conservation). Mr. Tenney also served as a member of the board of overseers of the Huntington Theater Company, Boston, Massachusetts, from 2004 until 2006.

Dr. Sarah P. Voll has been a member of Unitil's Board of Directors since 2003. Dr. Voll has been a retired vice president, National Economic Research Associates, Inc. (NERA), Washington, District of Columbia, a firm of consulting economists specializing in industrial and financial economics, since 2007. Dr. Voll had been with NERA in the position of vice president since 1999, and in the position of senior consultant from 1996 until 1999. Prior to her employment with NERA, Dr. Voll was a staff member at the NHPUC from 1980 until 1996.

INVESTOR INFORMATION

Annual Meeting

The annual meeting of shareholders is scheduled to be held at the offices of the Company, 6 Liberty Lane West, Hampton, New Hampshire, on Thursday, April 16, 2009, at 10:30 a.m.

Transfer Agent

The Company's transfer agent, Computershare, is responsible for shareholder records, issuance of common stock, administration of the Dividend Reinvestment and Stock Purchase Plan, and the distribution of Unitil's dividends and IRS Form 1099-DIV. Shareholders may contact Computershare at:

Computershare
P.O. Box 43078
Providence, RI 02940-3078
Telephone: 800-736-3001
www.computershare.com

Investor Relations

For information about the Company, you may call the Company directly, toll-free, at: 800-999-6501 and ask for the Investor Relations Representative; visit the Investor page at *www.unitil.com*; or contact the transfer agent, Computershare, at the number listed above.

Special Services & Shareholder Programs Available to Holders of Record

If a shareholder's shares of common stock are registered directly in the shareholder's name with the Company's transfer agent, the shareholder is considered a holder of record of the shares. The following services and programs are available to shareholders of record:

- Internet Account Access is available at *www.computershare.com*.
- Dividend Reinvestment and Stock Purchase Plan:

  To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Dividend Direct Deposit Service:

  To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Direct Registration:

  For information, please contact Computershare at 800-935-9330 or the Company's Investor Relations Representative at 800-999-6501.

Item 1A. Risk Factors

Risks Relating to Our Business

Risks related to the regulation of the Company's business could impact the rates it is able to charge, its costs and its profitability.

The Company is subject to comprehensive regulation by federal and state regulatory authorities, which significantly influences the Company's operating environment and its ability to recover costs from its customers. In particular, the Company is regulated by the FERC and state regulatory authorities with jurisdiction over public utilities, including the NHPUC, MDPU and MPUC. These authorities regulate many aspects of the Company's operations, including, but not limited to, construction and maintenance of facilities, operations, safety, issuance of securities, accounting matters, transactions between affiliates, the rates that the Company can charge customers and the rate of return that it is allowed to realize. The Company's ability to obtain rate adjustments to maintain its current rate of return depends upon regulatory action under applicable statutes, rules and regulations, and the Company cannot assure you that it will be able to obtain rate adjustments or continue receiving its current authorized rates of return. These regulatory authorities are also empowered to impose financial penalties and other sanctions on the Company if it is found to have violated statutes and regulations governing its utility operations. The Company is unable to predict the impact on its operating results from the regulatory activities of any of these agencies. Although the Company has attempted to actively manage the rate making process and has had recent success in obtaining rate adjustments, it can offer no assurances as to future success in the rate making process. Despite the Company's requests, these regulatory commissions have authority under applicable statutes, rules and regulations to leave the Company's rates unchanged, grant increases or order decreases in such rates.

The regulators also have authority with respect to the recovery of the Company's electricity and natural gas supply costs incurred by Unitil Energy, Fitchburg, and Northern Utilities. In the event that the Company is unable to recover these costs or recovery of these costs were to be significantly delayed, the Company's operating results could be materially adversely affected. Changes in regulations or the imposition of additional regulations could also have an adverse effect on the Company's operating results.

As a result of electric industry restructuring, the Company has a significant amount of certain stranded electric generation and generation related supply costs.

The stranded costs resulting from the implementation of electric industry restructuring mandated by the states of New Hampshire and Massachusetts are recovered by the Company on a pass-through basis through periodically reconciled rates. Any unrecovered balance of purchased power or stranded costs is deferred for future recovery as a regulatory asset. Such regulatory assets are subject to periodic regulatory review and approval for recovery in future periods.

The Company's power supply portfolio related stranded costs due to the electric industry restructuring in New Hampshire and Massachusetts for which regulatory approval has been obtained for recovery were approximately $33.8 million for Fitchburg and $18.9 million for Unitil Energy as of December 31, 2008, including $8.3 million and $9.8 million for Fitchburg and Unitil Energy, respectively, in Accrued Revenue on the Company's Consolidated Balance Sheet. Additionally, the Company's other restructuring-related regulatory assets for which regulatory approval has been obtained for recovery were approximately $29.1 million in the aggregate as of December 31, 2008, including $4.0 million in Accrued Revenue on the Company's Consolidated Balance Sheet.

Substantially all of Fitchburg's stranded costs relate to owned generation assets and purchase power agreements divested by Fitchburg under a long-term contract buy-out agreement. Unitil Energy's stranded costs are attributable to the long-term power purchase agreements divested by Unitil Power under long-term contract buyout agreements. Because Fitchburg and Unitil Power remain ultimately responsible for purchase power payments underlying these long-term buyout agreements, Fitchburg and Unitil Power could incur additional stranded costs were they required to resell such divested entitlements prior to the end of their term for amounts less than the amounts agreed to under the existing long-term buyout agreements. The Company expects that any such additional stranded costs would be recovered from its customers, although such recovery would require approval from the MDPU or NHPUC, the receipt of which cannot be assured.

The Company's electric and natural gas sales and revenues are highly correlated with the economy, and national, regional and local economic conditions may negatively impact the Company's customers and correspondingly its operating results and financial condition.

The Company's business is influenced by the economic activity of its service territory. The level of economic growth in the Company's electric and natural gas distribution service territory directly affects its potential for future growth in its business. As a result, adverse changes in the economy, including the significant adverse changes in the economy in 2008, may have negative effects on the Company's revenues, operating results and financial condition.

The Company may not be able to obtain debt financing, obtain debt financing on acceptable terms, or obtain debt financing under its current credit facilities because of the deterioration of the credit and capital markets, which could have an adverse affect on the Company's operating results and financial condition.

The Company requires capital to fund utility plant additions, working capital and other utility expenditures. While the capital necessary to meet these requirements is derived primarily from internally-generated funds, the Company initially supplements internally generated funds through short-term debt financings, as needed, and periodically replaces portions of its short-term debt with long-term debt. General economic conditions, including recent distress in the financial markets, have had an adverse impact on the availability of credit resources generally, which could negatively affect the Company's ability to obtain short- and long-term debt financings and the terms of such financings. In addition, the Company may be unable to obtain debt financing under its current credit facilities because its lending counterparties may be unwilling or unable to meet their funding obligations. In each case, this could hinder or prevent the Company from meeting its future capital needs, which could correspondingly have an adverse affect on the Company's operating results and financial condition. In addition, the material terms of the Company's existing indebtedness will also restrict its ability to incur any material amount of additional indebtedness, which could negatively impact its operating results and financial condition. See Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity, Commitments and Capital Requirements and Note 5 to the accompanying Consolidated Financial Statements.

Declines in the valuation of capital markets could require the Company to make substantial cash contributions to cover its pension obligations, which could negatively impact its financial condition.

On August 17, 2006, the Pension Protection Act of 2006 (the PPA) was signed into law. Included in the PPA are new minimum funding rules which came into effect for plan years beginning in 2008. The funding target will be 100% of a plan's liability with any shortfall amortized over seven years, with lower (92% – 100%) funding targets available to well-funded plans during the transition period provided pursuant to the PPA. Due to the significant declines in the valuation of capital markets during 2008, the Worker, Retiree, and Employer Recovery Act of 2008 (Recovery Act) was signed into law on December 23, 2008. Included in the Recovery Act are temporary modifications to the minimum funding rules set forth in the PPA such that all plans, except those that were subject to deficit reduction contribution requirements in 2007, are allowed to amortize any shortfall from the lower funding targets, rather than the 100% target, for the 2008 – 2010 plan years.

The Company made cash contributions of $2.8 million, $2.8 million and $2.5 million to its pension plan in 2008, 2007 and 2006, respectively, which exceeded minimum funding requirements. Recent and future declines in the valuation of capital markets could require the Company to make cash contributions to its pension plans substantially in excess of its cash contributions in prior years, which could adversely affect its financial condition.

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans" (SFAS No. 158), which requires companies to record on their balance sheets the funded status of their retirement benefit obligations (RBO). The Company has recognized a liability for the projected RBO of its plans and a corresponding regulatory asset, to recognize the future collection of these obligations in electric and gas rates. In the event that the Company is unable to recover these costs or recovery of these costs were to be significantly delayed, the Company's operating results could be materially adversely affected. See Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity, Commitments and Capital Requirements and Note 10 to the accompanying Consolidated Financial Statements.

Increases in interest rates could have a negative impact on the Company's financial condition and the Company may need to use a significant portion of its cash flow to repay its outstanding indebtedness.

The Company and its utility subsidiaries have ongoing capital expenditure and cash funding requirements that they frequently fund by issuing short-term debt and long-term debt.

Short-term debt borrowings are typically at variable rates of interest. Therefore, changes in short-term interest rates will increase or decrease the Company's interest expense associated with short-term borrowings. Increases in interest rates generally will increase the Company's borrowing costs with respect to short-term debt and could adversely affect its financial condition or results of operations. As of December 31, 2008, the Company had approximately $39.1 million outstanding under a bank financing facility, which provides for a loan which matures on November 1, 2009, and $35.0 million outstanding under a revolving credit facility.

Long-term debt borrowings are typically at fixed rates of interest. Therefore, changes in interest rates do not affect interest expense associated with presently outstanding fixed rate long-term debt securities. However, changes in interest rates may affect the interest rate and corresponding interest expense on any new long-term debt securities that are issued. See Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity, Commitments and Capital Requirements and Note 5 to the accompanying Consolidated Financial Statements.

The Company may need to use a significant portion of its cash flow to repay its short-term debt and long-term debt, which would limit the amount of cash it has available for working capital, capital expenditures and other general corporate purposes and could negatively affect its liquidity, financial condition and results of operations.

The Company's and its subsidiaries' indebtedness contains covenants that could restrict the Company's business operations.

See Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity, Commitments and Capital Requirements and Note 5 to the accompanying Consolidated Financial Statements.

Weather conditions may cause the Company's sales to vary from year to year.

Sales by the Company's distribution utilities vary from year to year, depending on weather conditions. The Company estimates that approximately 50% of its annual natural gas sales are temperature sensitive. As a result, mild winter temperatures can cause a decrease in the amount of natural gas sold by the Company in any year, particularly during the winter heating season. The Company's electric sales are generally less sensitive to weather than its natural gas sales, but may also be affected by weather conditions in both the winter and summer seasons. The highest usage of electricity typically occurs in both the summer months due to air conditioning demand and the winter months due to heating-related requirements and shorter daylight hours.

The Company's results of operations reflect this seasonal nature. In particular, the Company expects that consolidated results of operations in future reporting periods will reflect to a greater degree the seasonal nature of natural gas sales by Northern Utilities, which was acquired by the Company on December 1, 2008. Accordingly, the Company expects that consolidated results of operations will be positively affected during the first and fourth quarters, and negatively affected during the second and third quarters of future reporting years.

Unitil is a holding company and has no operating income of its own. The Company's ability to pay dividends on its common stock is dependent on dividends received from its subsidiaries and on factors directly affecting Unitil, the parent corporation. The Company cannot assure you that its current annual dividend will be paid in the future.

Unitil is a public utility holding company and it does not have any operating income of its own. Consequently, the Company's ability to pay dividends on its common stock is dependent on dividends and other payments received from its subsidiaries, principally Unitil Energy, Fitchburg, Northern Utilities and Granite State. The ability of the Company's subsidiaries to pay dividends or make distributions to Unitil will depend on, among other things:

- the actual and projected earnings and cash flow, capital requirements and general financial condition of our subsidiaries;
- the prior rights of holders of existing and future preferred stock, mortgage bonds, long-term notes and other debt issued by the Company's subsidiaries;
- the restrictions on the payment of dividends contained in the existing loan agreements of Unitil Energy, Fitchburg, Northern Utilities and Granite State and that may be contained in future debt agreements of the Company's subsidiaries, if any; and
- limitations that may be imposed by New Hampshire, Massachusetts and Maine state regulatory agencies.

In addition, the Company may incur indebtedness in the future. Before the Company can pay dividends on its common stock, it has to satisfy its debt obligations, including the bank financing facility that the Company used to partially finance the Acquisitions and the long-term notes issued by Northern Utilities and Granite State, and comply with any statutory or contractual limitations.

The Company's current annual dividend is $1.38 per share of common stock, payable quarterly. However, the Company's Board of Directors reviews Unitil's dividend policy periodically in light of the factors referred to above, and the Company cannot assure the amount of dividends, if any, that may be paid in the future.

Transporting and storing natural gas and supplemental gas supplies, as well as electricity, involves numerous risks that may result in accidents and other operating risks and costs.

Inherent in the Company's electric and natural gas distribution activities are a variety of hazards and operating risks, such as leaks, explosions, electrocutions and mechanical problems that could cause substantial financial losses. In addition, these risks could result in loss of human life, significant damage to property, environmental pollution, and impairment of the Company's operations and substantial losses to Unitil. In accordance with customary industry practice, the Company maintains insurance against some, but not all, of these risks and losses. The location of pipelines, storage facilities and electric distribution equipment near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from these risks. The occurrence of any of these events not fully covered by insurance could adversely affect the Company's financial position and results of operations.

The Company's business is subject to environmental regulation in all jurisdictions in which it operates and its costs of compliance are significant. Any changes in existing environmental regulation and the incurrence of environmental liabilities could negatively affect the Company's results of operations and financial condition.

The Company's utility operations are generally subject to extensive federal, state and local environmental laws and regulations relating to air quality, water quality, waste management, natural resources, and the health and safety of the Company's employees. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties; imposition of remedial requirements; and even issuance of injunctions to ensure future compliance. Liability under certain environmental laws is strict, joint and several in nature. Although the Company believes it is in general compliance with all applicable environmental and safety laws and regulations, there can be no assurance that significant costs and liabilities will not be incurred in the future. Moreover, it is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations, could result in increased environmental compliance costs.

Catastrophic events could have a material adverse effect on the Company's financial condition or results of operations.

The electric and natural gas utility industries are from time to time affected by catastrophic events, such as unusually severe weather and significant and widespread failures of plant and equipment. Other catastrophic occurrences, such as terrorist attacks on utility facilities, may occur in the future. Such events could have a material adverse effect on the Company since they could inhibit its ability to continue providing electric and/or natural gas distribution services to its customers for an extended period, which is the principal source of the Company's operating income.

The Company's business could be adversely affected if it is unable to retain its existing customers or attract new customers.

The success of the Company's business depends, in part, on its ability to maintain and increase its customer base. The Company's failure to maintain or attract customers could have a material adverse effect on its business, financial condition and operating results.

The Company cannot guarantee customers' future performance under multi-year energy brokering contracts.

The Company's non-regulated energy brokering business provides energy brokering and consulting services to large commercial and industrial customers in the northeastern United States. Revenues from this business are primarily derived from brokering fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts. The Company cannot guarantee customers' future performance under multi-year energy brokering contracts.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2008, Unitil owned, through its distribution utilities, three utility operation centers, approximately 2,173 pole miles of local transmission and distribution overhead electric lines and 593 conduit bank miles of underground electric distribution lines, along with 49 electric substations, including three mobile electric substations. Our natural gas operations property includes two liquid propane gas plants, two liquid natural gas plants and 1,199 miles of underground gas mains. In addition, our real estate subsidiary, Unitil Realty, owns our corporate headquarters building and the 12 acres of land on which it is located.

Unitil Energy owns and maintains distribution operations centers in Concord, New Hampshire and Kensington, New Hampshire. Unitil Energy's 30 electric distribution substations, including a 5,000 kilovolt ampere (kVA) mobile substation, constitute 214,037 kVA of capacity, which excludes capacity of spare transformers, for the transformation of electric power from the 34.5 kV subtransmission voltage to other primary distribution voltage levels. The electric substations are located on land owned by Unitil Energy or land occupied by Unitil Energy pursuant to perpetual easements.

Unitil Energy has a total of approximately 1,613 pole miles of local transmission and distribution overhead electric lines and a total of 413 conduit bank miles of underground electric distribution lines. The electric distribution lines are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by Unitil Energy without objection by the owners. In the case of certain distribution lines, Unitil Energy owns only a part interest in the poles upon which its wires are installed, the remaining interest being owned by telephone companies.

The physical utility properties of Unitil Energy, with certain exceptions, and its franchises are subject to its indenture of mortgage and deed of trust under which the respective series of first mortgage bonds of Unitil Energy are outstanding.

Fitchburg's electric properties consist principally of 560 pole miles of local transmission and distribution overhead electric lines, 180 conduit bank miles of underground electric distribution lines and 19 transmission and distribution stations (including two mobile electric substations). The capacity of these substations totals 443,150 kVA, which excludes capacity of spare transformers.

Fitchburg owns a liquid propane gas plant and a liquid natural gas plant, both of which are located on land owned by Fitchburg. Fitchburg also has 264 miles of underground steel, cast iron and plastic gas mains.

Fitchburg's electric substations, with minor exceptions, are located on land owned by Fitchburg or occupied by Fitchburg pursuant to perpetual easements. Fitchburg's electric distribution lines and gas mains are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by Fitchburg without objection by the owners. Fitchburg leases its distribution operations center located in Fitchburg, Massachusetts.

Northern Utilities' distribution system is comprised of 935 miles of gas mains and 38,262 service pipes. The gas mains are primarily made up of polyethylene plastic (65%), coated and wrapped cathodically protected steel (22%), cast/wrought iron (8%), and unprotected bare and coated steel (5%).

Northern Utilities' New Hampshire division serving 21 communities has 470 miles of distribution gas mains and 19,288 service pipes. Northern Utilities' Maine division serving 23 communities has 465 miles of distribution and 18,974 service pipes. Northern Utilities also owns a liquid propane gas plant on land owned by Northern Utilities.

Granite State is a natural gas transmission pipeline, regulated by the FERC, operating 87 miles of underground gas transmission pipeline located in Maine and New Hampshire.

The Company believes that its facilities are currently adequate for their intended uses.

Item 3. Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. The complaint seeks an unspecified amount of damages including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. As of this date the complaint has not been served on Fitchburg. The Company believes this complaint is without merit, and will defend itself vigorously.

Item 4. Submission of Matters to a Vote of Security Holders

None

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

The Registrant's common stock is listed on the New York Stock Exchange under the symbol "UTL". As of December 31, 2008, there were 1,667 shareholders of record.

Common Stock Data

Dividends per Common Share	2008	2007
1st Quarter	**$0.345**	$0.345
2nd Quarter	**0.345**	0.345
3rd Quarter	**0.345**	0.345
4th Quarter	**0.345**	0.345
Total for Year	**$ 1.38**	$ 1.38

	2008		2007	
Price Range of Common Stock	High/Ask	Low/Bid	High/Ask	Low/Bid
1st Quarter	**$29.00**	**$25.75**	$27.30	$25.10
2nd Quarter	**$28.60**	**$26.41**	$28.40	$26.65
3rd Quarter	**$27.94**	**$25.46**	$31.73	$27.07
4th Quarter	**$26.60**	**$19.50**	$29.97	$25.75

Information regarding Securities Authorized for Issuance Under Equity Compensation Plans is set forth in the table below.

EQUITY COMPENSATION PLAN BENEFIT INFORMATION

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders			
Restricted Stock Plan (1)	—	N/A	74,105
Equity compensation plans not approved by security holders			
1998 Option Plan (2)	97,200	$27.16	—
Total	97,200	$27.16	74,105

NOTES: (also see Note 4 to the accompanying Consolidated Financial Statements)

(1) The Restricted Stock Plan was approved by shareholders in April 2003. 10,600 shares of restricted stock were awarded to Plan participants in May 2003; 10,700 shares of restricted stock were awarded to Plan participants in April 2004; 10,900 shares of restricted stock were awarded to Plan participants in March 2005; 14,375 shares of restricted stock were awarded to Plan participants in February 2006; 9,020 shares of restricted stock were awarded to Plan participants in February 2007; 15,540 shares of restricted stock were awarded to Plan participants in February 2008; 32,260 shares of restricted stock were awarded to Plan participants in February 2009.

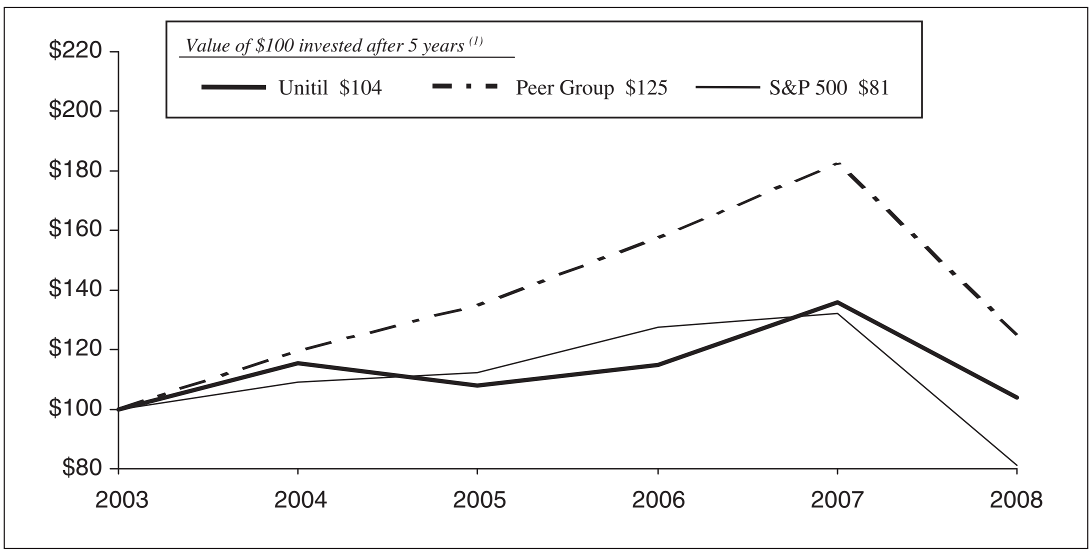
(2) The 1998 Option Plan was adopted by the Board of Directors of the Company in December 1998. At the time of adoption, the 1998 Option Plan was not required, under American Stock Exchange (the exchange upon which the Company was then listed) rules, to obtain shareholder approval. Options

were granted in March 1999, January 2000, and January 2001. On January 16, 2003, the Board of Directors terminated the 1998 Option Plan upon the recommendation of the Compensation Committee. In April 2004, the 177,500 remaining registered and ungranted shares in the 1998 Option Plan were deregistered with the Securities and Exchange Commission. The 1998 Option Plan will remain in effect solely for the purposes of the continued administration of all options currently outstanding under the 1998 Option Plan. No further grants of options will be made thereunder.

Stock Performance Graph

The following graph compares Unitil Corporation's cumulative stockholder return since December 31, 2003 with the Peer Group index, comprised of the S&P Utility Index, and the S&P 500 index. The graph assumes that the value of the investment in the Company's common stock and each index (including reinvestment of dividends) was $100 on December 31, 2003.

Comparative Five-Year Total Returns



NOTES:

(1) The graph above assumes $100 invested on December 31, 2003, in each category and the reinvestment of all dividends during the five-year period. The Peer Group is comprised of the S&P Utility Index.

Unregistered Sales of Equity Securities and Uses of Proceeds

There were no sales of unregistered equity securities by the Company for the fiscal period ended December 31, 2008.

Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on March 20, 2008, the Company periodically repurchases shares of its Common Stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer. The Company may suspend or terminate its Rule 10b5-1 trading plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, or other applicable securities laws. There is no pool or maximum number of shares related to these purchases; however, the trading plan will terminate when $82,500 in value of shares have been purchased or on March 20, 2009. As of December 31, 2008, the approximate value of shares that may yet be purchased under the plans or programs was $4,000. Company repurchases are shown in the table below for the monthly periods noted:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs
10/1/08 – 10/31/08	—	—	—
11/1/08 – 11/30/08	—	—	—
12/1/08 – 12/31/08	2,754	$22.33	2,754
Total	2,754	$22.33	2,754

Item 6. Selected Financial Data

For the Years Ended December 31,	2008	2007	2006	2005	2004
(all data in millions except shares, % and per share data) (1)					
Consolidated Statements of Earnings:					
Operating Revenue	**$ 288.2**	$ 262.9	$ 260.9	$ 232.1	$ 214.1
Operating Income	**20.5**	18.5	15.8	15.5	15.2
Other Non-operating Expense (Income)	**0.3**	0.2	—	0.1	0.2
Income Before Interest Expense, net	**20.2**	18.3	15.8	15.4	15.0
Interest Expense, net	**10.5**	9.6	7.8	6.8	6.8
Net Income	**9.7**	8.7	8.0	8.6	8.2
Dividends on Preferred Stock	**0.1**	0.1	0.1	0.2	0.2
Earnings Applicable to Common Shareholders	**$ 9.6**	$ 8.6	$ 7.9	$ 8.4	$ 8.0
Balance Sheet Data:					
Utility Plant (Original Cost)	**$ 641.4**	$ 380.5	$ 353.0	$ 325.0	$ 308.1
Total Assets	**$ 735.2**	$ 474.6	$ 483.4	$ 450.1	$ 457.0
Capitalization:					
Common Stock Equity	**$ 139.5**	$ 100.4	$ 97.8	$ 96.3	$ 94.3
Preferred Stock	**2.0**	2.1	2.1	2.3	2.3
Long-Term Debt, less current portion	**249.3**	159.6	140.0	125.4	110.7
Total Capitalization	**$ 390.8**	$ 262.1	$ 239.9	$ 224.0	$ 207.3
Current Portion of Long-Term Debt	**$ 0.4**	$ 0.4	$ 0.3	$ 0.3	$ 0.3
Short-term Debt	**$ 74.1**	$ 18.8	$ 26.0	$ 18.7	$ 25.7
Capital Structure Ratios:					
Common Stock Equity	**36%**	38%	41%	43%	46%
Preferred Stock	**1%**	1%	1%	1%	1%
Long-Term Debt	**63%**	61%	58%	56%	53%
Earnings Per Share Data:					
Earnings Per Average Share	**$ 1.65**	$ 1.52	$ 1.41	$ 1.51	$ 1.45
Common Stock Data:					
Shares of Common Stock – (Average Outstanding, 000's)	**5,830**	5,672	5,612	5,568	5,525
Dividends Paid Per Share	**$ 1.38**	$ 1.38	$ 1.38	$ 1.38	$ 1.38
Book Value Per Share (Year-End)	**$ 17.90**	$ 17.50	$ 17.30	$ 17.21	$ 17.00
Electric and Gas Sales:					
Electric Distribution Sales (Millions kWh)	**1,695.9**	1,743.0	1,751.5	1,790.4	1,742.1
Firm Natural Gas Distribution Sales (Millions Therms)	**47.2**	28.4	26.4	24.3	23.2

(1) As a result of the acquisitions of Northern Utilities and Granite State on December 1, 2008, consolidated results for the Company in the current period may not be directly comparable to prior period results until such time as the acquisitions are fully reflected in both reporting periods.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) (Note references are to Notes to the Consolidated Financial Statements in Item 8.)

OVERVIEW

Unitil is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005. On December 1, 2008, the Company purchased: (i) all of the outstanding capital stock of Northern Utilities, a natural gas distribution utility serving customers in New Hampshire and Maine, from Bay State and (ii) all of the outstanding capital stock of Granite State, an interstate gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource.

Unitil's principal business is the local distribution of electricity and natural gas throughout its service territory in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

i) Unitil Energy, which provides electric service in southeastern seacoast and state capital regions of New Hampshire;

ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and

iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland and the Lewiston-Auburn area.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the "distribution utilities." Together, the distribution utilities serve approximately 100,300 electric customers and 69,300 natural gas customers in their service territory.

In addition, Unitil is the parent company of Granite State, a natural gas transmission pipeline, regulated by the FERC, operating 87 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to pipeline supplies.

The distribution utilities are local "pipes and wires" operating companies and, combined with Granite State, had an investment in Net Utility Plant of $422.8 million at December 31, 2008. Unitil's total revenue was $288.2 million in 2008, which includes revenue to recover the cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company's earnings are not affected by changes in the cost of purchased electricity and natural gas. Earnings applicable to common shareholders for 2008 were $9.6 million. Substantially all of Unitil's earnings are derived from the return on investment in the three distribution utilities and Granite.

Unitil also conducts non-regulated operations principally through Usource, which is wholly-owned by Unitil Resources. Usource provides energy brokering and consulting services to large commercial and industrial customers in the northeastern United States. Usource's total revenues were $3.8 million in 2008. The Company's other subsidiaries include Unitil Service, which provides, at cost, a variety of administrative and professional services to Unitil's affiliated companies, and Unitil Realty, which owns and manages Unitil's corporate office building and property located in Hampton, New Hampshire. Unitil's consolidated net income includes the earnings of the holding company and these subsidiaries.

CAUTIONARY STATEMENT

This report and the documents we incorporate by reference into this report contain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company's future operations, are forward-looking statements.

These statements include declarations regarding the Company's beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Item 1A (Risk Factors) and the following:

- The Company's ability to complete the integration of the business, operations and personnel of Northern Utilities and Granite State and to achieve the estimated potential synergy savings attributable to the Acquisitions;
- The Company's ability to retain existing customers and gain new customers;
- Variations in weather;
- Major storms;
- Changes in the regulatory environment;
- Customers' preferences on energy sources;
- Interest rate fluctuation and credit market concerns;
- General economic conditions, including recent distress in the financial markets that has had an adverse impact on the availability of credit and liquidity resources generally and could jeopardize certain of our counterparty obligations, including those of our insurers and financial institutions;
- Fluctuations in supply, demand, transmission capacity and prices for energy commodities;
- Increased competition; and
- Customers' performance under multi-year energy brokering contracts.

Many of these risks are beyond the Company's control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

See also Item 1A Risk Factors.

RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the accompanying Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements included in Item 8 of this report.

Net Income and EPS Overview

2008 Compared to 2007—The Company's Earnings Applicable to Common Shareholders was $9.6 million for 2008, an increase of 12% over 2007 Earnings of $8.6 million. Earnings per common share were $1.65 for 2008, $0.13 per share higher than last year.

Earnings in 2008 reflect the acquisitions, on December 1, 2008, of Northern Utilities and Granite State, which drove higher gas sales margins.

The following table presents the significant items (discussed below) contributing to the change in earnings per share in 2008 as compared to 2007:

2008 Earnings Per Share vs. 2007

	2007	**$1.52**
Electric Sales Margin		(0.15)
Gas Sales Margin		0.72
Usource Sales Margin		0.01
Operation and Maintenance Expense		(0.14)
Depreciation, Amortization and Other		(0.22)
Interest Expense, Net		(0.09)
	2008	**$ 1.65**

Electric sales margin decreased $1.4 million in 2008 compared to 2007. The decrease in electric sales margin primarily reflects lower sales volumes, partially offset by higher electric base rates implemented in March of 2008. Total electric kilowatt-hour (kWh) sales decreased 2.7% in 2008 compared to 2007 driven by lower average usage per customer reflecting milder summer temperatures, a slowing economy and energy conservation.

Natural gas sales margin increased $6.7 million in 2008 compared to 2007. This increase reflects $5.4 million of gas sales margin from Northern Utilities and Granite State and an additional increase of $1.3 million in gas sales margin reflecting higher rates implemented in November 2007 and higher sales to Commercial and Industrial (C&I) customers. Overall, natural gas sales increased 66.2% in 2008 compared to 2007. Excluding the contribution of the acquisition of Northern Utilities, total therm sales of natural gas increased 1.1% in 2008 compared to 2007.

Total Operation & Maintenance (O&M) expenses increased $1.3 million, or 5.0%, in 2008 compared to 2007. The acquisitions of Northern Utilities and Granite State accounted for $0.9 million of the increase. In addition, the increase in O&M expenses reflects higher employee and retiree compensation and benefit expenses of $2.7 million, including increased employee benefits of $1.4 million, driven primarily by higher medical claims in 2008 and higher employee benefits related to staffing increases, and higher salaries and compensation of $1.3 million, due to normal annual increases and staffing additions. Also contributing to the increase in O&M expenses were higher utility operating costs of $0.3 million and higher bad debt expenses of $0.3 million, partially offset by a reduction of $2.8 million from the proceeds of an insurance settlement and lower professional fees of $0.1 million.

Depreciation, Amortization, Taxes and Other expenses increased $2.2 million in 2008 compared to 2007. The acquisitions of Northern Utilities and Granite State accounted for $0.9 million of the increase. In addition, the increase in Depreciation, Amortization, Taxes and Other expenses reflects the amortization, in the first quarter of 2008, of $0.7 million of natural gas inventory carrying costs deferred under a previous regulatory ruling, higher depreciation on normal utility plant additions and higher property and payroll taxes. Partially offsetting these increases were lower amortization costs of $0.8 million.

Interest Expense, Net increased $0.9 million in 2008 compared to 2007. The acquisitions of Northern Utilities and Granite State accounted for $0.3 million of the increase. The increase associated with the acquisitions is due to $0.5 million of interest expense from the issuance of long-term notes by Northern Utilities and Granite State in December 2008, partially offset by interest income on regulatory mechanisms. In addition to the increase related to the acquisitions, the remaining $0.6 million increase in Interest Expense, Net reflects higher debt outstanding and lower interest earned on regulatory assets compared to the prior period.

Usource, our non-regulated energy brokering business, recorded revenues of $3.8 million in 2008, an increase of $0.1 million over 2007. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

On December 11, 2008 a severe ice storm hit the Northeast creating massive extended power outages for many residents of Massachusetts and New Hampshire, including Unitil's electric customers in New Hampshire and the greater Fitchburg, Massachusetts service area. Based on its preliminary assessment, the Company has accrued and deferred approximately $10 million in costs for the repair and replacement of electric distribution systems damaged during the storm. The amount and timing of the cost recovery of storm restoration expenditures will be determined in future regulatory proceedings.

In 2008, Unitil's annual common dividend was $1.38, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2009 meeting, the Unitil Board of Directors declared a quarterly dividend on the Company's common stock of $0.345 per share.

As a result of the acquisitions of Northern Utilities and Granite State on December 1, 2008, consolidated results for the Company in the current period may not be directly comparable to prior period results until such time as the acquisitions are fully reflected in both reporting periods. In particular, the Company expects that consolidated results of operations in future reporting periods will reflect to a greater degree the seasonal nature of natural gas sales by the acquired operating utilities. Accordingly, the Company expects that as a result of the acquisitions, consolidated results of operations will be positively affected during the first and fourth quarters, and negatively affected during the second and third quarters of future reporting years.

2007 Compared to 2006—The Company's Earnings Applicable to Common Shareholders was $8.6 million for 2007, an increase of 9% over 2006 Earnings of $7.9 million. Earnings per common share were $1.52 for 2007, $0.11 per share higher than 2006. Earnings in 2007 reflect higher electric and gas sales margins, driven by higher rates and increased sales of natural gas, and improved profits from Usource, Unitil's non-regulated energy-brokering business. Partially offsetting these factors were higher operating expenses.

A more detailed discussion of the Company's 2008 and 2007 results of operations and a year-to-year comparison of changes in financial position are presented below.

Subsequent Event

On December 15, 2008, the Company issued and sold 2,000,000 shares of its common stock at a price of $20.00 per share in a registered public offering. As part of this offering, the Company granted the underwriters a 30-day over-allotment option to purchase additional shares. The underwriters exercised the over-allotment option and purchased an additional 270,000 shares of the Company's common stock in January 2009. The Company's net increases to Common Equity and Cash from the over-allotment sales were approximately $5.1 million (after payment of the underwriting discount and offering expenses) and were used to repay a portion of the short-term indebtedness used for the Company's acquisitions of Northern Utilities and Granite State. The Company recorded the issuance of the 270,000 shares, the sale proceeds and the increase in Common Equity in January 2009.

Balance Sheet

The Company's Balance Sheet as of December 31, 2008 reflects the acquisitions of Northern Utilities and Granite State, which closed on December 1, 2008. Certain prior period balances have been reclassified to conform to current year presentation. Most significant has been the reclassification of certain balance sheet amounts between Regulatory Assets and Accrued Revenue and between current and noncurrent Energy Supply Contract Obligations.

The Company's Total Assets increased by $260.6 million in 2008 compared to 2007. The increase in Total Assets was driven by: an increase of $173.9 million in the Company's investment in Net Utility Plant, due to the acquisitions of Northern Utilities and Granite State and to capital expenditures related to Unitil Energy's and Fitchburg's electric and gas distribution systems; increases in Cash, Accounts Receivable, Accrued Revenue, Gas Inventory and other current assets of $77.4 million, primarily due to the acquisitions of Northern Utilities and Granite State; an increase in Other Noncurrent Assets of $9.6 million in 2008 compared to 2007, due to deferred amortizable charges for transition and transaction costs of $7.6 million associated with the acquisitions of Northern Utilities and Granite State, partially offset by a decrease in all other assets of $0.3 million.

The Company's Total Capitalization increased by $128.7 million in 2008 compared to 2007. This increase reflects an increase of $39.1 million in Common Equity, primarily due to the issuance of common shares by the Company as part of its financing of the acquisitions of Northern Utilities and Granite State (See Note 4 to the accompanying Consolidated Financial Statements), and an increase in Long-Term Debt of $89.7 million reflecting the issuance and sale of $80 million of Senior Unsecured Notes by Northern Utilities on December 3, 2008 and the issuance and sale of $10 million of Senior Unsecured Notes by Granite State on December 15, 2008, both through private placements to institutional investors (See Note 5 to the accompanying Consolidated Financial Statements).

The Company's Total Liabilities increased $131.9 million in 2008 compared to 2007 reflecting an increase in Current Liabilities and Non-Current Liabilities of $124.5 million and $9.7 million respectively, partially offset by a decrease in Deferred Income Taxes of $2.3 million. The increase in Current Liabilities was driven by an increase in Accounts Payable of $18.7 million, primarily due to the acquisitions of Northern Utilities and Granite State; an increase of $55.3 million in Short-Term Debt, including the $39.1 million remaining on the bank financing facility which was used to finance a portion of the acquisitions of Northern Utilities and Granite State, and increased borrowings for utility operating purposes; an increase of $22.0 million in Energy Supply Contract Obligations, primarily related to natural gas payment obligations associated with Northern Utilities; and an increase in Other Current Liabilities of $28.5 million. The increase in Other Current Liabilities includes: accrued storm restoration costs of $9.5 million related to the December 2008 ice storm experienced in the Company's service territories, $7.7 million of payments due to NiSource, Inc. in connection with the Company's acquisitions of Northern Utilities and Granite State, and $4.5 million of recoverable, accrued gas supply costs and an increase of $6.8 million in all other items.

The increase in Noncurrent Liabilities was driven by: an increase of $19.2 million in Retirement Benefit Obligations reflecting $4.4 million of retirement plan obligations associated with the acquisitions of Northern Utilities and Granite State and a net increase of $14.8 million in the actuarial obligations of the Company's other pension and postretirement benefit obligations, primarily due to the poor performance of capital markets during 2008 which adversely affected the Company's pension plan assets (See Note 10 to the accompanying Consolidated Financial Statements); an increase of $8.3 million in Other Noncurrent Liabilities, reflecting $3.1 million of accrued regulatory compliance costs for Northern Utilities (See Note 7 to the accompanying Consolidated Financial Statements), $2.6 of accrued integration costs associated with the acquisitions of Northern Utilities and Granite State, $1.1 million of long-term recoverable accrued gas supply costs and an increase in all other items of $1.5 million; and an increase of $0.3 million in Environmental Obligations. These increases were partially offset by a decrease of $18.1 million in Energy Supply Contract Obligations, reflecting current year cost recoveries.

Electric Sales, Revenues and Margin

Kilowatt-hour Sales—Unitil's total electric kWh sales decreased 2.7% in 2008 compared to 2007. Electric kWh sales to residential customers and C&I customers decreased 2.2% and 3.0%, respectively, in 2008 compared to 2007. The lower electric kWh sales in 2008 compared to 2007 were driven by lower average usage per customer reflecting milder summer temperatures, a slowing economy and energy conservation.

Unitil's total electric kWh sales decreased 0.5% in 2007 compared to 2006. Electric kWh sales to residential customers increased 0.4% in 2007 compared to 2006. The lower total kWh sales in 2007 compared to 2006 were driven by milder summer temperatures in 2007 compared to 2006, energy conservation by customers in response to higher overall energy prices and a slowing economy.

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

kWh Sales (millions)

				2008 vs. 2007		2007 vs. 2006	
	2008	**2007**	**2006**	**Change kWh**	**Change %**	**Change kWh**	**Change %**
Residential	**660.2**	674.8	672.2	(14.6)	(2.2%)	2.6	0.4%
Commercial / Industrial	**1,035.7**	1,068.2	1,079.3	(32.5)	(3.0%)	(11.1)	(1.0%)
Total	**1,695.9**	1,743.0	1,751.5	(47.1)	(2.7%)	(8.5)	(0.5%)

Electric Operating Revenues and Sales Margin—The following table details Total Electric Operating Revenue and Sales Margin for the last three years by major customer class:

Electric Operating Revenues (millions)

				2008 vs. 2007		2007 vs. 2006	
	2008	**2007**	**2006**	**$ Change**	**% Change[1]**	**$ Change**	**% Change[1]**
Electric Operating Revenue:							
Residential	**$114.5**	$114.7	$105.9	$(0.2)	(0.1%)	$ 8.8	3.9%
Commercial / Industrial	**113.0**	110.3	119.3	2.7	1.2%	(9.0)	(4.0%)
Total Electric Operating Revenue	**$227.5**	$225.0	$225.2	$ 2.5	1.1%	$(0.2)	(0.1%)
Cost of Electric Sales:							
Purchased Electricity	**$170.1**	$165.4	$167.3	$ 4.7	2.1%	$(1.9)	(0.8%)
Conservation & Load Management	**2.6**	3.4	3.6	(0.8)	(0.4%)	(0.2)	(0.1%)
Total Cost of Electric Sales	**$172.7**	$168.8	$170.9	$ 3.9	1.7%	$(2.1)	(0.9%)
Electric Sales Margin	**$ 54.8**	$ 56.2	$ 54.3	$(1.4)	(0.6%)	$ 1.9	0.8%

(1) Represents change as a percent of Total Electric Operating Revenue.

Total Electric Operating Revenues increased by $2.5 million, or 1.1%, in 2008 compared to 2007. Total Electric Operating Revenues include the recovery of costs of electric sales, which are recorded as Purchased Electricity and Conservation and Load Management (C&LM) in Operating Expenses. The net increase in Total Electric Operating Revenues in 2008 reflects higher Purchased Electricity costs of $4.7 million offset by lower C&LM revenues of $0.8 million and lower sales margin of $1.4 million.

Purchased Electricity and C&LM revenues increased $3.9 million, or 1.7%, of Total Electric Operating Revenues in 2008 compared to 2007, primarily reflecting higher electric commodity prices, partially offset by lower sales volumes and lower spending on energy efficiency and conservation programs. Purchased Electricity revenues include the recovery of the cost of electric supply as well as other energy supply related restructuring costs, including long-term power supply contract buyout costs. C&LM revenues include the recovery of the cost of energy efficiency and conservation programs. The Company recovers the cost of Purchased Electricity and C&LM in its rates at cost on a pass through basis.

Electric sales margin decreased $1.4 million in 2008 compared to 2007. The decrease in electric sales margin primarily reflects lower sales volumes, partially offset by higher electric base rates implemented in March of 2008. Total electric sales decreased 2.7% in 2008 compared to 2007 driven by lower average usage per customer reflecting milder summer temperatures, a slowing economy and energy conservation.

Total Electric Operating Revenues decreased by $0.2 million, or 0.1%, in 2007 compared to 2006. The net decrease in Total Electric Operating Revenues in 2007 reflects lower Purchased Electricity costs of $1.9 million and lower C&LM revenues of $0.2 million, offset by higher sales margin of $1.9 million.

Electric sales margin increased $1.9 million in 2007 compared to 2006. The improvement in electric sales margin reflects higher average distribution rates in 2007 compared to 2006, partially offset by lower sales volumes due to milder summer temperatures this year, energy conservation by customers in response to higher overall energy prices and a slowing economy.

Gas Sales, Revenues and Margin

Therm Sales—Overall, Unitil's total therm sales of natural gas increased 66.2% in 2008 compared to 2007. Excluding the contribution of the acquisition of Northern Utilities, total therm sales of natural gas increased 1.1% in 2008 compared to 2007, reflecting a decrease of 2.0% in sales to residential customers offset by an increase of 2.7% in sales to C&I customers. The lower sales to residential customers in 2008 reflects a milder winter heating season earlier this year and lower average usage by our customers reflecting a slowing economy and energy conservation. The increase in gas sales to C&I customers in 2008 reflects increased usage of natural gas in those customers' production operations.

Unitil's total therm sales of natural gas increased 7.6% in 2007 compared to 2006. The increase in gas sales in 2007 reflects a colder winter heating season in 2007 compared to 2006 and higher natural gas sales to C&I customers. In 2007, natural gas sales to residential customers increased 4.1% compared to 2006 driven by the colder winter weather. Sales to C&I customers increased 9.6% compared to 2006, primarily due to a special contract with a large industrial customer.

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

Therm Sales (millions)

				2008 vs. 2007		2007 vs. 2006	
	2008	**2007**	**2006**	**Change**	**Change %**	**Change**	**Change %**
Residential	**13.3**	10.2	9.8	3.1	30.4%	0.4	4.1%
Commercial / Industrial	**33.9**	18.2	16.6	15.7	86.3%	1.6	9.6%
Total	**47.2**	28.4	26.4	18.8	66.2%	2.0	7.6%

Gas Operating Revenues and Sales Margin—The following table details total Gas Operating Revenue and Margin for the last three years by major customer class:

Gas Operating Revenues and Sales Margin (millions)

				2008 vs. 2007		2007 vs. 2006	
	2008	**2007**	**2006**	**$ Change**	**% Change(1)**	**$ Change**	**% Change(1)**
Gas Operating Revenue:							
Residential	**$27.5**	$18.8	$17.2	$ 8.7	25.4%	$ 1.6	4.8%
Commercial / Industrial	**29.4**	15.4	16.1	14.0	41.0%	(0.7)	(2.1%)
Total Gas Operating Revenue	**$56.9**	$34.2	$33.3	$22.7	66.4%	$ 0.9	2.7%
Cost of Gas Sales:							
Purchased Gas	**$37.3**	$21.3	$22.4	$16.0	46.8%	$(1.1)	(3.3%)
Conservation & Load Management	**0.2**	0.2	0.2	—	—	—	—
Total Cost of Gas Sales	**$37.5**	$21.5	$22.6	$16.0	46.8%	$(1.1)	(3.3%)
Gas Sales Margin	**$19.4**	$12.7	$10.7	$ 6.7	19.6%	$ 2.0	6.0%

(1) Represents change as a percent of Total Gas Operating Revenue.

Total Gas Operating Revenues increased $22.7 million, or 66.4%, in 2008 compared to 2007, largely reflecting the acquisition of Northern Utilities and Granite State on December 1, 2008 and the 1.1% increase in gas sales, net of the effect of the acquisitions, and higher rates implemented in November 2007. Total Gas Operating Revenues include the recovery of the cost of sales, which are recorded as Purchased Gas and C&LM in Operating Expenses. The increase in Total Gas Operating Revenues in 2008 reflects higher Purchased Gas costs of $16.0 million and higher sales margin of $6.7 million.

Purchased Gas and C&LM revenues increased $16.0 million, or 46.8%, of Total Gas Operating Revenues in 2008 compared to 2007, largely reflecting the acquisition of Northern Utilities and Granite State on December 1, 2008 as well as higher natural gas commodity prices. Purchased Gas revenues include the recovery of the cost of gas supply as well as the other energy supply related costs. C&LM revenues include the recovery of the cost of energy efficiency and conservation programs. The Company recovers the cost of Purchased Gas and C&LM in its rates at cost on a pass through basis.

Natural gas sales margin increased $6.7 million in 2008 compared to 2007. This increase reflects $5.4 million of gas sales margin from Northern Utilities and Granite State and an additional increase of $1.3 million in gas sales margin reflecting higher rates implemented in November 2007 and higher sales to C&I customers.

Total Gas Operating Revenues increased $0.9 million, or 2.7%, in 2007 compared to 2006. Total Gas Operating Revenues include the recovery of the cost of sales, which are recorded as Purchased Gas and C&LM in Operating Expenses. The increase in Total Gas Operating Revenues in 2007 reflects higher sales margin of $2.0 million, partially offset by lower Purchased Gas costs of $1.1 million.

Natural gas sales margin increased $2.0 million in 2007 compared to 2006 reflecting higher sales and new natural gas distribution rates approved and implemented in November 2007.

Operating Revenue—Other

Total Other Revenue increased $0.1 million in 2008 compared to 2007 and $1.3 million in 2007 compared to 2006. These increases were the result of growth in revenues from the Company's non-regulated energy brokering business, Usource. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

The following table details total Other Revenue for the last three years:

Other Revenue (millions)

				2008 vs. 2007		2007 vs. 2006	
	2008	2007	2006	$ Change	% Change	$ Change	% Change
Usource	**$3.8**	$3.7	$2.4	$0.1	2.7%	$1.3	54.2%
Total Other Revenue	**$3.8**	$3.7	$2.4	$0.1	2.7%	$1.3	54.2%

Operating Expenses

Purchased Electricity—Purchased Electricity includes the cost of electric supply as well as other energy supply related restructuring costs, including power supply buyout costs. Purchased Electricity increased $4.7 million, or 2.8%, in 2008 compared to 2007. This increase reflects higher electric commodity prices partially offset by lower sales volumes. The Company recovers the costs of Purchased Electricity in its rates at cost and therefore changes in these expenses do not affect earnings.

In 2007, Purchased Electricity expenses decreased $1.9 million, or 1.1%, compared to 2006 due lower electric kWh sales and an increase in the amount of electricity purchased by customers directly from third-party suppliers, partially offset by higher electric commodity prices.

Purchased Gas—Purchased Gas includes the cost of natural gas purchased and manufactured to supply the Company's total gas supply requirements. Purchased Gas increased $16.0 million, or 75.1%, in 2008 compared to 2007. The increase in Purchased Gas largely reflects the acquisition of Northern Utilities and Granite State on December 1, 2008. In addition to the increase in Purchased Gas due to the acquisitions, Purchased Gas increased $1.5 million, or 7.0%, in 2008 compared to 2007 reflecting higher natural gas commodity prices and higher sales to C&I customers. The Company recovers the costs of Purchased Gas in its rates at cost on a pass through basis and therefore changes in these expenses do not affect Net Income.

In 2007, Purchased Gas decreased by $1.1 million, or 4.9%, compared to 2006, reflecting lower gas commodity prices and an increase in the amount of natural gas purchased by customers directly from third party suppliers, partially offset by increased therm sales.

Operation and Maintenance (O&M)—O&M expense includes electric and gas utility operating costs, and the operating costs of the Company's non-regulated business activities. Total O&M expenses increased $1.3 million, or 5.0%, in 2008 compared to 2007. The acquisitions of Northern Utilities and Granite State accounted for $0.9 million of the increase. In addition, the increase in O&M expenses reflects higher employee and retiree compensation and benefit expenses of $2.7 million, including increased employee benefits of $1.4 million, driven primarily by higher medical claims in 2008 and higher employee benefits related to staffing increases, and higher salaries and compensation of $1.3 million, due to normal annual increases and staffing additions. Also contributing to the increase in O&M expenses were higher utility operating costs of $0.3 million and higher bad debt expenses of $0.3 million, partially offset by a reduction of $2.8 million from the proceeds of an insurance settlement and lower professional fees of $0.1 million.

In 2007, total O&M expense increased $0.5 million, or 1.9%, compared to 2006. This increase reflects higher employee and retiree compensation and benefit expenses of $0.8 million, including higher retiree benefit costs of $0.9 million, driven by higher pension and other postretirement benefit costs, and higher salaries and compensation of $0.8 million due to normal annual increases, partially offset by lower employee benefit costs of $0.9 million, driven by lower medical insurance costs. Also contributing to the increase in O&M expense were higher bad debt expenses of $0.1 million and an increase in all other operating expenses of $0.2 million, net, offset by lower distribution utility operating expenses of $0.6 million.

Conservation & Load Management—Conservation and Load Management expenses are expenses associated with the development, management, and delivery of the Company's energy efficiency programs. Energy efficiency programs are designed, in conformity to state regulatory requirements, to help consumers use natural gas and electricity more efficiently and thereby decrease their energy costs. Programs are tailored to residential, small business and large business customer groups and provide educational materials, technical assistance, and rebates that contribute toward the cost of purchasing and installing approved measures. Approximately 90% of these costs are related to electric operations and 10% to gas operations.

Total Conservation & Load Management expenses decreased by $0.8 million, in 2008 compared to 2007. These costs are collected from customers on a fully reconciling basis and therefore, fluctuations in program costs do not affect earnings.

Total Conservation & Load Management expenses decreased $0.2 million in 2007 compared to 2006.

Depreciation and Amortization—Depreciation and Amortization expense increased $1.3 million, or 7.3% in 2008 compared to 2007. The acquisitions of Northern Utilities and Granite State accounted for $0.6 million of the increase. In addition, the increase in Depreciation and Amortization expense reflects the amortization, in the first quarter of 2008, of $0.7 million of natural gas inventory carrying costs deferred under a previous regulatory ruling, and higher depreciation on normal utility plant additions. Partially offsetting these increases were lower amortization costs of $0.8 million of information systems related costs.

In 2007, Depreciation and Amortization expense increased $1.7 million, or 10.6%, compared to 2006, reflecting higher depreciation on normal utility plant additions in 2007.

Local Property and Other Taxes—Local Property and Other Taxes increased by $0.9 million, or 16.1%, in 2008 compared to 2007. The acquisitions of Northern Utilities and Granite State accounted for $0.3 million of the increase. In addition, the increase in Local Property and Other Taxes reflects higher local property tax rates on higher levels of utility plant in service and higher payroll taxes on higher compensation expenses.

In 2007, Local Property and Other Taxes increased by $0.1 million, or 1.8% compared to 2006. This increase was due to higher local property tax rates on higher levels of utility plant in service and higher payroll taxes.

Federal and State Income Taxes—Federal and State Income Taxes decreased by $0.1 million in 2008 compared to 2007 due to a lower effective tax rate year over year due to the recognition of higher permanent book/tax differences, including higher tax credits and prior year tax return true-up adjustments, in the third quarter of 2008, partially offset by higher pre-tax operating income in 2008 compared to 2007.

Federal and State Income Taxes increased by $0.2 million in 2007 compared to 2006 due to higher pre-tax operating income in 2007 compared to 2006.

Other Non-operating Expenses (Income)

Other Non-operating Expenses (Income) increased by $0.1 million in 2008 compared to 2007. This change reflects an adjustment of $0.1 million in conjunction with the Company's electric base distribution rate increase in Massachusetts which was implemented in March of 2008.

Other Non-operating Expenses (Income) increased by $0.2 million in 2007 compared to 2006. This change reflects the recognition in 2006 of a gain on the sale of land and timber harvest revenue.

Interest Expense, net

Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. Certain reconciling rate mechanisms used by the Company's distribution utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated (See Note 5 to the accompanying Consolidated Financial Statements).

Interest Expense, Net increased $0.9 million in 2008 compared to 2007. The acquisitions of Northern Utilities and Granite State accounted for $0.3 million of the increase. The increase associated with the acquisitions is due to $0.5 million of interest expense from the issuance of long-term notes by Northern Utilities and Granite State in December 2008, partially offset by interest income on regulatory mechanisms. In addition to the increase related to the acquisitions, the remaining $0.6 million increase in Interest Expense, Net reflects higher debt outstanding and lower interest earned on regulatory assets compared to the prior period.

On December 15, 2008, Granite State completed the sale of $10 million of Senior Unsecured Notes, through a private placement to institutional investors. The Notes have a term of 10 years maturity and a coupon rate of 7.15%. The Company used the proceeds from the long-term Note financing to repay a portion of the bank financing for Unitil's acquisition of Granite State.

On December 3, 2008, Northern Utilities completed the sale of $80 million of Senior Unsecured Notes, through a private placement to institutional investors. The debt financing included $50 million of 30-year notes with a coupon rate of 7.72% and $30 million of 10-year notes with a coupon rate of 6.95%. The Company used the proceeds from the long-term Note financing to repay a portion of the bank financing for Unitil's acquisition of Northern Utilities.

In 2007, Total Interest Expense, net, rose by $1.8 million compared to 2006. This increase principally reflects the issuance of new long-term debt by Unitil on May 2, 2007. Unitil issued and sold $20 million of Senior Long-Term Notes at a coupon rate of 6.33%, through a private placement to institutional investors. The Company utilized the proceeds from the long-term Note financing to refinance existing short-term debt and for other corporate purposes of the Company's distribution utilities. The resulting reduction in average daily short-term bank borrowings lowered short-term interest expense for the year which partially offset the increase in long-term interest expense.

LIQUIDITY, COMMITMENTS AND CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent and future periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities. The Company initially supplements internally generated funds through bank borrowings, as needed, under unsecured short-term bank credit facilities. Periodically, the Company replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets. The Company's utility operations are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows.

The continued availability of various methods of financing, as well as the choice of a specific form of security, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of earnings, cash flows, financial position; and the competitive pricing offered by financing sources.

The Company, along with its subsidiaries, are individually and collectively members of the Unitil Cash Pool (the Cash Pool). The Cash Pool is the financing vehicle for day-to-day cash borrowing and investing.

The Cash Pool allows for an efficient exchange of cash among the Company and its subsidiaries. The interest rates charged to the subsidiaries for borrowing from the Cash Pool are based on actual interest costs from lenders under the Company's revolving line of credit. At December 31, 2008 and 2007, all of the Company's subsidiaries were in compliance with the regulatory requirements to participate in the Cash Pool.

On December 1, 2008, the Company acquired all of the outstanding stock of Northern Utilities and Granite State for $160 million plus an additional working capital adjustment of $49.2 million, including approximately $30.0 million of natural gas storage inventory. The Company initially financed the Acquisitions and the related costs and expenses using borrowings under a bank financing facility with the Royal Bank of Canada. During December 2008, the Company repaid a portion of the bank financing facility using the net proceeds from: (i) the offering of the Company's common stock issued on December 15, 2008; (ii) the sale and issuance by Northern Utilities to institutional investors in a private placement of $80 million aggregate principal amount of long-term unsecured Notes on December 3, 2008; (iii) the sale and issuance by Granite State to institutional investors in a private placement of $10 million aggregate principal amount of long-term unsecured notes on December 15, 2008; and (iv) the receipt of proceeds from the financing by Northern Utilities of its gas storage inventory contemporaneously with the closing of the Acquisitions. At December 31, 2008, the amount remaining under the bank financing facility was $39.1 million. The Company expects to repay the outstanding balance under the bank financing facility prior to its maturity date of November 1, 2009 by issuing additional equity or debt. The bank financing facility contains customary terms and conditions for credit facilities of this type, including financial covenants. As of December 31, 2008, the Company was in compliance with the financial covenants contained in the bank financing facility.

At December 31, 2008 and December 31, 2007, Unitil had an aggregate of $35.0 million and $18.8 million, respectively, in short-term debt outstanding through bank borrowings (excluding amounts borrowed under the bank financing facility discussed above). On November 26, 2008, Unitil entered into a $60 million, 364-day revolving credit agreement with Bank of America, N.A., as administrative agent, and a syndicate of bank lenders. This facility replaces certain bilateral credit agreements with Bank of America, N.A., and RBS Citizens, N.A. The revolving credit agreement contains a covenant restricting the Company's ability to permit long-term debt to exceed 65% of capitalization at the end of each fiscal quarter. The revolving credit agreement also contains customary terms and conditions for credit facilities of this type, including certain financial covenants. As of December 31, 2008, the Company was in compliance with financial covenants contained in the revolving credit agreement.

On December 15, 2008, the Company issued and sold 2,000,000 shares of its common stock at a price of $20.00 per share in a registered public offering. As part of this offering, the Company granted the underwriters a 30-day over-allotment option to purchase additional shares. The underwriters exercised the over-allotment option and purchased an additional 270,000 shares of the Company's common stock in January 2009. The Company's net proceeds were approximately $43 million (after payment of the underwriting discount, but excluding estimated offering expenses) and were used to repay a portion of the bank financing for the Company's acquisition of Northern Utilities and Granite State, as discussed above, and to repay other short-term indebtedness.

In connection with the Acquisitions, Northern Utilities issued $80.0 million aggregate principal amount of senior unsecured notes on December 3, 2008, and Granite State issued $10.0 million aggregate principal amount of senior unsecured notes on December 15, 2008. The net proceeds from the Northern Utilities and Granite State notes were used to recapitalize Northern Utilities and Granite State and to ultimately repay a portion of the Company's short-term bank financing facility used to fund the purchase price of the Acquisitions. The notes consist of:

(i) $30.0 million aggregate principal amount of 6.95% senior unsecured notes of Northern Utilities, which are due in 2018;

(ii) $50.0 million aggregate principal amount of 7.72% senior unsecured notes of Northern Utilities, which are due in 2038; and

(iii) $10.0 million aggregate principal amount of 7.15% senior unsecured notes of Granite State, which are due in 2018, along with a guarantee from Unitil for the payment of principal, interest and other amounts payable on the Granite State notes. This guarantee will terminate if Granite State is reorganized and merges with and into Northern Utilities.

Contractual Obligations

The table below lists the Company's significant contractual obligations as of December 31, 2008.

		Payments Due by Period			
Significant Contractual Obligations (millions) as of December 31, 2008	**Total**	**2009**	**2010-2011**	**2012-2013**	**2014 & Beyond**
Long-term Debt	$249.7	$ 0.4	$ 0.9	$ 1.0	$247.4
Interest on Long-term Debt	302.0	17.9	35.8	35.6	212.7
Gas Supply Contracts(1)	189.2	72.9	66.6	49.7	—
Power Supply Contract Obligations	52.7	18.1	22.1	9.6	2.9
Other	4.8	1.3	2.1	0.9	0.5
Total Contractual Cash Obligations	$798.4	$110.6	$127.5	$96.8	$463.5

(1) Primarily reflects demand charges associated with natural gas transportation contracts.

The Company and its subsidiaries have material energy supply commitments that are discussed in Note 6 to the accompanying Consolidated Financial Statements. Cash outlays for the purchase of electricity and natural gas to serve customers are subject to reconciling recovery through periodic changes in rates, with carrying charges on deferred balances. From year to year, there are likely to be timing differences associated with the cash recovery of such costs, creating under- or over-recovery situations at any point in time. Rate recovery mechanisms are typically designed to collect the under-recovered cash or refund the over collected cash over subsequent of less than a year.

The Company also provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit these guarantees to two years or less. As of December 31, 2008 there were $18.0 million of guarantees outstanding and these guarantees extend through October 31, 2009. Of this amount, $15 million is related to Unitil's guarantee of payment for the term of the Northern Utilities' gas storage management agreement, discussed below.

On November 1, 2008, Northern Utilities entered into a gas storage management agreement (the Agreement) pursuant to which (i) Northern Utilities released certain pipeline and storage capacity to an asset manager from November 1, 2008 through April 30, 2009 and (ii) the asset manager financed inventories associated with the released storage capacity from Northern Utilities contemporaneously with the closing of the Acquisitions. The Agreement requires Northern Utilities to repurchase quantities of natural gas over the course of the 2008/2009 winter heating season at a specified price and any remaining balance of the gas inventory on April 30, 2009 at the same price initially paid by the asset manager. The Agreement provides for the Company to issue a guarantee of payment of $15 million for the term of the agreement. There is $24.0 million outstanding at December 31, 2008 related to this Agreement included in Gas Supply Contracts in the Significant Contractual Obligations table above.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of December 31, 2008, the principal amount outstanding for the 8% Unitil Realty notes was $4.7 million. On December 15, 2008, the Company entered into a guarantee for the payment of principal, interest and other amounts payable on the $10 million Granite State notes due 2018, as described above. As of December 31, 2008, the principal amount outstanding for the 7.15% Granite State notes was $10 million. This guarantee will terminate if Granite State reorganizes and merges with and into Northern Utilities.

Benefit Plan Funding

The Company, along with its subsidiaries (other than Northern Utilities and Granite State), made cash contributions to its Pension Plan in the amount of $2.8 million and $2.8 million in 2008 and 2007, respectively. The Company, along with is subsidiaries (other than Northern Utilities and Granite State), contributed $2.7 million and $2.5 million to Voluntary Employee Benefit Trusts (VEBT) in 2008 and 2007, respectively. The Company expects to contribute approximately $4.0 million and $2.7 million, respectively to fund its Pension and PBOP Plans in 2009. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan and the VEBTs in future years in amounts consistent with the amounts recovered in the distribution utilities' rates for these other postretirement benefit costs. (See Note 10 to the accompanying Consolidated Financial Statements.)

Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements. (See Note 5 to the accompanying Consolidated Financial Statements.)

Cash Flows

On December 1, 2008, the Company acquired Northern Utilities and Granite State. Cash flow results for 2008 include one month of activity for the acquired companies, which contributed to the increase in cash flow period over period. Unitil's utility operations, taken as a whole, are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash (in millions) for 2008 and 2007.

(millions)	2008	2007
Cash Provided by Operating Activities	**$47.3**	$26.8

Cash Provided by Operating Activities—Cash Provided by Operating Activities was $47.3 million in 2008, an increase of $20.5 million over the comparable period in 2007. Cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes, was $36.2 million in 2008, a $10.6 million increase over 2007. Working Capital changes in Current Assets and Liabilities required a $0.7 million use of cash in 2008, an increase in sources of cash of $3.9 million compared to 2007. Deferred Restructuring Charges provided $2.6 million and $3.5 million in cash in 2008 and 2007, respectively, reflecting a net decrease of cash flows of $0.9 million for the collection of deferred costs related to utility industry restructuring. All other items resulted in net sources of cash of $9.2 million and $2.3 million in 2008 and 2007, respectively.

(millions)	2008	2007
Cash (Used in) Investing Activities	**$(238.2)**	$(32.5)

Cash (Used in) Investing Activities—Cash used in Investing Activities was $238.2 million for 2008, an increased use of cash of $205.7 million over 2007, of which $209.9 million was for the Company's acquisitions of Northern Utilities and Granite State on December 1, 2008. The purchase price of the acquisitions was $160 million plus $49.2 million for working capital, including approximately $30 million of natural gas storage inventory. As part of the Acquisitions, the Company acquired cash of $6.9 million and incurred transition and transaction costs of $7.6 million. Capital expenditures for utility property, plant and equipment were $28.3 million in 2008 compared to $32.5 million in 2007, a decrease of $4.2 million. Capital expenditures for ongoing electric and gas operations reflect normal utility plant additions, which were $5.0 million lower in 2008 mainly due to the funding in 2007 of the Advanced Metering Infrastructure project.

(millions)	2008	2007
Cash Provided by Financing Activities	**$197.8**	$5.7

Cash Provided by Financing Activities—Cash provided by Financing Activities was $197.8 million in 2008, an increase of $192.1 million compared to 2007. Sources of cash primarily reflect the financing activity related to the Company's acquisitions of Northern Utilities and Granite State on December 1, 2008. These financing activities (discussed above) included proceeds from the issuance of common stock, the sale and issuance of senior unsecured notes and a bank financing facility. In addition, Cash Provided by Financing Activities also reflect the financing of Northern Utilities' gas inventory and the issuance of short-term debt to fund utility plant additions and working capital requirements. Uses of cash for financing activities primarily reflect regular quarterly dividend payments on common and preferred stock of $8.1 million, and the scheduled repayment of long-term debt of $0.4 million.

FINANCIAL COVENANTS AND RESTRICTIONS

The agreements under which the Company's and its subsidiaries' long-term debt were issued contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions and business combinations and covenants restricting the ability to (i) pay dividends, (ii) incur indebtedness and liens, (iii) merge or consolidate with another entity or (iv) sell, lease or otherwise dispose of all or substantially all assets. (See Note 5 to the accompanying Consolidated Financial Statements.)

The long-term debt and preferred stock of Unitil, Unitil Energy, Fitchburg, Northern Utilities, Granite State and Unitil Realty are privately held, and the Company does not issue commercial paper. For these reasons, the debt securities of Unitil and its subsidiaries are not publicly rated.

The Company financed the Acquisitions and the related costs and expenses in part using borrowings under a bank financing facility, as described above. As of December 31, 2008, there was $39.1 million outstanding on this bank financing facility. The bank financing facility contains customary terms and conditions, including, without limitation, covenants restricting the Company's ability to (i) pay dividends, (ii) incur indebtedness and liens, (iii) merge or consolidate with another entity or (iv) sell, lease or otherwise dispose of all or substantially all assets.

On November 26, 2008, Unitil entered into a $60 million, 364-day revolving credit agreement. The revolving credit agreement contains customary terms and conditions for credit facilities of this type, including certain financial covenants, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit long-term debt to exceed 65% of capitalization at the end of each fiscal quarter.

The Company and its subsidiaries are currently in compliance with all such covenants in these debt instruments.

DIVIDENDS

Unitil's annualized common dividend was $1.38 per common share in 2008, 2007 and 2006. Unitil's dividend policy is reviewed periodically by the Board of Directors. Unitil has maintained an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2009 meeting, the Unitil Board of Directors declared a quarterly dividend on the Company's common stock of $0.345 per share. The amount and timing of all dividend payments are subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors.

LEGAL PROCEEDINGS

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. The complaint seeks an unspecified amount of damages including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. As of this date the complaint has not been served on Fitchburg. The Company believes this complaint is without merit, and will defend itself vigorously.

REGULATORY MATTERS

Overview (Unitil Energy, Fitchburg, and Northern Utilities)—Unitil's distribution utilities deliver electricity and/or natural gas to customers in the Company's service territory, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil Energy, Fitchburg, and Northern Utilities recover the cost of providing distribution service to their customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, most Unitil customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers have the opportunity to purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers, however, continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

In connection with the implementation of retail choice, Unitil Power and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next two to four years, is $81.9 million as of December 31, 2008 including $22.1 million in Accrued Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans. See Note 7 for additional information on these filings.

Unitil Energy—On January 22, 2008, the NHPUC issued an order in its investigation into implementation of the federal Energy Policy Act of 2005 regarding the adoption of standards for time-based metering and interconnection. The NHPUC determined that it is appropriate to implement some form of time-based metering standards and ordered that the details, including cost-benefit analyses, form of rate design, time of implementation and applicable customer classes are to be determined in separate proceedings initiated by the NHPUC. The NHPUC also found that additional review of the energy standards for net metering, fuel diversity and fossil fuel generation efficiency as proposed in the Energy Policy Act of 2005 is not required due to action of the New Hampshire legislature and the NHPUC in adopting comparable standards.

On May 14, 2007, the NHPUC issued an order opening an investigation into the merits of instituting appropriate rate mechanisms, such as revenue decoupling, which would have the effect of removing obstacles to, and encouraging investment in, energy efficiency. On January 16, 2009, the NHPUC issued its decision in this matter, concluding that such rate mechanisms should only be implemented on a company-by-company basis in the context of an examination of company specific costs and revenues, service territory, customer mix and rate base investment.

In July 2008, the State of New Hampshire enacted legislation that allows electric utilities to make investments in distributed energy resources, including energy efficiency and demand reduction technologies, as well as clean cogeneration and renewable generation.

Fitchburg—Electric Operations—The Company received a final order from the MDPU on February 29, 2008 approving an electric rate increase of $2.1 million, effective March 1, 2008.

Major Ice Storm—On December 11 and 12, 2008, a severe ice storm struck the New England region, causing extensive damage to electric facilities and loss of service to significant numbers of customers of several utilities. An estimated one million electric customers in the region were affected, including all of Unitil's 28,000 Massachusetts customers, and approximately half of its New Hampshire customers. Unitil was able to restore power to one-third of its Massachusetts customers within three days, and 80 percent of its customers by day seven, and the final Massachusetts customers, including those with individual service problems, were restored by day 13, December 24, 2008. On January 7, 2009, the MDPU opened an investigation into the preparation and response of the Massachusetts electric distribution companies to the December 12, 2008 Winter Storm. Each electric distribution company has been ordered to file a report detailing its response to the storm and outages, and its service restoration efforts with the MDPU by February 23, 2009. Public hearings have been held in each of the electric distribution utilities' service areas in Massachusetts. Based on its preliminary assessment, the Company has accrued and deferred approximately $10 million in costs for the repair and replacement of electric distribution systems damaged during the storm. The amount and timing of the cost recovery of these storm restoration expenditures will be determined in future regulatory proceedings. The Company does not believe these storm restoration expenditures and the timing of cost recovery will have a material adverse impact on the Company's financial condition or results of operations. This matter remains pending.

Fitchburg—Gas Operations—Fitchburg provides natural gas delivery service to its customers on a firm or interruptible basis under unbundled distribution rates approved by the MDPU. Its current distribution rates were approved by the MDPU in 2007. Fitchburg's customers may purchase natural gas supplies from third-party vendors or purchase their natural gas from Fitchburg as the provider of last resort. Fitchburg collects its natural gas supply costs through a seasonal reconciling Cost of Gas Adjustment Clause and recovers other related costs through a reconciling Local Distribution Adjustment Clause.

Fitchburg—Other—On June 22, 2007, the MDPU opened an inquiry into revenue decoupling for gas and electric distribution utilities, generally defined as a ratemaking mechanism designed to eliminate or reduce the dependence of a utility's distribution revenues on sales. Revenue decoupling is intended to remove the disincentive a utility has to promote efforts to reduce energy consumption by its customers or to facilitate installation of distributed generation to displace electricity delivered by the utility. On July 16, 2008, the MDPU issued an order establishing a comprehensive plan for decoupling to be adopted by gas and electric distribution utilities on a going-forward basis, including company specific rate cases. Lost base revenue recovery associated with incremental energy efficiency savings will be allowed through 2012 consistent with the MDPU's expectation that, with limited exceptions, distribution companies will be operating under decoupling plans by year-end 2012. Each distribution company was required to notify the MDPU of when the company expects to file a rate case to implement decoupling. Fitchburg notified the MDPU that it will be prepared to file rate cases for each of its divisions by the third quarter of 2009, based upon a calendar 2008 test year, along with a comprehensive decoupling proposal and associated base rate adjustment mechanism. This matter remains pending before the MDPU.

On July 2, 2008, the Governor of Massachusetts signed into law "*The Green Communities Act*" (the GC Act), an energy policy legislation designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act includes provisions that:

- Require electric and natural gas distribution companies to file three-year energy efficiency investment plans designed to implement all available cost-effective energy efficiency and demand reduction resources; the plans are to include fully reconciling funding mechanisms;
- Require utility distribution companies to undertake various Green programs, including the solicitation of bids for long-term renewable energy procurement contracts for which utilities would be allowed remuneration on certain contract commitments;

- Establishes expanded authority for the MDPU to investigate mergers involving holding companies of public utilities;
- Increase the Renewable Portfolio Standard by 1% annually, requiring that by the year 2020 utilities and other electricity suppliers obtain 15% of the power they sell from renewable resources;
- Authorize electric distribution companies to construct, own, and operate up to 50 megawatts of solar generating capacity; and
- Modify the service quality performance penalty provision.

The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs.

Northern Utilities Acquisition: On December 1, 2008 Unitil completed the purchase of Northern Utilities from Bay State and Granite State from NiSource. Joint petitions on behalf of Unitil and Northern Utilities requesting approval of the purchase of Northern Utilities by Unitil were filed with the NHPUC and the MPUC on March 31, 2008. State regulatory approvals of Unitil’s purchase of Granite State were not required. In August 2008, unopposed settlement agreements resolving all outstanding issues and recommending approval of the acquisition were filed with the MPUC and NHPUC on behalf of Unitil, Northern Utilities and the active parties to the respective Maine and New Hampshire proceedings. The NHPUC approved the transaction on October 10, 2008. The MPUC issued an order approving the transaction on November 5, 2008.

Although separately negotiated and filed with the MPUC and the NHPUC, the settlement agreements reflect several common topics (including regulatory authorizations, matters affecting rates, customer service provisions, service quality, gas safety and reliability, agreements regarding Granite State and reporting requirements) as follows:

The settlement agreements include the following authorizations and approvals:

- approval of Unitil’s acquisition of Northern Utilities;
- approval of the amended Unitil Service Agreement adding Northern Utilities as a party;
- approval of the amended Unitil Cash Pooling Agreement adding Northern Utilities as a party; and
- approval of Northern Utilities’ accounting deferral and 10-year amortization of transaction costs and transition costs resulting from the Company’s acquisition of Northern Utilities and the Company’s agreement not to seek recovery of these costs, or the transaction or transition costs of any other utility subsidiary, in rates.

The settlement agreements include the following commitments related to rates:

- agreement that synergy savings resulting from our acquisition of Northern Utilities will be retained by the Company until the next base rate change and then will flow to customers;
- agreement not to request a base rate change for Northern Utilities before November 1, 2010 unless (i) Northern Utilities’ projected annual revenues are more than 8% below the level of total 2007 distribution revenues or (ii) the MPUC or NHPUC, as applicable, approves a plan to subject Granite State’s rates to state regulation;
- agreement to allow Northern Utilities to recover prudently incurred integration costs for capitalized expenditures to build or upgrade systems or facilities required to independently operate Northern Utilities;
- agreement not to seek recovery in Northern Utilities’ rates of any acquisition premium resulting from Unitil’s acquisition of Northern Utilities and that any acquisition adjustment (positive or negative) shall be accounted for below the line for ratemaking purposes over a 10-year period;
- agreement to hold Northern Utilities’ customers harmless for the elimination of historical accumulated deferred income tax (ADIT) liabilities resulting from its Internal Revenue Service Section 338(h)(10) election;

- agreement to use an imputed weighted cost of debt for ratemaking purposes until Northern Utilities' existing debt instruments would have matured; and
- agreement not to change Northern Utilities' existing depreciation rates for its Maine division until approved in the next general rate case.

The settlement agreements also contain the following commitments related to customers:

- agreement to implement a Low Income Program for Northern Utilities' Maine division, to provide additional customer payment options (including credit or debit cards and by internet and telephone) for Maine customers and to continue low income programs in Northern Utilities' New Hampshire division;
- agreement to review with the parties to the settlements communications that we develop to inform Northern Utilities' customers about our acquisition of Northern Utilities and to keep them apprised of the transition; and
- with respect to Maine, agreement to conduct a study of alternatives for the sale, lease, or use of the unused Portland manufactured gas site property that would best serve ratepayers' interests.

The settlement agreements contain the following commitments related to service quality, gas safety and reliability:

- agreement to improve and adhere to Northern Utilities' existing service quality plans in each jurisdiction; and
- agreement to provide notifications and safety reports based on several service quality and gas safety metrics, as well as implementing gas operations programs and practices.

The settlement agreements contain the following commitments related to Granite State:

- agreement to work collaboratively with the parties to the settlements to design and to conduct a comprehensive study of the issues and costs for modification of the physical, operational, regulatory, and corporate structure necessary for state regulation of Granite State and to provide a report within one year of the closing; and
- authorization for Northern Utilities to execute a firm service contract with Granite State for 100,000 Dekatherms (Dth) of capacity at Granite State's current recourse rate of $1.6666/ Dth for the period November 1, 2008 through October 31, 2010.

The settlement agreements contain the following commitments regarding affiliate books and records and transaction reporting:

- agreement to provide timely access to the books and records of any of Northern Utilities' affiliates at the discretion of the MPUC or the NHPUC, as applicable;
- agreement to file reports on our transition progress, business integration, costs, the Transition Services Agreement and costs while our acquisition of Northern Utilities was pending; and
- agreement to notify the MPUC and the NHPUC of any substantial changes in the financing terms.

In Massachusetts, the GC Act expanded the authority of the MDPU to review holding company mergers and sales of subsidiaries to determine how such transactions would affect the holding companies' Massachusetts' utility operating companies and their ratepayers. Unitil and Bay State filed a joint Petition with the MDPU on August 13 seeking an advisory determination that the recent statutory amendment was inapplicable to the proposed sale, or, alternatively, sought approval of the proposed sale. The MDPU declined to issue the advisory ruling, and determined that it had the requisite authority to review the transaction. After investigation and hearing, the MDPU issued its approval of the transaction on November 18, 2008.

Northern Utilities—Notices of Probable Violation—Beginning in October 2007, the MPUC initiated formal investigations into a number of Notices of Probable Violation (NOPVs) alleging that Northern

Utilities had violated various provisions of the federal pipeline safety regulations, as adopted by the MPUC. Northern Utilities, the MPUC Staff and Unitil filed a comprehensive settlement (Settlement), which was approved by the MPUC on November 21, 2008, resolving these matters. Under the Settlement, Northern Utilities will incur total expenditures of approximately $3.8 million for certain safety related improvements for which no rate recovery will be allowed and obligations to be undertaken for Northern Utilities' distribution system to ensure compliance with the relevant state and federal gas safety laws. These compliance costs were accrued by Northern Utilities prior to the acquisition date and the remaining amount on the Company's balance sheet at December 31, 2008 was $3.1 million.

Northern Utilities—NH 2007/2008 Winter Cost of Gas—On October 31, 2007, the NHPUC issued Order No. 24,798 concerning the 2007/2008 winter cost of gas proceeding for Northern Utilities' New Hampshire division. In that order, the NHPUC noted that Northern Utilities had identified an unusually high level of lost and unaccounted for gas (UAFG), and ordered Northern Utilities to file a detailed report concerning its investigation of this matter. Through its investigation, Northern Utilities determined that the unaccounted for gas affected both its New Hampshire and Maine divisions, and that the cause appeared to be incorrect metering at the Maritimes & Northeast (M&NE) / Portland Natural Gas Transmission System's (PNGTS) Newington Gate Station caused by an erroneous meter module change. The metering equipment was operated and maintained by a third party, Spectra Energy, the parent company of M&NE. PNGTS and M&NE share joint ownership of the section of the pipeline connected to Granite State at the Newington Gate Station. The error caused Granite State to be billed for 758,702 Dth of natural gas, with Granite State then billing Northern Utilities for an equivalent amount, although the volumes of gas were not actually consumed. The meter error was corrected and Northern Utilities, Granite State, Spectra Energy and PNGTS reached an agreement whereby PNGTS will provide to Northern Utilities, through Granite State, gas volumes equal to the misread amounts to correct for the error, over a period of approximately 18 months. Both the NHPUC and the MPUC have approved this arrangement, as well as Northern Utilities' methodology for allocating the gas received to its Maine and New Hampshire divisions based upon the actual gas use over the period the meters were misread. As of December 31, 2008, Northern Utilities has recorded approximately $4.0 million reflecting the anticipated liability of the future refund amount based on current market prices with an offsetting receivable from Granite State.

See Note 7 to the accompanying Consolidated Financial Statements for additional information on Regulatory Matters.

ENVIRONMENTAL MATTERS

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2008, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former MGP site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site not recovered by insurance or other means in gas rates pursuant to terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. In addition, Fitchburg has filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. Any recovery that Fitchburg receives from insurance or third parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are split equally between Fitchburg and its gas customers.

Northern Utilities' Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid 1800s through the mid 1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. Northern Utilities believes material future costs will be recovered. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

See Note 7 to the accompanying Consolidated Financial Statements for additional information on Environmental Matters.

EMPLOYEES AND EMPLOYEE RELATIONS

As of December 31, 2008, the Company and its subsidiaries had 406 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of December 31, 2008, 144 of the Company's employees were represented by labor unions. These employees are covered by collective bargaining agreements. Two of these agreements expire on March 31, 2009, two agreements expire on May 31, 2010, and one agreement expires on June 5, 2010. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to successfully negotiate new agreements prior to their expiration dates.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. In making those estimates and assumptions, the Company is sometimes required to make difficult, subjective and/or complex judgments about the impact of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. The following is a summary of the Company's most critical accounting policies, which are defined as those policies where judgments or uncertainties could materially affect the application of those policies. For a complete discussion of the Company's significant accounting policies, refer to the financial statements and Note 1: Summary of Significant Accounting Policies.

Regulatory Accounting—The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the provisions of FASB Statement No. 71, "Accounting for the Effects of Certain Types of Regulation." (SFAS No. 71). In accordance with SFAS No. 71, the Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

SFAS No. 71 specifies the economic effects that result from the cause and effect relationship of costs and revenues in the rate-regulated environment and how these effects are to be accounted for by a regulated enterprise. Revenues intended to cover some costs may be recorded either before or after the costs are incurred. If regulation provides assurance that incurred costs will be recovered in the future, these costs would be recorded as deferred charges or “regulatory assets” under SFAS No. 71. If revenues are recorded for costs that are expected to be incurred in the future, these revenues would be recorded as deferred credits or “regulatory liabilities” under SFAS No. 71.

The Company’s principal regulatory assets and liabilities are detailed on the Company’s Consolidated Balance Sheet and a summary of the Company’s Regulatory Assets is provided in Note 1 thereto. The Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company’s consolidated financial statements.

The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of SFAS No. 71. If unable to continue to apply the provisions of SFAS No. 71, the Company would be required to apply the provisions of FASB Statement No. 101, “Regulated Enterprises—Accounting for the Discontinuation of Application of Financial Accounting Standards Board Statement No. 71.” In the Company’s opinion, its regulated operations will be subject to SFAS No. 71 for the foreseeable future.

Utility Revenue Recognition—Regulated utility revenues are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

Allowance for Doubtful Accounts—The Company recognizes a provision for doubtful accounts each month based upon the Company’s experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company’s distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company’s experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

Retirement Benefit Obligations—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

In September 2006, the FASB issued SFAS No. 158, “Employers’ Accounting for Defined Benefit Pension and Other Postretirement Plans”, (SFAS No. 158), an amendment of SFAS No. 87, “Employers’ Accounting for Pensions”, SFAS No. 88, “Employers’ Accounting for Settlements and Curtailments of

Defined Benefit Pension Plans and for Termination Benefits," SFAS No. 106, "Employers' Accounting for Postretirement Benefits other than Pensions" and SFAS No. 132(R), "Employers' Disclosures about Pensions and Other Postretirement Benefits." SFAS No. 158 requires companies to record on their balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates.

The Company's reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO are affected by actual employee demographics, the level of contributions made to the plans, earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs.

The Company's RBO may also be significantly affected by changes in key actuarial assumptions, including, anticipated rates of return on plan assets and the discount rates used in determining the Company's RBO. If these assumptions were changed, the resultant change in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material impact on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on a market average of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. For the years ended December 31, 2008 and 2007, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $200,000 in the Net Periodic Benefit Cost for the Pension Plan. For the years ended December 31, 2008 and 2007, a 1.0% increase in the assumption of health care cost trend rates would have resulted in increases in the Net Periodic Benefit Cost for the PBOP Plan of $675,000 and $690,000, respectively. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for those same time periods would have resulted in decreases in the Net Periodic Benefit Cost for the PBOP Plan of $531,000 and $539,000, respectively. (See Note 10 to the accompanying Consolidated Financial Statements).

Income Taxes—Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's consolidated balance sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with FASB Statement No. 109, "Accounting for Income Taxes" (SFAS No. 109) and under FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48), an interpretation of FAS 109.

Depreciation—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements.

Commitments and Contingencies—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with SFAS No. 5. SFAS No. 5 applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2008, the Company is not aware of any material commitments or contingencies other than those disclosed in the Significant Contractual Obligations table in the Contractual Obligations section above and the Commitments and Contingencies footnote to the Company's consolidated financial statements below.

Refer to "Recently Issued Accounting Pronouncements' in Note 1 of the Notes of Consolidated Financial Statements for information regarding recently issued accounting standards.

For further information regarding these types of activities, see Note 1, "Summary of Significant Accounting Policies," Note 9, "Income Taxes," Note 6, "Energy Supply," Note 10, "Benefit Plans," and Note 7, "Commitment and Contingencies," to the consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Please also refer to Item 1A. "Risk Factors".

INTEREST RATE RISK

As discussed above, Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of debt outstanding represents long-term notes bearing fixed rates of interest. Changes in market interest rates do not affect interest expense resulting from these outstanding long-term debt securities. However, the Company periodically repays its short-term debt borrowings through the issuance of new long-term debt securities. Changes in market interest rates may affect the interest rate and corresponding interest expense on any new issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was $25 million for the period of one year, a change in interest rates of 1% would result in a change in annual interest expense of approximately $250,000. The average interest rate on short-term borrowings was 3.8%, 5.6%, and 5.5% during 2008, 2007, and 2006, respectively.

MARKET RISK

Although Unitil's three distribution utilities 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 electric power and natural gas supply costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed above and below in Regulatory Matters, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

Item 8.   Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Shareholders of Unitil Corporation:

We have audited the accompanying consolidated balance sheets of Unitil Corporation and subsidiaries (the Company) as of December 31, 2008 and 2007, and the related consolidated statements of earnings, cash flows and changes in common stock equity for each of the years ended December 31, 2008, 2007 and 2006. We also have audited Unitil Corporation and subsidiaries' internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Management's Report on Internal Control Over Financial Reporting, management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Northern Utilities, Inc. and Granite State Gas Transmission, Inc., businesses acquired by the Company during the year ended December 31, 2008, which are included in the 2008 consolidated financial statements of the Company and constituted approximately $273.7 million and $161.2 million of total and net assets, respectively, as of December 31, 2008 and approximately $22.2 million and $1.9 million of revenues and net income respectively, for the year ended December 31, 2008. Our audit of internal control over financial reporting of the Company also did not include an evaluation of the internal control over financial reporting of Northern Utilities, Inc. and Granite State Gas Transmission, Inc.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Unitil Corporation and subsidiaries as of December 31, 2008 and 2007, and the consolidated results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2008 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, Unitil Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2008, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Vitale, Caturano & Company, P.C.

Boston, Massachusetts
February 13, 2009

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CONSOLIDATED STATEMENTS OF EARNINGS

(Millions, except common shares and per share data)

Year Ended December 31,	2008	2007	2006
Operating Revenues:			
Electric	**$227.5**	$225.0	$225.2
Gas	**56.9**	34.2	33.3
Other	**3.8**	3.7	2.4
Total Operating Revenues	**288.2**	262.9	260.9
Operating Expenses:			
Purchased Electricity	**170.1**	165.4	167.3
Purchased Gas	**37.3**	21.3	22.4
Operation and Maintenance	**27.5**	26.2	25.7
Conservation & Load Management	**2.8**	3.6	3.8
Depreciation and Amortization	**19.1**	17.8	16.1
Provisions for Taxes:			
Local Property and Other	**6.5**	5.6	5.5
Federal and State Income	**4.4**	4.5	4.3
Total Operating Expenses	**267.7**	244.4	245.1
Operating Income	**20.5**	18.5	15.8
Other Non-Operating Expenses	**0.3**	0.2	—
Income Before Interest Expense	**20.2**	18.3	15.8
Interest Expense, net	**10.5**	9.6	7.8
Net Income	**9.7**	8.7	8.0
Less Dividends on Preferred Stock	**0.1**	0.1	0.1
Earnings Applicable to Common Shareholders	**$ 9.6**	$ 8.6	$ 7.9
Average Common Shares Outstanding (000's)—Basic	**5,830**	5,659	5,597
Average Common Shares Outstanding (000's)—Diluted	**5,830**	5,672	5,612
Earnings per Common Share—Basic and Diluted	**$ 1.65**	$ 1.52	$ 1.41

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

CONSOLIDATED BALANCE SHEETS *(Millions)*

ASSETS

December 31,	2008	2007
Utility Plant:		
Electric	**$289.0**	$266.2
Gas	**304.2**	67.8
Common	**30.5**	26.2
Construction Work in Progress	**17.7**	20.3
Utility Plant	**641.4**	380.5
Less: Accumulated Depreciation	**218.6**	131.6
Net Utility Plant	**422.8**	248.9
Current Assets:		
Cash	**11.5**	4.6
Accounts Receivable—(Net of Allowance for Doubtful Accounts of $3.0 and $1.3)	**39.7**	24.9
Accrued Revenue	**58.9**	36.7
Gas Inventory	**31.6**	2.7
Material and Supplies	**2.7**	1.8
Prepayments and Other	**5.9**	2.2
Total Current Assets	**150.3**	72.9
Noncurrent Assets:		
Regulatory Assets	**146.2**	146.5
Other Noncurrent Assets	**15.9**	6.3
Total Noncurrent Assets	**162.1**	152.8
TOTAL	**$735.2**	$474.6

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

CONSOLIDATED BALANCE SHEETS (cont.) *(Millions)*

CAPITALIZATION AND LIABILITIES

December 31,	2008	2007
Capitalization:		
Common Stock Equity	**$139.5**	$100.4
Preferred Stock	**2.0**	2.1
Long-Term Debt, Less Current Portion	**249.3**	159.6
Total Capitalization	**390.8**	262.1
Current Liabilities:		
Long-Term Debt, Current Portion	**0.4**	0.4
Accounts Payable	**36.3**	17.6
Short-Term Debt	**74.1**	18.8
Energy Supply Contract Obligations	**42.0**	20.0
Other Current Liabilities	**35.8**	7.3
Total Current Liabilities	**188.6**	64.1
Deferred Income Taxes	**31.1**	33.4
Noncurrent Liabilities:		
Energy Supply Contract Obligations	**34.6**	52.7
Retirement Benefit Obligations	**67.4**	48.2
Environmental Obligations	**12.3**	12.0
Other Noncurrent Liabilities	**10.4**	2.1
Total Noncurrent Liabilities	**124.7**	115.0
TOTAL	**$735.2**	$474.6

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

CONSOLIDATED STATEMENTS OF CASH FLOWS *(Millions)*

Year Ended December 31,	2008	2007	2006
Operating Activities:			
Net Income	**$ 9.7**	$ 8.7	$ 8.0
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:			
Depreciation and Amortization	**19.1**	17.8	16.1
Deferred Taxes Provision	**7.4**	(0.9)	0.5
Changes in Current Assets and Liabilities:			
Accounts Receivable	**(6.4)**	(2.4)	1.1
Accrued Revenue	**(10.3)**	1.1	(4.9)
Accounts Payable	**11.4**	(2.2)	(0.8)
All Other Current Assets and Liabilities	**4.6**	(1.1)	0.8
Deferred Restructuring Charges	**2.6**	3.5	(2.0)
Other, net	**9.2**	2.3	1.6
Cash Provided by Operating Activities	**47.3**	26.8	20.4
Investing Activities:			
Property, Plant and Equipment Additions	**(28.3)**	(32.5)	(33.6)
Acquisitions, net (See Note 3)	**(209.9)**	—	—
Cash (Used In) Investing Activities	**(238.2)**	(32.5)	(33.6)
Financing Activities:			
Proceeds from (Repayment of) Short-Term Debt	**55.3**	(7.2)	7.3
Proceeds from Issuance of Long-Term Debt	**90.0**	20.0	15.0
Repayment of Long-Term Debt	**(0.4)**	(0.3)	(0.3)
Net Increase in Gas Inventory Financing	**24.0**	—	—
Dividends Paid	**(8.1)**	(7.9)	(7.9)
Proceeds from Issuance of Common Stock	**37.4**	1.5	1.0
Other, net	**(0.4)**	(0.4)	(0.5)
Cash Provided by Financing Activities	**197.8**	5.7	14.6
Net Increase in Cash	**6.9**	—	1.4
Cash at Beginning of Year	**4.6**	4.6	3.2
Cash at End of Year	**$ 11.5**	$ 4.6	$ 4.6
Supplemental Information:			
Interest Paid	**$ 12.5**	$ 12.2	$ 10.7
Income Taxes Paid (Refunded)	**$ (0.5)**	$ 5.3	$ 3.1

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

CONSOLIDATED STATEMENTS OF CHANGES IN COMMON STOCK EQUITY

(Millions)

	Common Equity	Retained Earnings	Total
Balance at January 1, 2006	$ 62.2	$34.1	**$ 96.3**
Net Income for 2006		8.0	**8.0**
Dividends		(7.8)	**(7.8)**
Shares Issued Under Stock Plans	0.3		**0.3**
Issuance of 40,365 Common Shares	1.0		**1.0**
Balance at December 31, 2006	63.5	34.3	**97.8**
Net Income for 2007		8.7	**8.7**
Dividends		(7.9)	**(7.9)**
Shares Issued Under Stock Plans	0.8		**0.8**
Issuance of 38,303 Common Shares	1.0		**1.0**
Balance at December 31, 2007	65.3	35.1	**100.4**
Net Income for 2008		9.7	**9.7**
Dividends		(8.0)	**(8.0)**
Shares Issued Under Stock Plans	0.4		**0.4**
Issuance of 32,754 Common Shares	0.8		**0.8**
Issuance of 2,000,000 Common Shares (See Note 4)	36.2		**36.2**
Balance at December 31, 2008	**$102.7**	**$36.8**	**$139.5**

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

Note 1: Summary of Significant Accounting Policies

Nature of Operations—Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite State), Unitil Power Corp. (Unitil Power), Unitil Realty Corp. (Unitil Realty), Unitil Service Corp. (Unitil Service) and its non-regulated business unit Unitil Resources, Inc. (Unitil Resources). Usource, Inc. and Usource L.L.C. are subsidiaries of Unitil Resources.

On December 1, 2008, the Company purchased: (i) all of the outstanding capital stock of Northern Utilities, a natural gas distribution utility serving customers in Maine and New Hampshire, from Bay State Gas Company (Bay State) and (ii) all of the outstanding capital stock of Granite State, an interstate gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource, Inc. (NiSource) pursuant to the Stock Purchase Agreement dated as of February 15, 2008 by and among NiSource, Bay State, and Unitil (the Acquisitions). Bay State is a wholly owned subsidiary of NiSource.

Unitil's principal business is the local distribution of electricity in the southeastern seacoast and capital city areas of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the "distribution utilities").

Granite State is an interstate natural gas transmission pipeline company, operating 87 miles of underground gas transmission pipeline primarily located in Maine, New Hampshire and Massachusetts. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third-party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy's customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Resources is the Company's wholly owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to large commercial and industrial customers in the northeastern United States.

Basis of Presentation

Principles of Consolidation—In accordance with current accounting pronouncements, the Company's consolidated financial statements include the accounts of Unitil and all of its wholly owned subsidiaries and all intercompany transactions are eliminated in consolidation. The operations of Northern Utilities and Granite State are included in the Company's consolidated financial statements from December 1, 2008 through December 31, 2008.

Regulatory Accounting—The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the provisions of FASB Statement No. 71, "Accounting for the Effects of Certain Types of Regulation." (SFAS No. 71). In accordance with SFAS No. 71, the Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

Regulatory Assets consist of the following (millions)	December 31, 2008	2007
Energy Supply Contract Obligations	**$ 52.7**	$ 72.7
Deferred Restructuring Costs	**28.3**	30.5
Generation-related Assets	**0.8**	1.6
Subtotal—Restructuring Related Items	**81.8**	104.8
Retirement Benefit Obligations	**45.5**	35.1
Income Taxes	**16.0**	14.6
Environmental Obligations	**19.7**	13.1
Other	**10.1**	2.9
Total Regulatory Assets	**$173.1**	$170.5
Less: Current Portion of Regulatory Assets (1)	**26.9**	24.0
Regulatory Assets—noncurrent	**$146.2**	$146.5

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

The Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of SFAS No. 71. If unable to continue to apply the provisions of SFAS No. 71, the Company would be required to apply the provisions of FASB Statement No. 101, "Regulated Enterprises—Accounting for the Discontinuation of Application of Financial Accounting Standards Board Statement No. 71." In the Company's opinion, its regulated operations will be subject to SFAS No. 71 for the foreseeable future.

Cash—Cash includes all cash and cash equivalents to which the Company has legal title. Cash equivalents include short-term investments with original maturities of three months or less and interest bearing deposits. The Company's cash and cash equivalents are held at financial institutions and at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Under the Independent System Operator—New England (ISO-NE) Financial Assurance Policy (Policy), Unitil's affiliates Unitil Energy, Fitchburg and Unitil Power are required to provide assurance of their ability to satisfy their obligations to ISO-NE. Under this Policy, Unitil's affiliates provide cash deposits covering approximately 2-1/2 months of outstanding obligations. On December 31, 2008 and 2007, the Unitil affiliates had deposited $3.7 million and $2.5 million, respectively to satisfy their ISO-NE obligations. In addition, Northern Utilities has cash margin deposits to satisfy requirements for its natural gas hedging program. On December 31, 2008, there was $7.0 million deposited for this purpose.

Goodwill and Intangible Assets—As a result of the acquisitions of Northern Utilities and Granite State, the Company recognized a bargain purchase adjustment as a reduction to Utility Plant, to be amortized over a ten year period, beginning with the date of the Acquisitions, as authorized by regulators. (See Note 3).

Off-Balance Sheet Arrangements—As of December 31, 2008, the Company does not have any significant arrangements that would be classified as Off-Balance Sheet Arrangements. In the ordinary course of business, the Company does contract for certain office equipment, vehicles and other equipment under operating leases (See Note 5).

Investments and Trading Activities—The Company invests in U.S. Treasuries and short-term investments which traditionally have very little fluctuation in fair value. The Company does not engage in investing or trading activities involving non-exchange traded contracts or other instruments where a periodic analysis of fair value would be required for accounting purposes.

Derivatives—The Company enters into wholesale electric and gas energy supply contracts to serve its customers. The Company's policy is to review each contract and determine whether they meet the criteria for classification as derivatives under FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" (SFAS No. 133), SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of SFAS No. 133" (SFAS No. 138), SFAS No. 149, "Amendment of Statement 133 on Derivative Instruments and Hedging Activities" (SFAS No. 149), SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" and FASB Staff Position No. FAS 133-1 and FIN 45-4, "Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of SFAS No. 133 and FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others", (FIN 45); and Clarification of the Effective Date of SFAS No. 161 (FSP FAS 133-1 and FIN 45-4). The Company has a regulatory approved hedging program, discussed below, which meets the criteria for classification as a derivative instrument. Additionally, the Company may enter into interest rate hedging transactions with respect to existing indebtedness and anticipated debt offerings. As of December 31, 2008, the Company has not entered into any interest rate hedging transactions. However, should the Company enter into any such transactions in the future, its policy will be to review each transaction and determine whether it meets the criteria for classification as derivatives under SFAS No. 133, SFAS No. 138 and / or SFAS No. 149.

The Company has a regulatory approved hedging program for Northern Utilities designed to fix a portion of its gas supply costs for the coming year of service. In order to fix these costs, the Company purchases New York Mercantile Exchange futures that correspond to the associated delivery month. Any gains or losses on the fair value of these derivatives are passed through to ratepayers directly through a regulatory commission approved recovery mechanism. As a result of the ratemaking process, the Company records gains and losses as regulatory liabilities or assets and recognizes such gains or losses in Purchased Gas when recovered in revenues. The Company's Consolidated Balance Sheets include derivative liabilities related to net unrealized losses on current futures contracts of $4.5 million in Other Current Liabilities and on noncurrent futures contracts of $1.2 million in Noncurrent Liabilities at December 31, 2008. These amounts are offset in Accrued Revenues on the Company's Consolidated Balance Sheets.

Utility Revenue Recognition—Regulated utility revenues are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

Revenue Recognition—Non-regulated Operations—Usource, Unitil's competitive energy brokering subsidiary, records energy brokering revenues based upon the estimated amount of electricity and gas delivered to customers through the end of the accounting period.

Allowance for Doubtful Accounts—The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

Retirement Benefit Obligations—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

In September 2006, the FASB issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans", (SFAS No. 158), an amendment of SFAS No. 87, "Employers' Accounting for Pensions", SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits," SFAS No. 106, "Employers' Accounting for Postretirement Benefits other than Pensions" and SFAS No. 132(R), "Employers' Disclosures about Pensions and Other Postretirement Benefits." SFAS No. 158 requires companies to record on their balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates. See Note 10.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and requires disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The Company's policy is to record those estimates in accordance with the American Institute of Certified Public Accountants Statement of Position 94-6, "Disclosure of Certain Significant Risks and Uncertainties."

Commitments and Contingencies—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with FASB Statement No. 5, "Accounting for Contingencies" (SFAS No. 5). SFAS No. 5 applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2008, the Company is not aware of any material commitments or contingencies other than those disclosed in the Commitments and Contingencies footnote to the Company's consolidated financial statements below. (See Note 7).

Utility Plant—The cost of additions to Utility Plant and the cost of renewals and betterments are capitalized. Cost consists of labor, materials, services and certain indirect construction costs, including an allowance for funds used during construction (AFUDC). The average interest rates applied to AFUDC were 4.58%, 5.73% and 4.92% in 2008, 2007 and 2006, respectively. The costs of current repairs and minor replacements are charged to appropriate operating expense accounts. The original cost of utility plant retired or otherwise disposed of and the cost of removal, less salvage, are charged to the accumulated provision for depreciation. The Company includes in its mass asset depreciation rates, which are periodically reviewed as part of its ratemaking proceedings, depreciation amounts to provide for future negative salvage value. At December 31, 2008 and December 31, 2007, the Company estimates that the negative salvage value of future retirements recorded on the balance sheet in Accumulated Depreciation, including $17.4 million in 2008 related to Northern Utilities, is $33.9 million and $16.2 million, respectively.

Depreciation and Amortization—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets, and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the

Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements. Depreciation provisions for Unitil'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: 2008 – 3.94%, 2007 – 4.29% and 2006 – 4.40%.

Environmental Matters—The Company's past and present operations include activities that are generally subject to extensive federal and state environmental laws and regulations. The Company has or will recover substantially all of the costs of the environmental remediation work performed to date from customers or from its insurance carriers. The Company believes it is in compliance with all applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2008, there are no material losses that would require additional liability reserves to be recorded other than those disclosed in Note 7, Commitments and Contingencies. Changes in future environmental compliance regulations or in future cost estimates of environmental remediation costs could have a material effect on the Company's financial position if those amounts are not recoverable in regulatory rate mechanisms.

Stock-based Employee Compensation—Unitil accounts for stock-based employee compensation using the fair value-based method as prescribed under FASB No. 123(R), "Share-Based Payment" (See Note 4).

Sales and Consumption Taxes—The Company bills its customers sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's Consolidated Statements of Earnings.

Income Taxes—Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's consolidated balance sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with FASB Statement No. 109, "Accounting for Income Taxes" (SFAS No. 109) and under FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes" (FIN 48), an interpretation of SFAS No. 109.

Dividends—The Company is currently paying a dividend at an annual rate of $1.38 per common share. The Company's dividend policy is reviewed periodically by the Board of Directors. The amount and timing of all dividend payments is subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors.

Other Recently Issued Pronouncements—On December 30, 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position No. FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets", (FSP FAS 132(R)-1) to provide guidance on an employers' disclosures about plan assets of a defined benefit pension or other postretirement plan. The disclosures about plan assets required by FSP FAS 132(R)-1 are to be provided for fiscal years ending after December 15, 2009. The Company does not expect that the adoption of the deferred sections of FSP FAS 132(R)-1 will have an impact on the Company's Consolidated Financial Statements.

On September 12, 2008, the FASB issued FASB Staff Position No. FAS 133-1 and FIN 45-4, "Disclosures about Credit Derivatives and Certain Guarantees: An Amendment of FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities", (SFAS No. 133) and FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others", (FIN 45); and Clarification of the Effective Date of FASB Statement No. 161, "Disclosures about Derivative Instruments and Hedging Activities, an amendment of FASB Statement No. 133" (SFAS No. 161)", (FSP FAS 133-1 and FIN 45-4). FSP FAS 133-1 and FIN 45-4 is effective for reporting periods ending after November 15, 2008, with early adoption permitted. FSP

FAS 133-1 and FIN 45-4 (i) amends SFAS No. 133 to require disclosures by sellers of credit derivatives, including credit derivatives embedded in a hybrid instrument, (ii) amends FIN 45 to require an additional disclosure about the current status of the payment/performance risk of a guarantee, and (iii) clarifies the FASB's intent about the effective date of SFAS No. 161. The Company adopted FSP FAS 133-1 and FIN 45-4 and there was no impact on its financial statements.

In May 2008, the FASB issued FASB Statement No. 162, "The Hierarchy of Generally Accepted Accounting Principles", (SFAS No. 162), effective 60 days following the SEC's September 2008 approval of the Public Company Accounting Oversight Board's amendments to AU Section 411. SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States. The Company adopted SFAS No. 162 and there was no impact on its financial statements.

In March 2008, the FASB issued SFAS No. 161, effective for fiscal years and interim periods beginning after November 15, 2008, with early adoption allowed. SFAS No. 161 amends and expands the disclosure requirements of SFAS No. 133 with the intent to provide users of financial statements with an enhanced understanding of an entity's use of derivative instruments and the effect of those derivative instruments on an entity's financial statements. The Company adopted SFAS No. 161 and there was no impact on its financial statements.

In December 2007, the FASB issued FASB Statement No. 141 (Revised 2007), "Business Combinations" (SFAS No. 141R), effective prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after December 15, 2008. SFAS No. 141R establishes principles and requirements on how an acquirer recognizes and measures in its financial statements identifiable assets acquired, liabilities assumed, noncontrolling interests in the acquiree, goodwill or gain from a bargain purchase and accounting for transaction costs. Additionally, SFAS No. 141R determines what information must be disclosed to enable users of the financial statements to evaluate the nature and financial effects of the business combination. The Company adopted SFAS No. 141R upon its effective date on January 1, 2009 and it will only impact future acquisitions, if any.

Reclassifications—Based on the Company's analysis certain amounts previously reported have been reclassified to conform to improve the financial statements' presentation and to conform to current year presentation, including the reclassification of $24.0 million of Noncurrent Assets to Current Assets and $20.0 million of Noncurrent Liabilities to Current Liabilities principally related to current collections and obligations of Regulatory Assets and Regulatory Liabilities for 2007.

Note 2: Subsequent Event—Issuance of Common Shares

As discussed in Note 3 below, on December 15, 2008, the Company issued and sold 2,000,000 shares of its common stock at a price of $20.00 per share in a registered public offering. As part of this offering, the Company granted the underwriters a 30-day over-allotment option to purchase additional shares. The underwriters exercised the over-allotment option and purchased an additional 270,000 shares of the Company's common stock in January 2009. The Company's net increases to Common Equity and Cash from the over-allotment sales were approximately $5.1 million (after payment of the underwriting discount and offering expenses) and were used to repay a portion of the short-term indebtedness used for the Company's acquisitions of Northern Utilities and Granite State. The Company recorded the issuance of the 270,000 shares, the sale proceeds and the increase in Common Equity in January 2009.

Note 3: Acquisitions

On December 1, 2008, the Company purchased (i) all of the outstanding capital stock of Northern Utilities, a natural gas distribution utility serving customers in Maine and New Hampshire, from Bay State and (ii) all of the outstanding capital stock of Granite State, an interstate gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource pursuant to the Stock Purchase Agreement (SPA) dated as of February 15, 2008 by and among NiSource, Bay State, and Unitil. The aggregate purchase price for the Acquisitions was $160 million in cash, plus an additional working capital adjustment of $49.2 million, including approximately $30.0 million of natural gas storage inventory. As part of the acquisition, the Company acquired cash of $6.9 million and incurred transition and transaction costs of $7.6 million.

The Company initially financed the Acquisitions and the related costs and expenses using borrowings under a bank financing facility with the Royal Bank of Canada. During December 2008, the Company repaid a portion of the bank financing facility using the net proceeds from: (i) the offering of the Company's common stock issued on December 15, 2008; (ii) the sale and issuance by Northern Utilities to institutional investors in a private placement of $80 million aggregate principal amount of long-term unsecured Notes on December 3, 2008; (iii) the sale and issuance by Granite State to institutional investors in a private placement of $10.0 million aggregate principal amount of long-term unsecured notes on December 15, 2008; and (iv) the receipt of proceeds from the financing by Northern Utilities of its gas storage inventory contemporaneously with the closing of the Acquisitions. At December 31, 2008, the amount remaining under the bank financing facility was $39.1 million. The Company expects to repay the outstanding balance under the bank financing facility prior to its maturity date of November 1, 2009 by issuing additional equity or debt.

The Company accounted for the Acquisitions under the purchase method of accounting for business combinations, in accordance with FASB Statement No. 141, "Business Combinations" (SFAS No. 141) and SFAS No. 71. In that process, the Company recognized and measured the identifiable assets acquired and the liabilities assumed. In compliance with SFAS No. 71 regulatory accounting, the Company carried forward the historical book amounts of Northern Utilities' and Granite State's utility plant and regulatory assets and liabilities. The remaining identifiable assets and liabilities have been recorded at fair value at the date of acquisition. Also, the Company measured and recognized an acquisition adjustment related to a bargain purchase relative to these values acquired against the purchase price. The results of Northern Utilities and Granite State have been included in the accompanying consolidated financial statements from the date of acquisition.

The following table represents the allocation of the total purchase price of Northern Utilities and Granite State to the acquired assets and liabilities of Northern Utilities and Granite State. The allocation represents the values assigned to each of the assets acquired and liabilities assumed. The purchase price allocation is preliminary and is subject to change due to several factors, including, but not limited to: (1) changes in the fair values of Northern Utilities' and Granite State's current assets and liabilities as of the date of the acquisition; (2) the actual transition and transaction costs incurred; and (3) changes in the Company's valuation estimates that may be made between now and the time the purchase price allocation is finalized.

Purchase Price Allocation
($ Millions)

	December 1, 2008
Equity Purchase Price	$ 160.0
Plus: Working Capital Adjustment	49.2
Aggregate Purchase Price	209.2
Transaction and Transition Costs	7.6
Total Cash Purchase Price	216.8
Allocation To:	
Book Value of Net Utility Plant	(196.0)
Cash Acquired	(6.9)
Accounts Receivable and Other Current Assets	(22.2)
Accrued Revenue	(9.4)
Gas Inventory	(32.3)
Regulatory Assets	(27.4)
Accounts Payable and Other Current Liabilities	17.8
Regulatory Liabilities	31.3
Plant Acquisition Adjustment	**$ (28.3)**

The Company will amortize, over a 10-year period, the transition and transaction costs co-terminus with the Plant Acquisition Adjustment.

Note 4: Equity

The Company has both common and preferred stock outstanding. Details regarding these forms of capitalization follow:

Common Stock

As of August 21, 2008 the Company's common stock began trading on the New York Stock Exchange and ceased trading on the American Stock Exchange. The Company's common stock will continue to trade under its current symbol, "UTL".

On September 10, 2008, the Company's shareholders, at a Special Meeting of Shareholders, approved an increase in the authorized shares of the Company's common stock. Shareholders approved an amendment to the Company's Articles of Incorporation to increase the authorized number of shares of the Company's common stock, from 8,000,000 shares to 16,000,000 shares in the aggregate. The Company had 7,791,617, and 5,740,023 of common shares outstanding at December 31, 2008 and December 31, 2007, respectively.

Unitil Corporation Common Stock Offering—On December 15, 2008, the Company issued and sold 2,000,000 shares of its common stock at a price of $20.00 per share in a registered public offering. The Company repaid $36.8 million outstanding under the bank financing facility for the Company's acquisitions of Northern Utilities and Granite State with the net proceeds from the sale and issuance of its common stock.

As part of this offering, the Company granted the underwriters a 30-day over-allotment option to purchase additional shares. The underwriters exercised the over-allotment option and purchased an additional 270,000 shares of the Company's common stock in January 2009. The Company's net increase to Common Equity and Cash proceeds from the over-allotment sales were approximately $5.1 million (after payment of the underwriting discount, but excluding estimated offering expenses) and were used to repay a portion of the bank financing for the Company's acquisitions of Northern Utilities and Granite State and to repay other short-term indebtedness. The Company recorded the issuance of the 270,000 shares, the sale proceeds and the increase in Common Equity in January 2009.

Dividend Reinvestment and Stock Purchase Plan—During 2008, the Company sold 32,754 shares of its common stock, at an average price of $25.87 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) plans. Net proceeds of $0.8 million were used to reduce short-term borrowings. The DRP 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. During 2007 and 2006, the Company raised $1.0 million and $1.0 million, respectively, of additional common equity through the issuance of 38,309 and 40,365 shares, respectively, of its common stock in connection with its DRP and 401(k) plans.

Shares Repurchased, Cancelled and Retired—During 2008, 2007 and 2006, Unitil did not repurchase, cancel or retire any of its common stock.

Stock-Based Compensation Plans—Unitil maintains a Restricted Stock plan and two stock option plans, which provided for the granting of options to key employees. The Company has adopted FASB Statement No. 123(R), "Accounting for Stock Based Compensation," and recognizes compensation costs at fair value at the date of grant. Details of the plans are as follows:

Restricted Stock Plan—On April 17, 2003, the Company's shareholders ratified and approved a Restricted Stock Plan (the Plan) which had been approved by the Company's Board of Directors at its January 16, 2003 meeting. Participants in the Plan are selected by the Compensation Committee of the Board of Directors from the eligible Participants to receive an annual award of restricted shares of Company common stock. The Compensation Committee has the power to determine the sizes of awards; determine the terms and conditions of awards in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the Plan as they apply to participants; establish, amend, or waive rules and regulations for the Plan's administration as they apply to participants; and, subject to the provisions of the Plan, amend the terms and conditions of any outstanding award to the extent such terms and conditions are within the discretion of the Compensation Committee as provided for in the Plan. Awards fully vest over a period of four years at a rate of 25% each year.

During the vesting period, dividends on restricted shares underlying the award may be credited to the participant's account. Awards may be grossed up to offset the participant's tax obligations in connection with the award. Prior to the end of the vesting period, the restricted shares are subject to forfeiture if the participant ceases to be employed by the Company other than due to the participant's death. The maximum number of shares of Restricted Stock available for awards to participants under the Plan is 177,500. The maximum aggregate number of shares of Restricted Stock that may be awarded in any one calendar year to any one participant is 20,000. In the event of any change in capitalization of the Company, the Compensation Committee is authorized to make proportionate adjustments to prevent dilution or enlargement of rights, including, without limitation, an adjustment in the maximum number and kinds of shares available for awards and in the annual award limit.

Restricted shares issued for 2006 – 2008 in conjunction with the Plan are presented in the following table:

Issuance Date	Shares	Aggregate Market Value (millions)
2/16/06	14,375	$0.4
2/9/07	9,020	$0.2
2/6/08	15,540	$0.4

The compensation expense associated with the issuance of shares under the Plan is being accrued over the vesting period and was $0.5 million, $0.4 million and $0.4 million in 2008, 2007 and 2006, respectively. At December 31, 2008, there was approximately $0.8 million of total unrecognized compensation cost related to non-vested shares under the Plan which is expected to be recognized over a weighted average of approximately 2.4 years as the shares vest. There were 21,024 and 18,511 non-vested shares under the Plan as of December 31, 2008 and 2007, respectively. The weighted average grant date fair value of these shares was $27.38 and $25.95, respectively. There were no cancellations or forfeitures under the Plan during 2008.

Unitil Corporation Key Employee Stock Option Plan—In the third quarter of 2007, the Company issued and sold 42,437 shares of its common stock, at a final average price of $10.70 per share, in connection with the exercise of stock options under the Unitil Corporation Key Employee Stock Option Plan (KESOP) which expired in 2007. The aggregate intrinsic value of the options exercised was $0.8 million. As of December 31, 2007, there are no options remaining under the KESOP. Net proceeds of $0.5 million were used by the Company to reduce short-term borrowings.

The total compensation expenses recorded by the Company with respect to this plan were $57,000 and $54,000 for the years ended December 31, 2007 and 2006, respectively. There was no compensation expense recorded for the year ended December 31, 2008 with respect to this plan.

Share Option Activity of the "Unitil Corporation Key Employee Stock Option Plan" is presented in the following table:

	2007	2006
Beginning Options Outstanding and Exercisable	**25,000**	25,000
Dividend Equivalents Earned—Prior Years	**15,388**	13,202
Dividend Equivalents Earned—Current Year	**2,049**	2,186
Options Exercised	**(42,437)**	—
Ending Options Outstanding and Exercisable	**—**	40,388
Weighted Average Exercise Price per Share	**$10.70**	$11.25
Range of Option Exercise Price per Share	**$12.11-$18.28**	$12.11-$18.28
Weighted Average Remaining Contractual Life	**n/a**	0.9 years

Unitil Corporation 1998 Stock Option Plan—The "Unitil Corporation 1998 Stock Option Plan" became effective on December 11, 1998. The number of shares granted under this plan, as well as the terms and conditions of each grant, are determined by the Compensation Committee of the Board of Directors, subject to plan limitations. All options granted under this plan vest over a three-year period from the date of the grant, with 25% vesting on the first anniversary of the grant, 25% vesting on the second anniversary, and 50% vesting on the third anniversary. Under the terms of this plan, key employees may be granted options to purchase the Company's common stock at no less than 100% of the market price on the date the option is granted. All options must be exercised no later than 10 years after the date on which they were granted. This plan was terminated on January 16, 2003.

In 2008, the Company issued and sold 3,300 shares of its common stock, at a final average price of $24.51 per share, in connection with the exercise of stock options under the Unitil Corporation 1998 Stock Option Plan. The aggregate intrinsic value of the options exercised was less than $0.1 million. Net proceeds of $0.1 million were used by the Company to reduce short-term borrowings. There was no compensation expense associated with this plan in 2008, 2007 and 2006. The plan will remain in effect solely for the purposes of the continued administration of all options currently outstanding under the plan. No further grants of options will be made under this plan. As of December 31, 2008, there was no aggregate intrinsic value of the options exercisable. As of December 31, 2007, the intrinsic value of the options exercisable was $0.1 million.

	2008		2007		2006	
	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price
Beginning Options Outstanding	**107,000**	**$27.13**	107,000	$27.13	107,000	$27.13
Options Granted	**—**	**—**	—	—	—	—
Options Exercised	**(3,300)**	**$24.51**	—	—	—	—
Options Forfeited	**(6,500)**	**$27.99**	—	—	—	—
Ending Options Outstanding	**97,200**	**$27.16**	107,000	$27.13	107,000	$27.13
Options Vested and Exercisable- end of year	**97,200**	**$27.16**	107,000	$27.13	107,000	$27.13

The following summarizes certain data for the options outstanding at December 31, 2008:

Range of Exercise Prices	Options Vested, Exercisable and Outstanding	Weighted Average Exercise Price	Remaining Contractual Life
$20.00-$24.99	30,700	$23.38	0.2 years
$25.00-$29.99	34,500	$25.88	2.1 years
$30.00-$34.99	32,000	$32.17	1.1 years
	97,200		

Preferred Stock

Two of Unitil's distribution companies, Unitil Energy and Fitchburg, have $2.0 million of preferred stock outstanding. At December 31, 2008, Unitil Energy has $0.2 million of 6.00% Series Non-Redeemable, Non-Cumulative Preferred Stock series outstanding and Fitchburg has two series of Redeemable, Cumulative Preferred Stock outstanding, $0.8 million of 5.125% Series and $1.0 million of 8.00% Series.

Fitchburg is 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. In addition, Fitchburg may opt to redeem the Redeemable, Cumulative Preferred Stock at a given redemption price, plus accrued dividends.

The aggregate purchases of Redeemable, Cumulative Preferred Stock during 2008, 2007 and 2006 related to the annual redemption offer were $21,200, $21,700 and $22,000, respectively. The aggregate amount of sinking fund requirements of the Redeemable, Cumulative Preferred Stock for each of the five years following 2008 is $117,000 per year.

Earnings Per Share

The following table reconciles basic and diluted earnings per share.

(Millions except shares and per share data)	2008	2007	2006
Earnings Available to Common Shareholders	**$ 9.6**	$ 8.6	$ 7.9
Weighted Average Common Shares Outstanding—Basic (000's)	**5,830**	5,659	5,597
Plus: Diluted Effect of Incremental Shares (000's)	**—**	13	15
Weighted Average Common Shares Outstanding—Diluted (000's)	**5,830**	5,672	5,612
Earnings per Share—Basic and Diluted	**$ 1.65**	$ 1.52	$ 1.41

Weighted average options to purchase 97,200, 35,000 and 72,500 shares of common stock were outstanding during 2008, 2007 and 2006, respectively, but were not included in the computation of Weighted Average Common Shares Outstanding for purposes of computing diluted earnings per share, because the effect would have been antidilutive. Additionally, 15,985, 2,030 and 24,256 weighted average non-vested restricted shares for 2008, 2007 and 2006, respectively, were not included in the above computation because the effect would have been antidilutive.

Note 5: Long-Term Debt, Credit Arrangements, Leases and Guarantees

The Company funds a portion of its operations through the issuance of long-term debt and through short-term borrowing arrangements. The Company's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their machinery, vehicles and office equipment. Details regarding long-term debt, short-term debt and leases follow:

Long-Term Debt and Interest Expense

Long-Term Debt Structure and Covenants—The agreements under which the long-term debt of Unitil and its utility subsidiaries, Unitil Energy, Fitchburg, Northern Utilities, and Granite State, were issued contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions and business combinations, as described below.

The long-term debt of Unitil is issued under Unsecured Promissory Notes with negative pledge provisions. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for Unitil to issue new long-term debt, the covenants of the existing long-term agreement(s) must be satisfied, including that Unitil have total funded indebtedness less than 70% of total capitalization, and earnings available for interest equal to at least two times the interest charges for funded indebtedness. Each future senior long-term debt issuance of Unitil will rank pari passu with all other senior unsecured long-term debt issuances. The Unitil agreement requires that if Unitil defaults on any other future long-term debt agreement(s), it would constitute a default under its present long-term debt agreement. Furthermore, the default provisions are triggered by the defaults of Unitil Energy and Fitchburg or certain other actions against subsidiary companies in the Unitil System.

Substantially all of the property of Unitil Energy is subject to liens of indenture under which First Mortgage Bonds (FMB) have been issued. In order to issue new FMB, the customary covenants of the existing Unitil Energy Indenture Agreement must be met, including that Unitil Energy have sufficient available net bondable plant to issue the securities and projected earnings available for interest charges equal to at least two times the annual interest requirement. The Unitil Energy agreements further require that if Unitil Energy defaults on any Unitil Energy FMB, it would constitute a default for all Unitil Energy FMB. The Unitil Energy default provisions are not triggered by the actions or defaults of Unitil or its other subsidiaries.

All of the long-term debt of Fitchburg, Northern Utilities and Granite State are issued under Unsecured Promissory Notes with negative pledge provisions. Each issue of long-term debt ranks pari passu with its other senior unsecured long-term debt within that subsidiary. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for Fitchburg, Northern Utilities or Granite State to issue new long-term debt, the covenants of the existing long-term agreements of that subsidiary must be satisfied, including that the subsidiary have total funded indebtedness less than 65% of total capitalization and earnings available for interest equal to at least two times the interest charges for funded indebtedness. As with the Unitil Energy agreements, the Fitchburg, Northern Utilities and Granite State agreements each require that if that subsidiary defaults on any of its own long-term debt agreements, it would constitute a default under all of that subsidiary's long-term debt agreements. Each of the Fitchburg, Northern Utilities and Granite State default provisions are not triggered by the actions or defaults of Unitil or any of its other subsidiaries.

The Unitil, Unitil Energy, Fitchburg, Northern Utilities and Granite State long-term debt instruments and agreements contain covenants restricting the ability of each company to incur liens and to enter into sale and leaseback transactions, and restricting the ability of each company to consolidate with, to merge with or into, or to sell or otherwise dispose of all or substantially all of its assets. The Granite State notes are guaranteed by Unitil for the payment of principal, interest and other amounts payable. This guarantee will terminate if Granite State is reorganized and merges with and into Northern Utilities.

At December 31, 2008, there were no restrictions on Unitil's Retained Earnings for the payment of common dividends. Unitil Energy, Fitchburg, Northern Utilities and Granite State pay dividends to their sole shareholder, Unitil Corporation, and these dividends are the primary source of cash for the payment of dividends to Unitil's common shareholders.

Debt Repayment and Sinking Funds—The total aggregate amount of sinking fund payments relating to bond issues and normal scheduled long-term debt repayments amounted to $363,755, $335,877, and $310,136 in 2008, 2007 and 2006, respectively.

The aggregate amount of bond sinking fund requirements and normal scheduled long-term debt repayments for each of the five years following 2008 is: 2009 – $393,946; 2010 – $426,643; 2011 – $462,055; 2012 – $500,405; and 2013 – $541,938, respectively.

Long-Term Debt Issuances—In connection with the Acquisitions, Northern Utilities issued $80.0 million aggregate principal amount of senior unsecured notes on December 3, 2008, and Granite State issued $10.0 million aggregate principal amount of senior unsecured notes on December 15, 2008., The net proceeds from the Northern Utilities and Granite State notes were used to recapitalize Northern Utilities and Granite State and to ultimately repay a portion of the Company's short-term bank financing facility used to fund the purchase price of the Acquisitions. The notes consist of:

(i) $30.0 million aggregate principal amount of 6.95% senior unsecured notes of Northern Utilities, which are due in 2018;

(ii) $50.0 million aggregate principal amount of 7.72% senior unsecured notes of Northern Utilities, which are due in 2038; and

(iii) $10.0 million aggregate principal amount of 7.15% senior unsecured notes of Granite State, which are due in 2018, along with a guarantee from Unitil for the payment of principal, interest and other amounts payable on the Granite State notes. This guarantee will terminate if Granite State is reorganized and merges with and into Northern Utilities.

On May 2, 2007, Unitil completed the sale of $20 million of Senior Long-Term Notes, through a private placement to institutional investors. The Notes have a term of 15 years maturity and a coupon rate of 6.33%. The Company utilized the proceeds from the long-term Note financing to refinance existing short-term debt and for other corporate purposes of the Company's principal utility subsidiaries.

On September 26, 2006 Unitil Energy issued and sold $15 million of Series O 6.32% First Mortgage Bonds, due September 15, 2036, to institutional investors in the form of a private placement. The proceeds from this long-term financing were used principally to permanently finance long-lived utility plant additions that had been previously financed on an interim basis with short-term bank borrowings.

Fair Value of Long-Term Debt—The fair value of the long-term debt of the Company and its subsidiaries 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. The fair value of the long-term debt of the Company and its subsidiaries at December 31, 2008 is estimated to be in a range of up to approximately $229 million, before considering any costs, including prepayment costs, to market the Company's debt. Currently, the Company believes that there is no active market in the Company's debt securities, which have all been sold through private placements.

Details on long-term debt at December 31, 2008 and 2007 are shown below:

Long-Term Debt (millions)	December 31, 2008	December 31, 2007
Unitil Corporation Senior Notes:		
6.33% Notes, Due May 1, 2022	**$ 20.0**	$ 20.0
Unitil Energy First Mortgage Bonds:		
8.49% Series, Due October 14, 2024	**15.0**	15.0
6.96% Series, Due September 1, 2028	**20.0**	20.0
8.00% Series, Due May 1, 2031	**15.0**	15.0
6.32% Series, Due September 15, 2036	**15.0**	15.0
Fitchburg Long-Term Notes:		
6.75% Notes, Due November 30, 2023	**19.0**	19.0
7.37% Notes, Due January 15, 2029	**12.0**	12.0
7.98% Notes, Due June 1, 2031	**14.0**	14.0
6.79% Notes, Due October 15, 2025	**10.0**	10.0
5.90% Notes, Due December 15, 2030	**15.0**	15.0
Northern Utilities Senior Notes:		
6.95% Senior Notes, Series A, Due December 3, 2018	**30.0**	—
7.72% Senior Notes, Series B, Due December 3, 2038	**50.0**	—
Granite State Senior Notes:		
7.15% Senior Notes, Due December 15, 2018	**10.0**	—
Unitil Realty Corp. Senior Secured Notes:		
8.00% Notes, Due August 1, 2017	**4.7**	5.0
Total Long-Term Debt	**249.7**	160.0
Less: Current Portion	**0.4**	0.4
Total Long-Term Debt, Less Current Portion	**$249.3**	$159.6

Interest Expense, net—Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this monthly tracking and reconciling process will produce either an under-collected or an over-collected balance of costs. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Interest income is recorded on an under-collection of costs, which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

A summary of interest expense and interest income is provided in the following table:

Interest Expense, net (millions)

	2008	2007	2006
Interest Expense			
Long-term Debt	**$12.0**	$11.1	$ 9.5
Short-term Debt	**1.0**	1.1	1.5
Regulatory Liabilities	**0.1**	0.8	0.3
Subtotal Interest Expense	**13.1**	13.0	11.3
Interest Income			
Regulatory Assets	**(2.5)**	(2.9)	(3.1)
AFUDC[1] and Other	**(0.1)**	(0.5)	(0.4)
Subtotal Interest Income	**(2.6)**	(3.4)	(3.5)
Total Interest Expense, net	**$10.5**	$ 9.6	$ 7.8

(1) AFUDC—Allowance for Funds Used During Construction

Credit Arrangements

On November 26, 2008, Unitil entered into a $60 million, 364-day revolving credit agreement with Bank of America, N.A., as administrative agent, and a syndicate of lenders. Borrowings under the revolving credit agreement bear interest at a floating annual rate equal to the daily LIBOR (the London Interbank Offered Rate) reported by the British Banking Association plus the applicable margin. The Company has the option of locking in the daily rate applicable to outstanding loans for one-, two-, three- or six-month interest periods. The applicable margin was initially equal to 1.75%, increased to 3.50% on January 2, 2009, and may be increased over time if the Company does not meet specified conditions with respect to its equity capital. The revolving credit agreement contains customary terms and conditions for credit facilities of this type, including certain financial covenants, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit long-term debt to exceed 65% of capitalization at the end of each fiscal quarter. The Company had short-term debt outstanding through its revolving credit agreement of approximately $35.0 million and $18.8 million at December 31, 2008 and December 31, 2007, respectively.

The Company financed the Acquisitions and the related costs and expenses in part using borrowings under a bank financing facility. As of December 31, 2008, there was $39.1 million outstanding on this bank financing facility. Amounts outstanding under the bank financing facility accrue interest at either the Eurodollar Rate or the base rate, in each case plus the applicable margin. The Eurodollar Rate is based on an applicable LIBOR as increased by statutory reserve requirements. The base rate is the higher of (i) the prime rate of interest announced publicly by Royal Bank of Canada from time to time and (ii) the Federal Funds Rate plus 0.50%. The applicable margin is a range of interest rates that varies from 2.50% to 5.00% depending on the remaining term of the borrowings. The bank financing facility contains customary terms and conditions, including, without limitation, covenants restricting the Company's ability to (i) pay dividends, (ii) incur indebtedness and liens, (iii) merge or consolidate with another entity or (iv) sell, lease or otherwise dispose of all or substantially all assets.

The weighted average interest rates on all short-term borrowings were 3.8%, 5.6% and 5.5% during 2008, 2007 and 2006, respectively.

On November 1, 2008, Northern Utilities entered into a gas storage management agreement (the Agreement) pursuant to which (i) Northern Utilities released certain pipeline and storage capacity to an asset manager from November 1, 2008 through April 30, 2009 and (ii) the asset manager financed inventories associated with the released storage capacity from Northern Utilities contemporaneously with the closing of the Acquisitions. The Agreement requires Northern Utilities to repurchase quantities of natural gas over the course of the 2008/2009 winter heating season at a specified price and any remaining balance of the gas inventory on April 30, 2009 at the same price initially paid by the asset manager. The Agreement provides for the Company to issue a guarantee of payment of $15 million for the term of the agreement. There is $24.0 million outstanding at December 31, 2008 related to this Agreement.

Leases

Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

Total rental expense under operating leases charged to operations for the years ended December 31, 2008, 2007 and 2006 amounted to $389,000, $433,000 and $410,000 respectively. Fitchburg leases its operations facility in Fitchburg, Massachusetts under an operating lease, with a primary term through January 31, 2013. The lease agreement allows for three additional five-year renewal periods at the option of Fitchburg.

The following is a schedule of future operating lease payment obligations and future minimum lease payments under capital leases as of December 31, 2008:

Year Ending December 31, (000's)	Operating Leases	Capital Leases
2009	$ 929	$ 385
2010	823	345
2011	676	257
2012	549	97
2013	234	41
2014-2018	478	—
Total Payments	$3,689	$1,125

Guarantees

The Company also provides limited guarantees on certain energy and natural gas storage management contracts entered into by the three distribution utilities. The Company's policy is to limit these guarantees to two years or less. As of December 31, 2008 there are $18.0 million of guarantees outstanding and these guarantees extend through October 31, 2009. Of this amount, $15 million is related to Unitil's guarantee of payment for the term of the Northern Utilities' gas storage management agreement. These guarantees are not required to be recorded under the provisions of FASB Interpretation No. 45, "Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others."

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of December 31, 2008, the principal amount outstanding for the 8% Unitil Realty notes was $4.7 million. On December 15, 2008, the Company entered into a guarantee for the payment of principal, interest and other amounts payable on the $10 million Granite State notes due 2018. As of December 31, 2008, the principal amount outstanding for the 7.15% Granite State notes was $10.0 million. This guarantee will terminate if Granite State reorganizes and merges with and into Northern Utilities.

Note 6: Energy Supply

Electric Supply:

The transition to retail choice required the divestiture of Unitil's power supply arrangements and the procurement of replacement supplies, which provided the flexibility for migration of customers to and from utility service. Fitchburg, Unitil Energy, and Unitil Power each are members of the New England Power Pool (NEPOOL) and participate in the ISO New England, Inc. (ISO-NE) markets for the purpose of facilitating these wholesale electric power supply transactions, which are necessary to serve Unitil's customers.

As a result of restructuring of the electric utility industry in Massachusetts and New Hampshire, Unitil's customers in both New Hampshire and Massachusetts have the opportunity to purchase their electric supply from competitive suppliers. Retail choice has been successful for Unitil's largest customers. As of December 2008, 82 or 55% of Unitil's largest New Hampshire customers representing 18% of total New Hampshire electric sales and 27 or 84% of Unitil's largest Massachusetts customers representing 35% of total Massachusetts electric sales are purchasing their electric power supply in the competitive market. However, most residential and small commercial customers continue to purchase their electric supply through Unitil's local distribution utilities. The concentration of the competitive retail market on higher use customers has been a common experience throughout the New England electricity market.

Regulated Electric Power Supply

In order to provide regulated electric supply service to their customers, Unitil's distribution utilities enter into load-following wholesale electric power supply contracts with various wholesale suppliers.

Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service energy supply. MDPU policy dictates the pricing structure and duration of each of these contracts. Currently, all Basic Service power supply contracts for large general accounts are three months in duration and provide 100% of supply requirements. Basic Service power supply contracts for residential and small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements.

Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. Unitil Energy procures Default Service supply for its large general service accounts through competitive solicitations for power contracts of three months in duration for 100% of supply requirements. Unitil Energy procures Default Service supply for its other customers through a series of two one-year contracts and two three-year contracts, each providing 25% of the total supply requirements of the group.

The NHPUC and MDPU regularly investigate alternatives to their procurement policy, which may lead to future changes in this procurement structure.

Regional Electric Transmission and Power Markets

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economic manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England is performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated power system operation in a reliable manner and a supportive business environment for the development of a competitive electric marketplace.

Electric Power Supply Divestiture

Prior to May 1, 2003, Unitil Energy purchased all of its power supply from Unitil Power under the Unitil System Agreement, a FERC-regulated tariff, which provided for the recovery of all of Unitil Power's power supply-related costs on a cost pass-through basis. Effective May 1, 2003, Unitil Energy and Unitil Power amended the Unitil System Agreement, such that power sales from Unitil Power to Unitil Energy ceased, and Unitil Power sold substantially all of its entitlements under the remaining portfolio of power supply contracts. Under the amended Unitil System Agreement, Unitil Energy continues to pay contract release payments to Unitil Power for stranded costs associated with the portfolio sale and its other ongoing power supply-related costs. In connection with the implementation of retail choice, Unitil Power and Fitchburg divested substantially all of their long-term power supply contracts and interests in generation assets through the sale of the interest in those assets or the sale of the entitlements to the electricity provided by those generation assets and long-term power supply contracts.

Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Natural Gas Supply:

With the purchase of Northern Utilities on December 1, 2008, Unitil now manages gas supply for customers served by Northern Utilities in Maine and New Hampshire as well as customers served by Fitchburg in Massachusetts.

Fitchburg's residential and commercial and industrial (C&I) customers have the opportunity to purchase their natural gas supply from third-party vendors, although most of Fitchburg's customers continue to purchase such supplies at regulated rates from Fitchburg. Northern Utilities' C&I natural gas customers have the opportunity to purchase their natural gas supply from third-party vendors, and third-party supply is prevalent among Northern Utilities' larger C&I customers. Most small C&I customers, as well as all residential customers, purchase their gas supply at regulated rates from Northern Utilities as the provider of last resort. The costs associated with the acquisition of such wholesale natural gas supplies for customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically-adjusted rates and are included in Purchased Gas in the Consolidated Statements of Earnings.

Regulated Natural Gas Supply

Fitchburg purchases natural gas under contracts of one year or less, as well as from producers and marketers on the spot market. Fitchburg arranges for gas delivery to its city gate station or underground storage through its own long-term contracts with Tennessee Gas Pipeline, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to each storage facility within Fitchburg's service territory.

Fitchburg has available under firm contract 14,057 MMbtu per day of year-round and seasonal transportation and underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Northern purchases a majority of its natural gas from U.S. domestic and Canadian suppliers under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern arranges for gas delivery to its city gate station or underground storage through its own long-term contracts with various interstate pipeline and storage facilities, through peaking supply contracts delivered to its city gate station, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to each storage facility within Northern Utilities' service territory.

Northern has available under firm contract 100,000 MMbtu per day of year-round and seasonal transportation capacity to its distribution facilities, and 3.4 Bcf of underground storage. As a supplement to pipeline natural gas, Northern owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Note 7: Commitments and Contingencies

Subsequent Event

On December 15, 2008, the Company issued and sold 2,000,000 shares of its common stock at a price of $20.00 per share in a registered public offering. As part of this offering, the Company granted the underwriters a 30-day over-allotment option to purchase additional shares. The underwriters exercised the over-allotment option and purchased an additional 270,000 shares of the Company's common stock in January 2009. The Company's net increases to Common Equity and Cash from the over-allotment sales were approximately $5.1 million (after payment of the underwriting discount and offering expenses) and were used to repay a portion of the short-term indebtedness used for the Company's acquisitions of Northern Utilities and Granite State. The Company recorded the issuance of the 270,000 shares, the sale proceeds and the increase in Common Equity in January 2009.

Legal Proceedings

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. The complaint seeks an unspecified amount of damages including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. As of this date the complaint has not been served on Fitchburg. The Company believes this complaint is without merit, and will defend itself vigorously.

Regulatory Matters

Overview (Unitil Energy, Fitchburg, and Northern Utilities)—Unitil's distribution utilities deliver electricity and/or natural gas to all customers in the Company's service territory, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil Energy, Fitchburg, and Northern Utilities recover the cost of providing distribution service to their customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, most Unitil customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers have the opportunity to purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers, however, continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

In connection with the implementation of retail choice, Unitil Power and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next two to four years, is $81.9 million as of December 31, 2008 including $22.1 million in Accrued Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Unitil Energy—Unitil Energy provides electric distribution service to its customers pursuant to rates approved by the NHPUC. Its current electric distribution base rates were approved by the NHPUC in 2006 under a Settlement Agreement with the NHPUC. As the provider of last resort, Unitil Energy also provides its customers with electric power through Default Service at rates which reflect Unitil Energy's costs for wholesale supply with no profit or markup. Unitil Energy procures Default Service power for its larger commercial and industrial customers on a quarterly basis, and for its smaller commercial and residential customers through a portfolio of longer term contracts procured on a semi-annual basis. Unitil Energy recovers its costs for this service on a pass-through basis through reconciling rate mechanisms. As of December 31, 2008, approximately 80 percent of Unitil Energy's electric load was served by Default Service. The remaining portion was served by competitive third party suppliers. The vast majority of customers being served by competitive third party suppliers are large C&I customers. Most residential and small commercial customers continue to purchase their electric supply through the distribution utility.

Under its 2002 restructuring settlement, the NHPUC approved the divestiture of the long-term power supply portfolio by Unitil Power and tariffs for Unitil Energy for stranded cost recovery, including certain charges that remain subject to annual or periodic reconciliation or future review. Unitil Energy had recorded on its balance sheets $18.9 and $30.7 million as Energy Supply Contract Obligations, respectively, on the Company's Consolidated Balance Sheet as of December 31, 2008 and 2007, respectively, associated with these long-term purchase power stranded costs, which are included in Unitil's consolidated financial statements. These Energy Supply Contract Obligations are expected to be recovered principally over a period of approximately two years. Unitil Energy does not earn carrying charges on these regulatory assets as the timing of cash receipts and cash disbursements associated with these long-term obligations is matched through rates.

On March 14, 2008, Unitil Energy made its annual reconciliation and rate filing with the NHPUC under its restructuring plan, for rates effective May 1, 2008, including reconciliation of prior year costs and revenues, power supply and power supply-related stranded costs. The filing was approved on April 23, 2008. On July 9, 2008, Unitil Energy proposed an increase to its External Delivery Charge, effective September 1, 2008, reflecting higher transmission costs. The filing was approved on August 29, 2008.

On January 22, 2008, the NHPUC issued an order in its investigation into implementation of the federal Energy Policy Act of 2005 regarding the adoption of standards for time-based metering and interconnection. The NHPUC determined that it is appropriate to implement some form of time-based metering standards and ordered that the details, including cost-benefit analyses, form of rate design, time of implementation and applicable customer classes are to be determined in separate proceedings initiated by the NHPUC. The NHPUC also found that additional review of the energy standards for net metering, fuel diversity and fossil fuel generation efficiency as proposed in the Energy Policy Act of 2005 is not required due to action of the New Hampshire legislature and the NHPUC in adopting comparable standards.

On May 14, 2007, the NHPUC issued an order opening an investigation into the merits of instituting appropriate rate mechanisms, such as revenue decoupling, which would have the effect of removing obstacles to, and encouraging investment in, energy efficiency. On January 16, 2009, the NHPUC issued its decision in this matter, concluding that such rate mechanisms should only be implemented on a company-by-company basis in the context of an examination of company specific costs and revenues, service territory, customer mix and rate base investment.

Unitil Energy—Other: In July 2008, the State of New Hampshire enacted legislation that allows electric utilities to make investments in distributed energy resources, including energy efficiency and demand reduction technologies, as well as clean cogeneration and renewable generation.

Fitchburg—Electric Operations—Fitchburg provides electric distribution service to customers under unbundled distribution rates approved by the MDPU. Its current electric distribution base rates were approved by the MDPU in 2008. Fitchburg, as the provider of last resort, also provides its customers with electric power through Basic Service at rates which reflect Fitchburg's costs for wholesale supply with no profit or markup. Prices for Basic Service are set periodically based on market solicitations as approved by the MDPU. As of December 31, 2008, approximately 59 percent of Fitchburg's electric load was served by Basic Service. The remaining portion was served by competitive third party suppliers. The vast majority of customers being served by competitive third party suppliers are large commercial and industrial (C&I) customers.

As a result of the restructuring and the divestiture of Fitchburg's owned generation assets and buyout of Fitchburg's power supply obligations, Regulatory Assets on the Company's balance sheets include the following three categories: Energy Supply Contract Obligations associated with the divestiture of its long-term purchase power obligations; Recoverable Deferred Restructuring Charges resulting from the restructuring legislation's seven year rate cap; and Recoverable Generation-related Assets associated with the divestiture of generation plant owned by Fitchburg. Fitchburg earns carrying charges on the majority of the unrecovered balances of the Recoverable Deferred Restructuring Charges. The value of Fitchburg's Recoverable Deferred Restructuring Charges and Recoverable Generation-related Assets was approximately $29.1 million at December 31, 2008, and $32.1 million at December 31, 2007, including $4.1 million and $3.9 million, respectively, included in Accrued Revenue, and is expected to be recovered in Fitchburg's rates over the next four years. In addition, Fitchburg had recorded on its balance sheet $33.8 million at December 31, 2008, and $42.0 million at December 31, 2007, as Energy Supply Contract Obligations associated with the divestiture of its long-term purchase power contracts, which are included in Unitil's consolidated financial statements, and on which carrying charges are not earned as the timing of cash disbursements and cash receipts associated with these long-term obligations is matched through rates.

The Company received a final order from the MDPU on February 29, 2008 approving an electric rate increase of $2.1 million, effective March 1, 2008.

Pursuant to its approved electric restructuring plan, toward the end of each year Fitchburg submits its annual reconciliation of costs and revenues for Transition, Transmission, Standard Offer Service, and Default Service. Fitchburg's 2007 filing, submitted on December 3, 2007, was approved by the MDPU on August 19, 2008. On November 26, 2008, Fitchburg submitted its annual reconciliation filing for 2008. The rates were approved effective January 1, 2009, subject to further investigation. This matter remains pending.

Major Ice Storm—On December 11 and 12, 2008, a severe ice storm struck the New England region, causing extensive damage to electric facilities and loss of service to significant numbers of customers of several utilities. An estimated one million electric customers in the region were affected, including all of Unitil's 28,000 Massachusetts customers, and approximately half of its New Hampshire customers. Unitil was able to restore power to one-third of its Massachusetts customers within three days, and 80 percent of its customers by day seven, and the final Massachusetts customers, including those with individual service problems, were restored by day 13, December 24, 2008. On January 7, 2009, the MDPU opened an investigation into the Preparation and Response of the Massachusetts electric distribution companies to the December 12, 2008 Winter Storm. Each electric distribution company has been ordered to file a report detailing its response to the storm and outages, and its service restoration efforts with the MDPU by February 23, 2009. Public hearings have been held in each of the electric distribution utilities' service areas in Massachusetts. Based on its preliminary assessment, the Company has accrued and deferred approximately $10 million in costs for the repair and replacement of electric distribution systems damaged during the storm. The amount and timing of the cost recovery of these storm restoration expenditures will be determined in future regulatory proceedings. The Company does not believe these storm restoration expenditures and the timing of cost recovery will have a material adverse impact on the Company's financial condition or results of operations. This matter remains pending.

Fitchburg—Gas Operations—Fitchburg provides natural gas delivery service to its customers on a firm or interruptible basis under unbundled distribution rates approved by the MDPU. Its current distribution base rates were approved by the MDPU in 2007. Fitchburg's customers may purchase natural gas supplies from third-party vendors or purchase their natural gas from Fitchburg as the provider of last resort. Fitchburg collects its natural gas supply costs through a seasonal reconciling Cost of Gas Adjustment Clause and recovers other related costs through a reconciling Local Distribution Adjustment Clause.

Fitchburg—Other—On June 22, 2007, the MDPU opened an inquiry into revenue decoupling for gas and electric distribution utilities, generally defined as a ratemaking mechanism designed to eliminate or reduce the dependence of a utility's distribution revenues on sales. Revenue decoupling is intended to remove the disincentive a utility has to promote efforts to reduce energy consumption by its customers or to facilitate installation of distributed generation to displace electricity delivered by the utility. On July 16, 2008, the MDPU issued an order establishing a comprehensive plan for decoupling to be adopted by gas and electric distribution utilities on a going-forward basis, including company specific rate cases. Lost base revenue recovery associated with incremental energy efficiency savings will be allowed through 2012 consistent with the MDPU's expectation that, with limited exceptions, distribution companies will be operating under decoupling plans by year-end 2012. Each distribution company was required to notify the MDPU of when the company expects to file a rate case to implement decoupling. Fitchburg notified the MDPU that it will be prepared to file rate cases for each of its divisions by the third quarter of 2009, based upon a calendar 2008 test year, along with a comprehensive decoupling proposal and associated base rate adjustment mechanism. This matter remains pending before the MDPU.

On July 2, 2008, the Governor of Massachusetts signed into law "*The Green Communities Act*" (the GC Act), an energy policy legislation designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act includes provisions that:

- Require electric and natural gas distribution companies to file three-year energy efficiency investment plans designed to implement all available cost-effective energy efficiency and demand reduction resources; the plans are to include fully reconciling funding mechanisms;

- Require utility distribution companies to undertake various Green programs, including the solicitation of bids for long-term renewable energy procurement contracts for which utilities would be allowed remuneration on certain contract commitments;
- Establishes expanded authority for the MDPU to investigate mergers involving holding companies of public utilities;
- Increase the Renewable Portfolio Standard by 1% annually, requiring that by the year 2020 utilities and other electricity suppliers obtain 15% of the power they sell from renewable resources;
- Authorize electric distribution companies to construct, own, and operate up to 50 megawatts of solar generating capacity; and
- Modify the service quality performance penalty provision.

The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs.

Northern Utilities Acquisition—Northern Utilities is a New Hampshire corporation and a public utility under both New Hampshire and Maine law. Northern Utilities provides natural gas distribution services to a total of 52,000 customers in 44 New Hampshire and southern Maine communities. On December 1, 2008 Unitil completed the purchase of Northern Utilities from Bay State Gas Company (a subsidiary of NiSource, Inc.) and Granite State from NiSource Inc. The purchase agreement between Bay State, NiSource and Unitil was announced on February 19, 2008. Joint petitions on behalf of Unitil and Northern Utilities requesting approval of the purchase of Northern Utilities by Unitil were filed with the NHPUC and the MPUC on March 31, 2008. State regulatory approvals of Unitil's purchase of Granite State were not required. In August 2008, unopposed settlement agreements resolving all outstanding issues and recommending approval of the acquisition were filed with the NHPUC and MPUC on behalf of Unitil, Northern Utilities and the active parties to the respective New Hampshire and Maine proceedings. The NHPUC approved the transaction on October 10, 2008. The MPUC issued an order approving the transaction with conditions on October 22, 2008, which it modified on November 5, 2008.

Although separately negotiated and filed with the MPUC and the NHPUC, the settlement agreements reflect several common topics (including regulatory authorizations, matters affecting rates, customer service provisions, service quality, gas safety and reliability, agreements regarding Granite State and reporting requirements) as follows:

The settlement agreements include the following authorizations and approvals:

- approval of Unitil's acquisition of Northern Utilities;
- approval of the amended Unitil Service Agreement adding Northern Utilities as a party;
- approval of the amended Unitil Cash Pooling Agreement adding Northern Utilities as a party; and
- approval of Northern Utilities' accounting deferral and 10-year amortization of transaction costs and transition costs resulting from the Company's acquisition of Northern Utilities and the Company's agreement not to seek recovery of these costs, or the transaction or transition costs of any other utility subsidiary, in rates.

The settlement agreements include the following commitments related to rates:

- agreement that synergy savings resulting from our acquisition of Northern Utilities will be retained by the Company until the next base rate change and then will flow to customers;
- agreement not to request a base rate change for Northern Utilities before November 1, 2010 unless (i) Northern Utilities' projected annual revenues are more than 8% below the level of total 2007 distribution revenues or (ii) the MPUC or NHPUC, as applicable, approves a plan to subject Granite State's rates to state regulation;
- agreement to allow Northern Utilities to recover prudently incurred integration costs for capitalized expenditures to build or upgrade systems or facilities required to independently operate Northern Utilities;

- agreement not to seek recovery in Northern Utilities' rates of any acquisition premium resulting from Unitil's acquisition of Northern Utilities and that any acquisition adjustment (positive or negative) shall be accounted for below the line for ratemaking purposes over a 10-year period;
- agreement to hold Northern Utilities' customers harmless for the elimination of historical accumulated deferred income tax (ADIT) liabilities resulting from its Internal Revenue Service Section 338(h)(10) election;
- agreement to use an imputed weighted cost of debt for ratemaking purposes until Northern Utilities' existing debt instruments would have matured; and
- agreement not to change Northern Utilities' existing depreciation rates for its Maine division until approved in the next general rate case.

The settlement agreements also contain the following commitments related to customers:

- agreement to implement a Low Income Program for Northern Utilities' Maine division, to provide additional customer payment options (including credit or debit cards and by internet and telephone) for Maine customers and to continue low income programs in Northern Utilities' New Hampshire division;
- agreement to review with the parties to the settlements communications that we develop to inform Northern Utilities' customers about our acquisition of Northern Utilities and to keep them apprised of the transition; and
- with respect to Maine, agreement to conduct a study of alternatives for the sale, lease, or use of the unused Portland manufactured gas site property that would best serve ratepayers' interests.

The settlement agreements contain the following commitments related to service quality, gas safety and reliability:

- agreement to improve and adhere to Northern Utilities' existing service quality plans in each jurisdiction; and
- agreement to provide notifications and safety reports based on several service quality and gas safety metrics, as well as implementing gas operations programs and practices.

The settlement agreements contain the following commitments related to Granite State:

- agreement to work collaboratively with the parties to the settlements to design and to conduct a comprehensive study of the issues and costs for modification of the physical, operational, regulatory, and corporate structure necessary for state regulation of Granite State and to provide a report within one year of the closing; and
- authorization for Northern Utilities to execute a firm service contract with Granite State for 100,000 Dekatherms (Dth) of capacity at Granite State's current recourse rate of $1.6666/ Dth for the period November 1, 2008 through October 31, 2010.

The settlement agreements contain the following commitments regarding affiliate books and records and transaction reporting:

- agreement to provide timely access to the books and records of any of Northern Utilities' affiliates at the discretion of the MPUC or the NHPUC, as applicable;
- agreement to file reports on our transition progress, business integration, costs, the Transition Services Agreement and costs while our acquisition of Northern Utilities was pending; and
- agreement to notify the MPUC and the NHPUC of any substantial changes in the financing terms.

In Massachusetts, the GC Act expanded the authority of the MDPU to review holding company mergers and sales of subsidiaries to determine how such transactions would affect the holding companies' Massachusetts' utility operating companies and their ratepayers. Unitil and Bay State filed a joint Petition with the MDPU on August 13 seeking an advisory determination that the recent statutory amendment was inapplicable to the proposed sale, or, alternatively, sought approval of the proposed sale. The MDPU declined to issue the advisory ruling, and determined that it had the requisite authority to review the transaction. After investigation and hearing, the MDPU issued its approval of the transaction on November 18, 2008.

Northern Utilities—Notices of Probable Violation—Beginning in October 2007, the MPUC initiated formal investigations into a number of Notices of Probable Violation (NOPVs) alleging that Northern Utilities had violated various provisions of the federal pipeline safety regulations, as adopted by the MPUC. Northern Utilities, the MPUC Staff and Unitil filed a comprehensive settlement (Settlement), which was approved by the MPUC on November 21, 2008, resolving these matters. Under the Settlement, Northern Utilities will incur total expenditures of approximately $3.8 million for certain safety related improvements for which no rate recovery will be allowed and obligations to be undertaken for Northern Utilities' distribution system to ensure compliance with the relevant state and federal gas safety laws. These compliance costs were accrued by Northern Utilities prior to the acquisition date and the remaining amount on the Company's balance sheet at December 31, 2008 was $3.1 million.

Northern Utilities—New Hampshire 2007/2008 Winter Cost of Gas—On October 31, 2007, the NHPUC issued Order No. 24,798 concerning the 2007/2008 winter cost of gas proceeding for Northern Utilities' New Hampshire division. In that order, the NHPUC noted that Northern Utilities had identified an unusually high level of lost and unaccounted for gas (UAFG), and ordered Northern Utilities to file a detailed report concerning its investigation of this matter. Through its investigation, Northern Utilities determined that the unaccounted for gas affected both its New Hampshire and Maine divisions, and that the cause appeared to be incorrect metering at the Maritimes & Northeast (M&NE) / Portland Natural Gas Transmission System's (PNGTS) Newington Gate Station caused by an erroneous meter module change. The metering equipment was operated and maintained by a third party, Spectra Energy, the parent company of M&NE. PNGTS and M&NE share joint ownership of the section of the pipeline connected to Granite State at the Newington Gate Station. The error caused Granite State to be billed for 758,702 Dth of natural gas, with Granite State then billing Northern Utilities for an equivalent amount, although the volumes of gas were not actually consumed. The meter error was corrected and Northern Utilities, Granite State, Spectra Energy and PNGTS reached an agreement whereby PNGTS will provide to Northern Utilities, through Granite State, gas volumes equal to the misread amounts to correct for the error, over a period of approximately 18 months. Both the NHPUC and the MPUC have approved this arrangement, as well as Northern Utilities' methodology for allocating the gas received to its Maine and New Hampshire divisions based upon the actual gas use over the period the meters were misread. As of December 31, 2008, Northern Utilities has recorded approximately $4.0 million reflecting the anticipated liability of the future refund amount based on current market prices with an offsetting receivable from Granite State.

Northern Utilities—Maine Capacity Costs—In its October 28, 2008 approval of Northern Utilities' Maine Division's Cost of Gas Factor for the 2008-2009 Winter Period, the MPUC approved recovery of an additional $0.5 million of annual demand costs that had been inadvertently omitted from Northern Utilities' reconciliation of the 2008-2009 Winter Period rates, although analogous costs had been included in its calculation of 2007-2008 Winter Period rates. The MPUC determined that recovery of these Local Production Capacity Costs was consistent with previous MPUC orders.

Northern Utilities also reported that, upon investigation, these annual demand costs, though approved, were incorrectly excluded from its reconciliation for five previous annual periods. The total impact for the five years is $2.4 million. On November 7, 2008, Northern Utilities filed a request with the MPUC seeking an accounting order allowing it to defer and amortize for recovery these unrecovered gas costs over a three year period. This matter remains pending.

Granite State—Granite State's interstate natural gas transmission pipeline system is regulated by the FERC under the Natural Gas Act, the Natural Gas Policy Act of 1978, and the Energy Policy Act of 2005. Granite State's system operates under a tariff approved by the FERC that establishes rates, cost recovery mechanisms, and terms and conditions of service for its customers. Additionally, interstate pipeline companies such as Granite State are subject to regulation by the U.S. Department of Transportation pursuant to the Natural Gas Pipeline Safety Act, which authorizes safety requirements in the design, construction, operations and maintenance of interstate natural gas transmission facilities. Granite State's last base rate case was resolved through stipulation and approved by the FERC on October 20, 1997. Granite State's Phase II rates, consistent with this stipulation became effective May 1, 1998.

FERC—Wholesale Power Markets—Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are market participants in the regional bulk power system administered by ISO-NE, the RTO in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economic manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England is coordinated on a regional basis. The ISO-NE Tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated power system operation in a reliable manner and a supportive business environment for the development of a competitive electric marketplace. The formation of an RTO and other wholesale market changes are not expected to have a material impact on Unitil's utility operations because of the cost recovery mechanisms for wholesale energy and transmission costs approved by the NHPUC and MDPU.

Environmental Matters

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2008, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site not recovered by insurance or other means in gas rates pursuant to terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. In addition, Fitchburg has filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. Any recovery that Fitchburg receives from insurance or third parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are split equally between Fitchburg and its gas customers.

Fitchburg is in the process of developing long-range plans for a feasible permanent remediation solution for the Sawyer Passway site, including alternatives for re-use of the site. Included on the Company's Consolidated Balance Sheet at December 31, 2008 and 2007 in Environmental Obligations is $11.1 million and $12.0 million, respectively, related to estimated future clean up costs for permanent remediation of the Sawyer Passway site. A corresponding Regulatory Asset was recorded to reflect that the recovery of this environmental remediation cost is probable through the regulatory process. The amounts recorded do not assume any amounts are recoverable from insurance companies or other third parties.

Northern Utilities Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid 1800s through the mid 1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. Northern Utilities believes material future costs will be recovered. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Include in the Company's Consolidated Balance Sheet at December 31, 2008 are current and non-current accrued liabilities totaling $1.6 million associated with Northern Utilities environmental remediation obligations for these former MGP sites. A corresponding Regulatory Asset was recorded to reflect that the recovery of these environmental remediation cost is probable through the regulatory process.

The Company's ultimate liability for future environmental remediation costs, including MGP site costs, may vary from estimates, which may be adjusted as new information or future developments become available. Based on the Company's current assessment of its environmental responsibilities, existing legal requirements and regulatory policies, the Company does not believe that these environmental costs will have a material adverse effect on the Company's consolidated financial position or results of operations.

The following table shows the balances and activity in the Company's liability for Environmental Obligations for 2008. The liability for Environmental Obligations was initially recognized on the Company's Consolidated Balance Sheet at December 31, 2006.

ENVIRONMENTAL OBLIGATIONS

	December 31,	
(Millions)	**2008**	**2007**
Balance at Beginning of Period	**$12.0**	$12.0
Liabilities Assumed	**1.6**	—
Provision	**—**	—
Payments / Reductions	**0.9**	—
Total Environmental Obligations—Balance at End of Period	**12.7**	12.0
Less: Current Portion [(1)]	**0.4**	—
Environmental Obligations—noncurrent—Balance at End of Period	**$12.3**	$12.0

(1) Reflects amounts included in Other Current Liabilities on the Company's Consolidated Balance Sheets.

Note 8: Bad Debts

Unitil's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. In 2006, 2007 and 2008, the Company recorded provisions for the energy commodity portion of bad debts of $1.7 million, $1.5 million and $2.1 million, respectively. These provisions were recognized in Purchased Electricity and Purchased Gas expense as the associated electric and gas utility revenues were billed. Purchased Electricity and Purchased Gas costs are recovered from customers through periodic rate reconciling mechanisms. Prior to 2006, the commodity portion of bad debt expense was recognized in Purchased Electricity and Purchased Gas expense when the accounts were actually written off from accounts receivable.

The following table shows the balances and activity in the Company's Allowance for Doubtful Accounts for 2006 – 2008.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

	Balance at Beginning of Period	(a) Other	Provision	Recoveries	Accounts Written Off	Balance at End of Period
Year Ended December 31, 2008						
Electric	**$1,005,548**	**$ —**	**$2,235,784**	**$239,752**	**$2,334,627**	**$1,146,457**
Gas	**225,301**	**1,361,889**	**1,430,914**	**164,821**	**1,401,236**	**1,781,689**
Other	**35,541**	**—**	**49,928**	**2,364**	**1,945**	**85,888**
	$1,266,390	**$1,361,889**	**$3,716,626**	**$406,937**	**$3,737,808**	**$3,014,034**
Year Ended December 31, 2007						
Electric	$1,264,102	$ —	$1,434,356	$147,497	$1,840,407	$1,005,548
Gas	438,159	—	971,958	113,924	1,298,740	225,301
Other	34,526	—	34,659	—	33,644	35,541
	$1,736,787	$ —	$2,440,973	$261,421	$3,172,791	$1,266,390
Year Ended December 31, 2006						
Electric	$ 342,791	$ —	$1,963,222	$136,399	$1,178,310	$1,264,102
Gas	110,031	—	1,325,650	134,802	1,132,324	438,159
Other	16,926	—	29,313	1,780	13,493	34,526
	$ 469,748	$ —	$3,318,185	$272,981	$2,324,127	$1,736,787

(a) Includes Allowance for Doubtful Accounts of Northern Utilities and Granite State, which were acquired on December 1, 2008.

Note 9: Income Taxes

Federal Income Taxes were provided for the following items for the years ended December 31, 2008, 2007 and 2006, respectively:

	2008	2007	2006
Current Federal Tax Provision (Benefit) (000's):			
Operating Income	**$(2,914)**	$4,522	$3,448
Total Current Federal Tax Provision (Benefit)	**(2,914)**	4,522	3,448
Deferred Federal Tax Provision (Benefit) (000's)			
Depreciation and Utility Plant	**5,159**	(444)	(656)
Regulatory Assets and Liabilities	**1,534**	(400)	790
Other, net	**121**	60	184
Total Deferred Federal Tax Provision (Benefit)	**6,814**	(784)	318
Total Federal Tax Provision	**$ 3,900**	$3,738	$3,766

The components of the Federal and State income tax provisions reflected as operating expenses in the accompanying consolidated statements of earnings for the years ended December 31, 2008, 2007 and 2006 are shown in the table below. In addition to the provisions for federal and state income taxes, the Company recorded provisions of $165,000, $203,000 and $211,000 in 2008, 2007 and 2006, respectively for state Business Enterprise taxes, which are included in Local Property and Other Taxes on the consolidated statements of earnings.

Federal and State Tax Provision (Benefit) (000's)	2008	2007	2006
Federal			
Current	**$(2,914)**	$4,522	$3,448
Deferred	**6,814**	(784)	318
Total Federal Tax Provision	**3,900**	3,738	3,766
State			
Current	**(42)**	896	337
Deferred	**592**	(138)	163
Total State Tax Provision	**550**	758	500
Total Provision for Federal and State Income Taxes	**$ 4,450**	$4,496	$4,266

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

	2008	2007	2006
Statutory Federal Income Tax Rate	**34%**	34%	34%
Income Tax Effects of:			
State Income Taxes, Net	**5**	5	5
Utility Plant Differences	**(6)**	(4)	(4)
Tax Credits and Other, Net	**(1)**	—	1
Effective Income Tax Rate	**32%**	35%	36%

Temporary differences, including the effect of deferred tax accounting on the assets and liabilities of Northern Utilities and Granite State acquired on December 1, 2008 (see Note 3 above), which gave rise to deferred tax assets and liabilities are shown below:

Deferred Income Taxes (000's)	2008	2007
Depreciation and Utility Plant	**$ 26,719**	$ 27,356
Regulatory Assets / Liabilities & Mechanisms	**30,071**	23,239
Retirement Benefit Obligations	**(23,029)**	(15,585)
Other	**(2,677)**	(1,627)
Total Deferred Income Tax Liabilities	**$ 31,084**	$ 33,383

The Company evaluated its tax positions at December 31, 2008 in accordance with FIN 48, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any unrecognized tax liabilities or assets as defined by FIN 48 is required. The Company does not have any unrecognized tax positions for which it is reasonably possible that the total amounts recognized will significantly change within the next 12 months. The Company remains subject to examination by Federal, Massachusetts and New Hampshire tax authorities for the tax periods ended December 31, 2005; December 31, 2006; and December 31, 2007. Income tax filings for the year ended December 31, 2008 are due March 15, 2009 but likely will be extended until September 15, 2009. The Company classifies penalty and interest expense related to income tax liabilities as an income tax expense. There are no material interest and penalties recognized in the statement of earnings or accrued on the balance sheet.

Note 10: Retirement Benefit Plans

The Company sponsors the following retirement benefit plans to provide certain pension and postretirement benefits for its retirees and current employees as follows:

- The Unitil Corporation Retirement Plan (Pension Plan)—The Pension Plan is a defined benefit pension plan covering substantially all of its employees. Under the Pension Plan, retirement benefits are based upon an employee's level of compensation and length of service.
- The Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan)—The PBOP Plan provides health care and life insurance benefits to retirees. The Company has established Voluntary Employee Benefit Trusts (VEBT), into which it funds contributions to the PBOP Plan.
- The Unitil Corporation Supplemental Executive Retirement Plan (SERP)—The SERP is an unfunded retirement plan, with participation limited to executives selected by the Board of Directors.

Effective with the acquisitions of Northern Utilities and Granite State, the Company assumed the assets and obligations of the Northern Utilities and Granite State pension plans with respect to active union employees. All other active employees of Northern Utilities and Granite State effectively became members of the Company's Pension Plan as of the acquisitions closing date.

Certain employees of Northern Utilities qualified for participation in the Company's PBOP Plan effective with the acquisition closing date.

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

Used to Determine Plan costs for years ended December 31:	**2008**	**2007**	**2006**
Discount Rate	**6.00%**	5.50%	5.50%
Rate of Compensation Increase	**3.50%**	3.50%	3.50%
Expected Long-term rate of return on plan assets	**8.50%**	8.50%	8.50%
Health Care Cost Trend Rate Assumed for Next Year	**8.50%**	8.50%	9.00%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%	4.00%
Year that Ultimate Health Care Cost Trend Rate is reached	**2017**	2016	2016
Effect of 1% Increase in Health Care Cost Trend Rate (000's)	**$ 675**	$ 690	$ 683
Effect of 1% Decrease in Health Care Cost Trend Rate (000's)	**$ (531)**	$ (539)	$ (530)
Used to Determine Benefit Obligations at December 31:			
Discount Rate	**6.25%**	6.00%	5.50%
Rate of Compensation Increase	**3.50%**	3.50%	3.50%
Health Care Cost Trend Rate Assumed for Next Year	**8.00%**	8.50%	8.50%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%	4.00%
Year that Ultimate Health care Cost Trend Rate is reached	**2017**	2017	2016
Effect of 1% Increase in Health Care Cost Trend Rate (000's)	**$ 6,084**	$ 6,282	$ 6,381
Effect of 1% Decrease in Health Care Cost Trend Rate (000's)	**$(4,890)**	$(5,030)	$(5,091)

The Discount Rate assumptions used in determining retirement plan costs and retirement plan obligations are based on a market average of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. For 2008, 2007 and 2006, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $200,000 in the Net Periodic Benefit Cost (NPBC). The Rate of Compensation Increase assumption used for 2008, 2007 and 2006 was 3.50%, based on the expected long-term increase in compensation costs for personnel covered by the plans.

The Expected Long-Term Rate of Return on plan assets assumption used by the Company is developed based on input from actuaries and investment managers. The Company's Expected Long-Term Rate of Return on plan assets is based on target investment allocation of 60% in common stock equities and 40% in fixed income securities. The actual investment allocations are shown in the table below.

	Target Allocation 2009	Actual Allocation at December 31, 2008	2007	2006
Equity Securities	58%	**54%**	57%	61%
Debt Securities	32%	**35%**	43%	39%
Other	10%	**11%**	0%	0%
Total		**100%**	100%	100%

The combination of these target allocations and expected returns resulted in the overall assumed long-term rate of return of 8.50% for 2008. The Company evaluates the actuarial assumptions, including the expected rate of return, at least annually. The desired investment objective is a long-term rate of return on assets that is approximately 6% greater than the assumed rate of inflation as measured by the Consumer Price Index. The target rate of return for the Plans has been based upon an analysis of historical returns supplemented with an economic and structural review for each asset class.

The following table provides the components of the Company's Retirement plan costs ($000's):

	Pension Plan 2008	Pension Plan 2007	Pension Plan 2006	PBOP Plan 2008	PBOP Plan 2007	PBOP Plan 2006	SERP 2008	SERP 2007	SERP 2006
Service Cost	**$ 1,979**	$ 1,968	$ 1,800	**$ 1,447**	$ 1,431	$ 1,283	**$150**	$163	$148
Interest Cost	**3,800**	3,336	3,153	**2,212**	2,057	2,028	**126**	118	103
Expected Return on Plan Assets	**(4,390)**	(4,195)	(3,775)	**(325)**	(245)	(194)	**—**	—	—
Prior Service Cost Amortization	**119**	106	107	**1,390**	1,360	1,360	**(1)**	(2)	(2)
Transition Obligation Amortization	**—**	—	—	**21**	21	21	**—**	—	17
Actuarial Loss Amortization	**1,274**	1,345	1,324	**—**	70	160	**24**	44	39
Sub-total	**2,782**	2,560	2,609	**4,745**	4,694	4,658	**299**	323	305
Amounts Capitalized and Deferred	**(893)**	(873)	(1,014)	**(1,872)**	(2,033)	(2,217)	**—**	—	—
NPBC Recognized	**$ 1,889**	$ 1,687	$ 1,595	**$ 2,873**	$ 2,661	$ 2,441	**$299**	$323	$305

The estimated amortizations related to Actuarial Loss and Prior Service Cost included in the Company's Retirement plan costs over the next fiscal year is $1.9 million, $1.7 million and $0.1 million for the Pension, PBOP and SERP plans, respectively.

The Company bases the actuarial determination of pension expense on a market-related valuation of assets, which reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a three-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the fair value of assets. Since the market-related value of assets recognizes gains or losses over a three-year period, the future value of the market-related assets will be impacted as previously deferred gains or losses are recognized. The Company's pension expense for the years 2008, 2007 and 2006 before capitalization and deferral was $2.8 million, $2.6 million and $2.6 million, respectively. Had the Company used the fair value of assets instead of the market-related value, pension expense for the years 2008, 2007 and 2006 would have been $2.9 million, $2.5 million and $2.8 million respectively.

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

	Pension Plan		PBOP Plan		SERP	
Change in Plan Assets:	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Plan Assets at Beginning of Year	**$ 52,162**	$ 49,527	**$ 4,144**	$ 3,052	**$ —**	$ —
Actual Return on Plan Assets	**(15,542)**	2,480	**(784)**	89	**—**	—
Employer Contributions	**2,800**	2,800	**2,700**	2,500	**59**	72
Estimated Acquired Plan Assets	**2,500**	—	**—**	—	**—**	—
Benefits Paid	**(2,796)**	(2,645)	**(1,699)**	(1,497)	**(59)**	(72)
Plan Assets at End of Year	**$ 39,124**	$ 52,162	**$ 4,361**	$ 4,144	**$ —**	$ —
Change in PBO:						
PBO at Beginning of Year	**$ 64,429**	$ 62,027	**$ 37,983**	$ 38,107	**$ 2,144**	$ 2,179
Service Cost	**1,979**	1,968	**1,447**	1,431	**150**	163
Interest Cost	**3,800**	3,336	**2,212**	2,057	**126**	118
Estimated Acquired Obligations	**4,442**	—	**2,610**	—	**—**	—
Benefits Paid	**(2,796)**	(2,645)	**(1,699)**	(1,497)	**(59)**	(72)
Actuarial (Gain) or Loss	**(1,468)**	(257)	**(4,898)**	(2,115)	**569**	(244)
PBO at End of Year	**$ 70,386**	$ 64,429	**$ 37,655**	$ 37,983	**$ 2,930**	$ 2,144
Funded Status: Assets vs PBO	**$(31,262)**	$(12,267)	**$(33,294)**	$(33,839)	**$(2,930)**	$(2,144)

In September 2006, the FASB issued SFAS No. 158 which requires companies to record on their balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations based on the projected benefit obligation. The Company has recognized Regulatory Assets of $45.5 million and $35.1 million at December 31, 2008 and 2007, respectively, to recognize the future collection of these plan obligations in electric and gas rates.

In accordance with SFAS No. 132 "Employers Disclosures about Pensions and Other Postretirement Benefits," the Accumulated Benefit Obligation (ABO) is required to be disclosed for all plans where the ABO is in excess of plan assets. The difference between the PBO and the ABO is that the PBO includes projected compensation increases. The ABO for the Pension Plan was $61.1 million and $55.1 million as of December 31, 2008 and 2007, respectively. The ABO for the SERP was $0.5 million and $0.6 million as of December 31, 2008 and 2007, respectively. For the PBOP Plan, the ABO and PBO are the same.

On August 17, 2006, the Pension Protection Act of 2006 (PPA) was signed into law. Included in the PPA were new minimum funding rules which went into effect for plan years beginning in 2008. The funding target was 100% of a plan's liability (as determined under the PPA) with any shortfall amortized over seven years, with lower (92% - 100%) funding targets available to well-funded plans during the transition period. Due to the significant declines in the valuation of capital markets during 2008, the Worker, Retiree, and Employer Recovery Act of 2008 (Recovery Act) was signed into law on December 23, 2008. Included in the Recovery Act are temporary modifications to the minimum funding rules set forth in the PPA such that all plans, except those that were subject to deficit reduction contribution requirements in

2007, are allowed to amortize any shortfall from the lower funding targets, rather than the 100% target, for the 2008 - 2010 plan years. This did not affect the Company's Pension Plan in 2008 as its Pension Plan was 99% funded under the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as of January 1, 2008 and met the exemption from the shortfall amortization. The Company expects to contribute approximately $4.0 million to fund its Pension Plan in 2009.

The following table represents employer contributions and benefit payments ($000's). There were no participant contributions.

	Pension Plan			PBOP Plan			SERP		
	2008	**2007**	**2006**	**2008**	**2007**	**2006**	**2008**	**2007**	**2006**
Employer Contributions	**$2,800**	$2,800	$2,510	**$2,700**	$2,500	$2,210	**$59**	$72	$72
Benefit Payments	**$2,796**	$2,645	$2,476	**$1,699**	$1,497	$1,540	**$59**	$72	$72

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

	Estimated Future Benefit Payments		
	Pension	**PBOP**	**SERP**
2009	$ 3,356	$ 1,360	$ 52
2010	3,557	1,554	51
2011	3,718	1,709	50
2012	3,834	1,844	49
2013	4,166	1,983	315
2014 - 2018	$23,669	$11,555	$1,551

Employee 401(k) Tax Deferred Savings Plan—The Company sponsors the Unitil Corporation Tax Deferred Savings and Investment Plan (the 401(k) Plan) under Section 401(k) of the Internal Revenue Code and covering substantially all of the Company's employees. Participants may elect to defer current compensation by contributing to the plan. The Company matches contributions, with a maximum matching contribution of 3% of current compensation. Employees may direct, at their sole discretion, the investment of their savings plan balances (both the employer and employee portions) into a variety of investment options, including a Company common stock fund. 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 401(k) Plan was $542,000, $533,000 and $528,000 for the years ended December 31, 2008, 2007, and 2006, respectively.

Note 11: Segment Information

Unitil reports four segments: utility electric operations, utility gas operations, other, and non-regulated. Unitil's principal business is the local distribution of electricity in the southeastern seacoast and state capitol regions of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine.

Granite State is an interstate natural gas transmission pipeline company, operating 87 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transmission services provided to Northern Utilities and, to a lesser extent, third-party marketers.

Unitil Resources is the Company's wholly owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to large commercial and industrial customers in the northeastern United States. Unitil Realty and Unitil Service provide centralized facilities, operations and administrative services to support the affiliated Unitil companies.

Unitil Realty, Unitil Service and the holding company are included in the "Other" column of the table below. Unitil Service provides centralized management and administrative services, including information systems management and financial record keeping. Unitil Realty owns certain real estate, principally the Company's corporate headquarters. The earnings of the holding company are principally derived from income earned on short-term investments and real property owned for Unitil and its subsidiaries' use. Unitil Resources and Usource are included in the Non-Regulated column below.

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 and preferred stock dividends. Expenses used to determine operating income before taxes are charged directly to each segment or are allocated based on cost allocation factors included in rate applications approved by the NHPUC, MDPU, and MPUC. Assets allocated to each 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, 2008, 2007 and 2006 (Millions):

Year Ended December 31, 2008	Electric	Gas	Other	Non-Regulated	Total
Revenues	**$227.5**	**$ 56.9**	**$ —**	**$ 3.8**	**$288.2**
Interest Income	**2.2**	**0.1**	**0.3**	**—**	**2.6**
Interest Expense	**8.7**	**2.3**	**2.1**	**—**	**13.1**
Depreciation & Amortization Expense	**13.1**	**5.2**	**0.8**	**—**	**19.1**
Income Tax Expense (Benefit)	**1.9**	**2.6**	**(0.3)**	**0.2**	**4.4**
Segment Profit (Loss)	**5.2**	**4.3**	**(0.2)**	**0.3**	**9.6**
Segment Assets	**351.9**	**362.3**	**20.0**	**1.0**	**735.2**
Capital Expenditures	**19.7**	**7.6**	**1.0**	**—**	**28.3**
Year Ended December 31, 2007					
Revenues	$225.0	$ 34.2	$ —	$ 3.7	$262.9
Interest Income	2.8	0.1	0.5	—	3.4
Interest Expense	9.6	2.1	1.3	—	13.0
Depreciation & Amortization Expense	12.6	3.8	1.3	0.1	17.8
Income Tax Expense (Benefit)	3.8	0.4	0.1	0.2	4.5
Segment Profit (Loss)	7.3	1.0	—	0.3	8.6
Segment Assets	334.1	111.9	27.8	0.8	474.6
Capital Expenditures	26.2	6.1	0.2	—	32.5
Year Ended December 31, 2006					
Revenues	$225.2	$ 33.3	$ —	$ 2.4	$260.9
Interest Income	3.0	0.1	0.4	—	3.5
Interest Expense	9.5	1.1	0.6	0.1	11.3
Depreciation & Amortization Expense	11.2	3.5	1.3	0.1	16.1
Income Tax Expense (Benefit)	4.2	0.1	0.1	(0.1)	4.3
Segment Profit (Loss)	7.0	0.5	0.6	(0.2)	7.9
Segment Assets	346.7	113.1	22.7	0.9	483.4
Capital Expenditures	26.3	7.2	0.1	—	33.6

Note 12: Quarterly Financial Information (unaudited; Millions, except per share data)

Quarterly earnings per share may not agree with the annual amounts due to rounding. Basic and Diluted Earnings per Share are the same for the periods presented.

	Three Months Ended							
	March 31,		June 30,		September 30,		December 31,	
	2008	2007	2008	2007	2008	2007	2008	2007
Total Operating Revenues	**$ 71.9**	$ 77.8	**$ 59.4**	$ 59.0	**$ 69.1**	$ 61.8	**$ 87.8**	$ 64.3
Operating Income	**$ 6.0**	$ 4.7	**$ 4.2**	$ 4.3	**$ 3.9**	$ 3.9	**$ 6.4**	$ 5.6
Net Income Applicable to Common	**$ 3.3**	$ 2.6	**$ 1.6**	$ 1.7	**$ 1.5**	$ 1.6	**$ 3.2**	$ 2.7
	Per Share Data:							
Earnings Per Common Share	**$ 0.57**	$ 0.46	**$ 0.28**	$ 0.30	**$ 0.27**	$ 0.28	**$ 0.53**	$ 0.48
Dividends Paid Per Common Share	**$0.345**	$0.345	**$0.345**	$0.345	**$0.345**	$0.345	**$0.345**	$0.345

Note 13: Unaudited Pro Forma Financial Data Related To Acquisitions

On December 1, 2008, the Company acquired Northern Utilities and Granite State, as discussed in Note 3. Had the results of operations for Northern Utilities and Granite State been combined with the Company as of the beginning of 2007, the Company's pro forma results for 2008 and 2007 would have been as follows:

	Year ended December 31,	
(Millions, except per share amounts) (Unaudited)	2008	2007
Revenues	**$395.5**	$396.2
Earnings Applicable to Common Shareholders	**$ 6.9**	$ 10.2
Earnings per Share		
Basic	**$ 0.88**	$ 1.33
Diluted	**$ 0.88**	$ 1.33

The Unaudited Pro Forma Financial Data include non-recurring charges to operating expenses of $1.7 million, after tax, related to compliance violation penalties incurred by Northern Utilities in 2007 and $2.5 million, after tax, related to compliance violation penalties incurred by Northern Utilities in 2008.

The Unaudited Pro Forma Financial Data are presented for illustrative purposes only and do not indicate the financial results of the combined companies had the companies actually been combined and had the impact of possible revenue enhancements and expense efficiencies, among other factors, been considered, and is not intended to be a projection of future results.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2008. Based upon this evaluation, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of December 31, 2008 that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) are effective.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). In addition, management is required to report their assessment, including their evaluation criteria, on the design and operating effectiveness of the Company's internal control over financial reporting in this Form 10-K.

The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. The Company's internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes policies and procedures which provide reasonable assurances that transactions are properly initiated, authorized, recorded, reported and disclosed, and provide reasonable assurances regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

During 2008, management conducted an assessment of the Company's internal control over financial reporting reflected in the financial statements, based upon criteria established in the "Internal Control – Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Our assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of Northern Utilities, Inc. and Granite State Gas Transmission, Inc., businesses that we acquired on December 1, 2008 and which are included in the Company's 2008 consolidated financial statements. Total assets for Northern Utilities and Granite State were $250.8 million and $22.9 million, respectively, as of December 31, 2008. Total revenues for Northern Utilities and Granite State were $21.8 million and $0.4 million, respectively, for the year ended December 31, 2008, reflecting the period of December 1, 2008 through December 31, 2008.

Based on management's assessment, which included a comprehensive review of the design and operating effectiveness of the Company's internal control over financial reporting, management believes the Company's internal control over financial reporting is designed and operating effectively as of December 31, 2008.

The effectiveness of our internal control over financial reporting as of December 31, 2008 has been audited by Vitale, Caturano and Company, an independent registered public accounting firm. Their report appears in Item 8.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during the fiscal quarter ended December 31, 2008 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information

None

PART III

Item 10. Directors and Executive Officers of the Registrant

Information required by this Item is set forth in Part I, Item 1 of this Form 10-K. Information regarding the Company's Code of Ethics is set forth in the "Corporate Governance and Policies of the Board" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 16, 2009.

Item 11. Executive Compensation

Information required by this Item is set forth in the "Compensation Discussion and Analysis" and "Compensation of Named Executive Officers" sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 16, 2009.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this Item is set forth in the "Beneficial Ownership" and "As to the Election of Directors" sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 16, 2009, as well as the Equity Compensation Plan Benefit Information table in Part II, Item 5 of this Form 10-K.

Item 13. Certain Relationships and Related Transactions

None

Item 14. Principal Accountant Fees and Services

Information required by this Item is set forth in the "Principal Accountant Fees and Services" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 16, 2009.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) and (2) – **LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES**

The following financial statements are included herein under Part II, Item 8, Financial Statements and Supplementary Data:

- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets—December 31, 2008 and 2007
- Consolidated Statements of Earnings for the years ended December 31, 2008, 2007, and 2006
- Consolidated Statements of Cash Flows for the years ended December 31, 2008, 2007, and 2006
- Consolidated Statements of Changes in Common Stock Equity for the years ended December 31, 2008, 2007, and 2006
- Notes to Consolidated Financial Statements

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions, are not applicable, or information required is included in the financial statements or notes thereto and, therefore, have been omitted.

(3) – **LIST OF EXHIBITS**

Exhibit Number	Description of Exhibit	Reference*
3.1	Articles of Incorporation of the Company.	Exhibit 3.1 to Form S-14 Registration Statement 2-93769
3.2	Articles of Amendment to the Articles of Incorporation Filed on March 4, 1992.	Exhibit 3.2 to Form 10-K for 1991
3.3	Articles of Amendment to the Articles of Incorporation Filed on September 23, 2008.	Exhibit 3.3 to Form S-3/A dated November 25, 2008
3.4	By-laws of the Company.	Exhibit 4 to Form S-8 Registration Statement 333-73327
3.5	Articles of Exchange of Concord Electric Company (CECo), Exeter & Hampton Electric Company (E&H) and the Company.	Exhibit 3.3 to 10-K for 1984
3.6	Articles of Exchange of CECo, E&H, and the Company - Stipulation of the Parties Relative to Recordation and Effective Date.	Exhibit 3.4 to Form 10-K for 1984
3.7	The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg Gas and Electric Light Company (Fitchburg) and UMC Electric Co., Inc. (UMC).	Exhibit 25(b) to Form 8-K dated March 1, 1989
3.8	Amendment No. 1 to The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg and UMC.	Exhibit 28(b) to Form 8-K dated December 14, 1989

Exhibit Number	Description of Exhibit	Reference*
4.1	Twelfth Supplemental Indenture of Unitil Energy Systems, Inc., successor to Concord Electric Company, dated as of December 2, 2002, amending and restating the Concord Electric Company Indenture of Mortgage and Deed of Trust dated as of July 15, 1958.	Exhibit 4.1 to Form 10-K for 2002
4.2	Fitchburg Note Agreement dated November 30, 1993 for the 6.75% Notes due November 23, 2023.	Exhibit 4.18 to Form 10-K for 1993
4.3	Fitchburg Note Agreement dated January 26, 1999 for the 7.37% Notes due January 15, 2028.	Exhibit 4.25 to Form 10-K for 1999
4.4	Fitchburg Note Agreement dated June 1, 2001 for the 7.98% Notes due June 1, 2031.	Exhibit 4.6 to Form 10-Q for June 30, 2001
4.5	Unitil Realty Corp. Note Purchase Agreement dated July 1, 1997 for the 8.00% Senior Secured Notes due August 1, 2017.	Exhibit 4.22 to Form 10-K for 1997
4.6	Fitchburg Note Agreement dated October 15, 2003 for the 6.79% Notes due October 15, 2025.	Exhibit 4.7 to Form 10-K for 2003
4.7	Fitchburg Note Agreement dated December 21, 2005 for the 5.90% Notes due December 15, 2030.	**
4.8	Thirteenth Supplemental Indenture of Unitil Energy Systems, Inc., dated as of September 26, 2006.	**
4.9	Unitil Corporation Note Purchase Agreement, dated as of May 2, 2007, for the 6.33% Senior Notes due May 1, 2022.	**
4.10	Northern Utilities Note Purchase Agreement, dated as of December 3, 2008, for the 6.95% Senior Notes, Series A due December 3, 2018 and the 7.72% Senior Notes, Series B due December 3, 2038.	Exhibit 4.1 to Form 8-K dated December 3, 2008
4.11	Granite State Note Purchase Agreement, dated as of December 15, 2008, for the 7.15% Senior Notes due December 15, 2018	Exhibit 99.1 to Form 8-K dated December 15, 2008
10.1	Unitil System Agreement dated June 19, 1986 providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.9 to Form 10-K for 1986
10.2	Supplement No. 1 to Unitil System Agreement providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.8 to Form 10-K for 1987
10.3	Transmission Agreement between Unitil Power Corp. and Public Service Company of New Hampshire, effective November 11, 1992.	Exhibit 10.6 to Form 10-K for 1993
10.4***	Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.	Exhibit 10.2 to Form 8-K dated June 19, 2008
10.5***	Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.	Exhibit 10.3 to Form 8-K dated June 19, 2008
10.6***	Amended and Restated Unitil Corporation Supplemental Executive Retirement Plan effective as of December 31, 2007.	Exhibit 10.4 to Form 8-K dated June 19, 2008

Exhibit Number	Description of Exhibit	Reference*
10.7***	Unitil Corporation 1998 Stock Option Plan.	Exhibit 10.12 to Form 10-K for 1998
10.8***	Amended and Restated Unitil Corporation Management Incentive Plan effective as of June 19, 2008 as further amended on December 1, 2008.	Filed herewith
10.9	Entitlement Sale and Administrative Service Agreement with Select Energy.	Exhibit 10.14 to Form 10-K for 1999
10.10***	Unitil Corporation 2003 Restricted Stock Plan.	Exhibit 10.16 to Form 10-K for 2002
10.11	Portfolio Sale and Assignment and Transition Service and Default Service Supply Agreement By and Among Unitil Power Corp., Unitil Energy Systems, Inc. and Mirant Americas Energy Marketing, LP.	Exhibit 10.17 to Form 10-K for 2002
10.12	Unitil Corporation Tax Deferred Savings and Investment Plan – Trust Agreement.	Exhibit 10.1 to Form 10-Q for September 30, 2004
10.13***	Amended and Restated Employment Agreement effective as of June 30, 2008 by and between Unitil Corporation and Robert G. Schoenberger.	Exhibit 10.1 to Form 8-K dated June 19, 2008
10.14	Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008	Exhibit 10.1 to Form 8-K dated November 26, 2008
10.15	Amendment Agreement dated as of January 2, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008	Exhibit 10.1 to Form 8-K dated January 2, 2009
10.16	Credit Agreement between Unitil Corporation and Royal Bank of Canada dated December 1, 2008	Exhibit 10.2 to Form 8-K dated November 26, 2008
10.17	Transition Services Agreement between Unitil Corporation and NiSource, Inc. dated December 1, 2008	Exhibit 10.3 to Form 8-K dated November 26, 2008
10.18	Parent Guaranty of Unitil Corporation for the Granite State 7.15% Senior Notes due December 15, 2018	Exhibit 10.1 to Form 8-K dated December 15, 2008
11.1	Statement Re: Computation in Support of Earnings per Share For the Company.	Filed herewith
12.1	Statement Re: Computation in Support of Ratio of Earnings to Fixed Charges for the Company.	Filed herewith
21.1	Statement Re: Subsidiaries of Registrant.	Filed herewith
23.1	Consent of Independent Registered Public Accounting Firm.	Filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.3	Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith

Exhibit Number	Description of Exhibit	Reference*
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith

* The exhibits referred to in this column by specific designations and dates have heretofore been filed with the Securities and Exchange Commission under such designations and are hereby incorporated by reference.

** In accordance with Item 601(b)(4)(iii)(A) of Federal Securities Regulation S-K, the instrument defining the debt of the Registrant and its subsidiary, described above, has been omitted but will be furnished to the Commission upon request.

*** These exhibits represent a management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITIL CORPORATION

Date February 18, 2009

By /s/ ROBERT G. SCHOENBERGER
Robert G. Schoenberger
Chairman of the Board of Directors,
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ ROBERT G. SCHOENBERGER **Robert G. Schoenberger**	Principal Executive Officer; Director	February 18, 2009
/s/ MARK H. COLLIN **Mark H. Collin**	Principal Financial Officer	February 18, 2009
/s/ LAURENCE M. BROCK **Laurence M. Brock**	Principal Accounting Officer	February 18, 2009
/s/ MICHAEL J. DALTON **Michael J. Dalton**	Director	February 18, 2009
/s/ ALBERT H. ELFNER, III **Albert H. Elfner, III**	Director	February 18, 2009
/s/ M. BRIAN O'SHAUGHNESSY **M. Brian O'Shaughnessy**	Director	February 18, 2009
/s/ CHARLES H. TENNEY, III **Charles H. Tenney, III**	Director	February 18, 2009
/s/ DR. SARAH P. VOLL **Dr. Sarah P. Voll**	Director	February 18, 2009
/s/ EBEN S. MOULTON **Eben S. Moulton**	Director	February 18, 2009
/s/ DAVID P. BROWNELL **David P. Brownell**	Director	February 18, 2009
/s/ EDWARD F. GODFREY **Edward F. Godfrey**	Director	February 18, 2009
/s/ MICHAEL B. GREEN **Michael B. Green**	Director	February 18, 2009
/s/ DR. ROBERT V. ANTONUCCI **Dr. Robert V. Antonucci**	Director	February 18, 2009

Exhibit 11.1

UNITIL CORPORATION

COMPUTATION IN SUPPORT OF EARNINGS PER SHARE

	Year Ended December 31,		
	2008	2007	2006
EARNINGS PER SHARE (000's, except per share data)			
Net Income	**$9,735**	$8,746	$8,033
Less: Dividend Requirements on Preferred Stock	**135**	136	133
Net Income Applicable to Common Stock	**$9,600**	$8,610	$7,900
Average Number of Common Shares Outstanding—Basic	**5,830**	5,659	5,597
Dilutive Effect of Stock Options and Restricted Stock	**—**	13	15
Average Number of Common Shares Outstanding—Diluted	**5,830**	5,672	5,612
Earnings Per Share—Basic	**$ 1.65**	$ 1.52	$ 1.41
Earnings Per Share—Diluted	**$ 1.65**	$ 1.52	$ 1.41

Exhibit 12.1

UNITIL CORPORATION

COMPUTATION IN SUPPORT OF RATIO OF EARNINGS TO FIXED CHARGES

(000's, except ratios)	Year Ended December 31, 2008	2007	2006	2005	2004
Earnings:					
Net Income, per Consolidated Statement of Earnings	**$ 9,735**	$ 8,746	$ 8,033	$ 8,553	$ 8,226
Federal and State Income Taxes included in Operations	**4,450**	4,482	4,266	4,275	4,206
Interest on Long-Term Debt	**11,795**	10,919	9,404	8,319	8,394
Amortization of Debt Discount Expense	**151**	136	112	104	98
Other Interest	**1,156**	1,949	1,675	1,046	629
Total	**$27,287**	$26,232	$23,490	$22,297	$21,553
Fixed Charges:					
Interest of Long-Term Debt	**$11,795**	$10,919	$ 9,404	$ 8,319	$ 8,394
Amortization of Debt Discount Expense	**151**	136	112	104	98
Other Interest	**1,156**	1,949	1,675	1,046	629
Pre-tax Preferred Stock Dividend Requirements	**199**	213	208	234	325
Total	**$13,301**	$13,217	$11,399	$ 9,703	$ 9,446
Ratio of Earnings to Fixed Charges	**2.05**	1.98	2.06	2.30	2.28

Exhibit 21.1

Subsidiaries of Registrant

The Company or the registrant has eight wholly-owned subsidiaries, seven of which are corporations organized under the laws of the State of New Hampshire: Unitil Energy Systems, Inc., Northern Utilities, Inc., Granite State Gas Transmission, Inc., Unitil Power Corp., Unitil Realty Corp., Unitil Resources, Inc. and Unitil Service Corp. The eighth, Fitchburg Gas and Electric Light Company, is organized under the laws of the State of Massachusetts. Usource, Inc., which is a corporation organized under the laws of the State of Delaware, is a wholly-owned subsidiary of Unitil Resources, Inc. Usource, Inc. is the sole member of Usource L.L.C., which is a corporation organized under the laws of the State of Delaware.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of Unitil Corporation and subsidiaries on Form S-3 (File No. 333-152823 effective December 5, 2008), Form S-8 (File No. 333-114978 effective April 29, 2004), Form S-3 (File No. 333-42264 effective July 26, 2000) and on Form S-8 (File No. 333-42266 effective July 26, 2000) of our report dated February 13, 2009, relating to the consolidated financial statements of Unitil Corporation and subsidiaries (the Company) as of December 31, 2008 and 2007 and the three years ending December 31, 2008 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2008, appearing in the Annual Report of the Company on Form 10-K for the year ended December 31, 2008.

Vitale, Caturano & Company, P.C.

Boston, Massachusetts
February 17, 2009

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Schoenberger, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2009

/s/ Robert G. Schoenberger
Robert G. Schoenberger
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark H. Collin, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2009

/s/ Mark H. Collin
Mark H. Collin
Chief Financial Officer

Exhibit 31.3

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurence M. Brock, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 18, 2009

/s/ Laurence M. Brock
Laurence M. Brock
Chief Accounting Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Unitil Corporation (the "Company") on Form 10-K for the year ending December 31, 2008 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Robert G. Schoenberger, Chief Executive Officer and President, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Chief Accounting Officer, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Signature	Capacity	Date
/s/ Robert G. Schoenberger Robert G. Schoenberger	Chief Executive Officer and President	February 18, 2009
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	February 18, 2009
/s/ Laurence M. Brock Laurence M. Brock	Chief Accounting Officer	February 18, 2009

Shareholder Information

2009 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 16, 2009, at 10:30 a.m.

Investor Information

The Company's Transfer Agent, Computershare Trust Company, N.A. ("Computershare"), is responsible for all shareholder records, including stock transfer and the distribution of dividends, tax documents and annual meeting materials. Shareholder requests regarding these and other matters can be addressed by corresponding directly with Computershare at:

Mail:	P.O. Box 43078 Providence, RI 02940-3078
Telephone:	800-736-3001
Internet:	ww.computershare.com

For information about the Company and your investment, you may also call the Company directly, toll-free, at: 800-999-6501 and ask for the Shareholder Representative; or visit the Investor Relations page at www.unitil.com.

Shareholder Programs

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 an economical means to increase their investment in the Company each quarter by reinvesting their dividends without broker fees. For additional information or enrollment, please contact the Company or Computershare.

Dividend Direct Deposit

Dividend Direct Deposit Service is available without charge to shareholders of record of the Company's Common Stock. For further information or enrollment in this service, please contact the Company or Computershare.

Direct Registration

The Company's Common Stock is eligible for Direct Registration or "DRS," which is available without charge to shareholders of record. DRS is a service within the securities industry that allows shares to be held and tracked electronically, without having to retain a physical stock certificate. For additional information, please contact Computershare at:

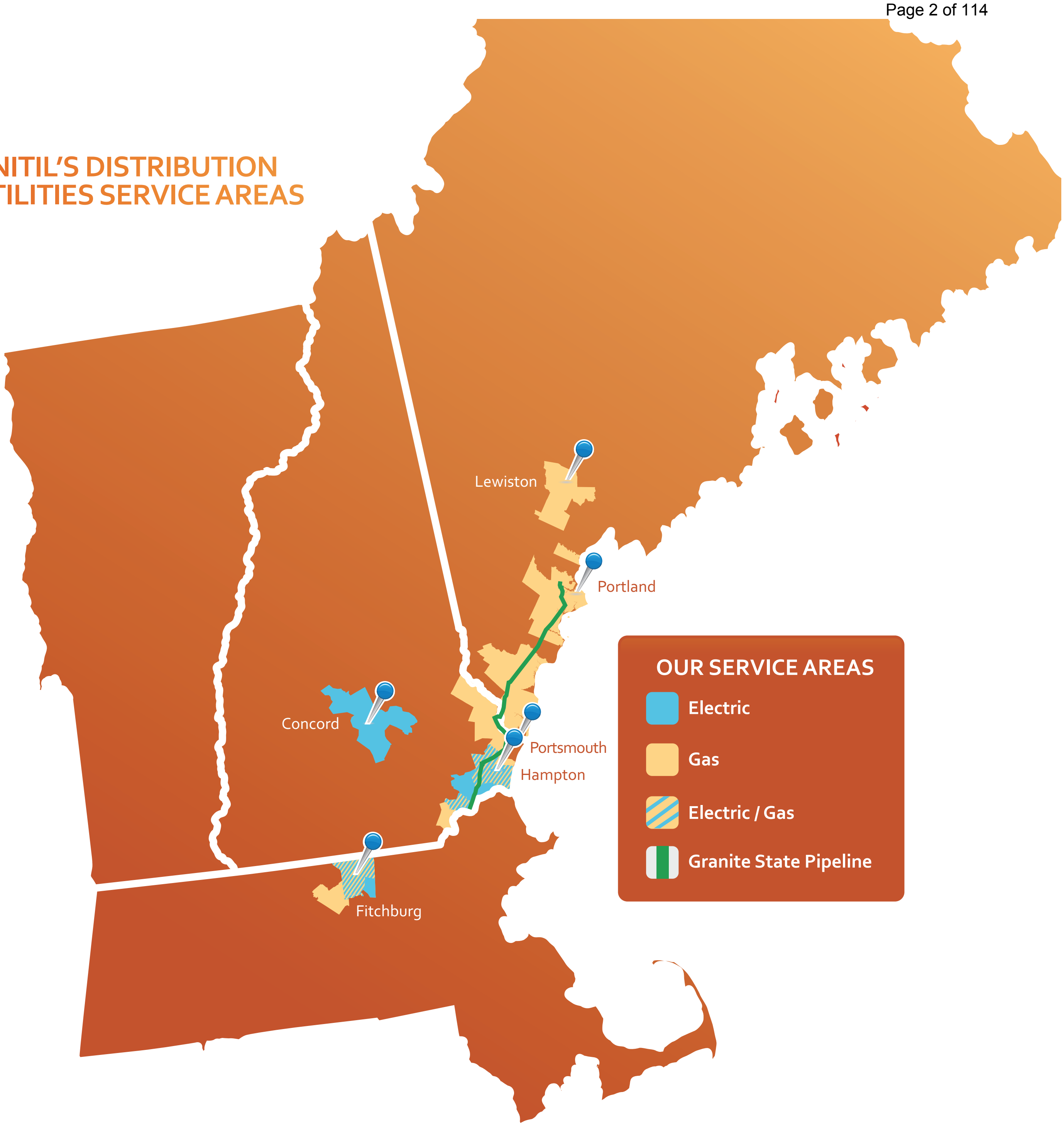
Mail:	P.O. Box 43084 Providence, RI 02940-3084
Telephone:	800-935-9330
Internet:	www.computershare.com

Unitil Corporation • 6 Liberty Lane West • Hampton, NH 03842-1720
603-772-0775 • www.unitil.com

Unitil

Annual Report 2009

UNITIL'S DISTRIBUTION UTILITIES SERVICE AREAS



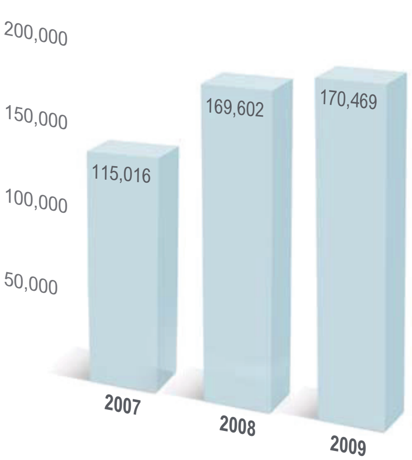
ABOUT UNITIL

Unitil Corporation is a public utility holding company headquartered in Hampton, New Hampshire. Unitil's principal business is the local distribution of electricity and natural gas in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three distribution utilities: Unitil Energy Systems, Inc., which provides electric service in the southeastern seacoast and state capital regions of New Hampshire; Fitchburg Gas and Electric Light Company, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and Northern Utilities, Inc., which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine. In addition, Unitil is the parent company of Granite State Gas Transmission, Inc., an interstate natural gas transmission pipeline in New Hampshire and Maine. Unitil's non-regulated business, Usource, provides energy brokering and advisory services to large commercial and industrial customers throughout the northeastern United States.

FINANCIAL HIGHLIGHTS*

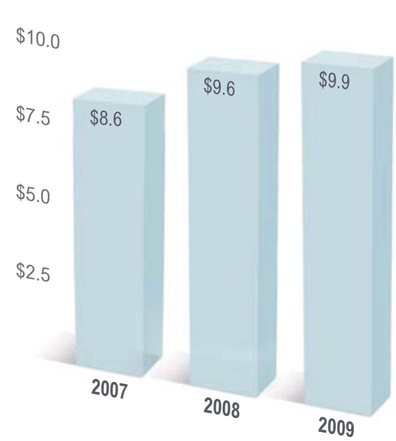
	2009	2008	2007
Financial Data (Millions)			
Total Operating Revenues	$367.0	$288.2	$262.9
Total Operating Income	$26.1	$20.5	$18.5
Earnings Applicable to Common	$9.9	$9.6	$8.6
Capital Expenditures	$58.7	$28.3	$32.5
Net Utility Plant	$449.7	$422.8	$248.9
Common Share Data			
Diluted Earnings per Share	$1.03	$1.65	$1.52
Dividends Paid Per Common Share	$1.38	$1.38	$1.38
Book Value Per Share (Year-End)	$17.83	$17.90	$17.50
Market Price (Year-end)	$22.98	$20.65	$28.51
Average Common Shares Outstanding (000's)	9,647	5,830	5,672
Operating Data			
Electric Distribution Sales (Millions of kWh)	1,618.8	1,695.9	1,743.0
Firm Gas Distribution Sales (Millions of Therms)	178.7	47.2	28.4
Customers Served (Year-End)	170,469	169,602	115,016
Electric Customers Served (Year-End)	100,498	100,324	99,947
Gas Customers Served (Year-End)	69,971	69,278	15,069

Total Customers Served
(year-end)



Net Utility Plant
($ millions)

Earnings Applicable to Common
($ Millions)



* Financial Highlights reflect Unitil's acquisition on December 1, 2008, of Northern Utilities, Inc. and Granite State Gas Transmission, Inc.

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

TO our SHAREHOLDERS

2009 was a new chapter in your Company's history.

We successfully completed the financing and integration of our acquisition of Northern Utilities and the Granite State Gas Transmission pipeline. The acquisition increased our customer base by 50%, adding almost 55,000 natural gas customers in Maine and New Hampshire. It doubled our sales margin and diversified our earnings base, producing a Company that is equally balanced between electric and natural gas operations. Our ability to acquire these utility assets, to finance them in the most difficult financial markets in a generation, and to seamlessly integrate such operations into Unitil positions us well for future growth opportunities.

We welcomed 145 new employees to our Company last year, which includes the existing employees of Northern Utilities and Granite State and 65 new professional positions added to the local economy during a deep recession. We attracted first rate talent to staff new utility operations with employees that add depth to our management and our technical expertise.

We also dealt with a number of legacy issues arising from the devastating ice storm of December 2008. We completed comprehensive legislative and regulatory reviews of our performance during the storm and completed an independent, in-depth review of our emergency preparedness processes and procedures. Every employee is now trained for a second internal job in the event of an emergency. We have invested in new systems and technology, including an outage management system, to keep state and local officials and our customers well informed during an event. We conducted several full-scale emergency planning drills during the year and will do so again each year to ensure we remain prepared. Our employees responded heroically to the incredible challenges posed for our Company by the ice storm of December 2008 and its aftermath.

Our overarching commitment to our shareholders over the next several years is to increasingly realize the earnings power of our Company and fully exploit new growth opportunities that enhance shareholder value. Our updated strategic plan focuses on three main areas: regulation, customer service, and growth. I will discuss each of these areas below.

2009 Financial Results

2009 financial results were well below our expectations. We earned $1.03 per share in 2009 compared to $1.65 per share in 2008. Our results in 2009 were impacted unfavorably by two significant non-recurring items.

First, we incurred $3 million in professional fees specifically related to various regulatory and legislative inquiries and to the comprehensive review and enhancement of our emergency preparedness plans in the aftermath of the December 2008 ice storm. Second, we were ordered by the Massachusetts Department of Public Utilities to refund $4.9 million of natural gas supply costs to our Fitchburg customers as the result of a finding, with which we strongly disagree, related to the Company's gas supply procurement practices. While this refund will be made over a five-year period, we recognized a one time non-recurring accounting charge for this amount. We appealed this order to the Massachusetts Judicial Supreme Court and believe we have a strong case to overturn this decision. The appeal process likely will take a couple of years to complete.

Excluding these two non-recurring charges, we earned $1.57 per share in 2009, or eight cents per share less than the previous year. We believe this is more reflective of the core earnings of our Company in 2009, particularly given the impact of the ongoing recession on our sales. It is clear, however, that our Company was "stress tested" over the last 12 months. We confronted these challenges and are stronger as a result.

Our Company spent almost $23 million for the repair and replacement of electric distribution systems damaged last year. This represents nearly half of what we spent in 2009 on normal property, plant, and equipment needs. Massachusetts and New Hampshire regulatory officials approved orders allowing us to defer these costs and to seek future recovery in our next rate cases. We expect those reviews to begin in 2010.

The current economic downturn is one of the worst we have seen in a generation. We have seen our electric sales decline in each of the last four years. Although recently sales have stabilized, we expect 2010 to be another challenging year and have implemented strong cost control measures, including a pay and hiring freeze for the year, to help navigate this recession. We are continuously mindful of how this economy is adversely affecting our customers and state and local communities.

We also understand how important the dividend is to our shareholders. Despite the challenges we faced last year and expect in 2010, we have continued to pay a quarterly dividend of $0.34 per share, or $1.38 annually. Our Company's tradition of paying quarterly dividends has been uninterrupted since public trading of Unitil common stock began in 1985.

2010 is an important transition year for our Company. Our challenge is to manage costs as we execute a full regulatory agenda over the next two years to realize the full earnings power of our Company. We will continue to capitalize on the excellent growth prospects of our Usource subsidiary. We will aggressively explore the opportunity to expand our distribution footprint in the region. And we will do all this while reinforcing the level of reliability and quality of customer service our customers have come to expect.

Regulatory Agenda

Our Company has a full regulatory agenda ahead. We plan to file rate cases for most of our regulated utilities over the next 24 months. These proceedings will provide us an opportunity to update our base distribution rates to recover the significant capital investments made since our last rate case filings. In 2010, we plan to file rate cases for our distribution utilities in New Hampshire and Massachusetts. In addition, we will establish new rates for the Granite State Transmission pipeline later this year.

In Massachusetts we will seek to establish a revenue "decoupling" mechanism pursuant to a recently established regulatory policy designed to support the aggressive energy efficiency expansion initiative by the state's utilities. As the word would suggest, decoupling refers to a rate mechanism that separates the revenues a utility earns from the sales it makes. This model allows a utility to implement energy conservation policies and initiatives without adversely impacting its revenues. Revenue decoupling also helps mitigate the impact of various factors, including weather and the economy, on our financial returns.

We will propose a systematic cast iron replacement program, with an appropriate cost recovery proposal, for our newly acquired gas division in Maine this year. In 2011, we plan to file our first base rate case in Maine to recover past capital investments and to update rates to reflect our cost of service. We have completed many of the required post-acquisition reliability and safety projects for our gas operations, earning compliments from Maine regulatory officials for completing this work and for implementing new systems to ensure compliance with federal and state gas safety standards.

Customer Service

In July of 2009, we completed a successful and seamless integration of our new natural gas customers in New Hampshire and Maine into our Customer Information System and we welcomed their calls into our central Customer Service Center. The smoothness of this transition, complete within seven months of the acquisition, received high marks from customers and regulators in both states.

However, the problems we had communicating with our customers during the 2008 ice storm clearly showed we had a significant opportunity for improving service and communications in extreme emergency situations. We have renewed our commitment to first class customer service in significant ways, including adding new personnel, new technology, and new processes – all designed to make two-way communications easier and more user-friendly.

We started by completely overhauling our emergency preparedness plan and procedures. We adopted the national incident management system to focus the resources of the entire organization on responding to an emergency. This system, developed for federal emergency management purposes and now in use by many state and local governments and a number of utilities throughout the country, establishes a management infrastructure to marshal the resources of our Company to respond to an emergency in a safe and effective manner. We have met with emergency personnel in the communities we serve to coordinate planning efforts and to ensure we all can respond effectively to future events. Every employee in our Company has an assigned job during an emergency event. They will participate in emergency response drills each year to equip them with the latest training and best methods to respond to the needs of our customers during an event.

We also have hired additional call center personnel and have made significant investments in hardening our communications and technology infrastructure to ensure availability in emergency situations. We are in the process of redesigning our Company website to provide another interactive source of information for our customers, including the ability to use instant and mobile forms of communication, such as Twitter and Facebook, to communicate important updates and information.

We continued initiatives developed over the past few years to significantly upgrade our technology infrastructure and reliability for the next decade. We installed an advanced metering infrastructure (AMI) that provides two-way automatic meter reading and communications capabilities for all of our electric customers, an important step to meet the needs of the ongoing industry evolution toward energy efficiency and alternative energy technologies. The Company's AMI is being integrated with our other advanced technologies, including a state-of-the-art outage management system. In addition, we will conduct a pilot program in both Massachusetts and New Hampshire in 2010 on the deployment of advanced rate and information tools for customers using the AMI backbone. The pilot is one of several initiatives to gain an understanding of how all these technologies ultimately will work together in the operation of a truly smart grid.

Finally, we adopted new customer service performance metrics to ensure that we are being responsive to our customers needs. Unitil has long prided itself on having customer satisfaction ratings well above the national utility average; we are determined to meet the highest standards in the industry.

Growth

Our Company will continue to capitalize on its growth opportunities. We will market aggressively the increased use of natural gas to all our customer segments throughout the three states in which we operate, where the average penetration rate of natural gas as a heating fuel is only about 40%, compared to a nationwide rate of 80% to 90%. As the national supply of cost-effective, safe, and clean natural gas continues to expand, our Company has a timely opportunity to significantly increase its natural gas sales and regional market share.

We will explore real opportunities to acquire additional electric and gas utility distribution assets in the region. Having proved that we can acquire, finance, and integrate distribution assets and new customers into our systems, we are well positioned to acquire such assets for the right price if and when they should become available. We believe we have the management, technology, and service expertise to make additional asset acquisitions efficient and profitable for shareholders.

Usource earned $0.16 a share in 2009, triple its contribution in 2008. This was a result of a reduction in operating expenses, a customer retention rate of over 90%, and increased sales in its existing markets. As we look out at 2010 and beyond, we believe Usource has the opportunity to further contribute to our Company's bottom line. Pennsylvania is a major new market opportunity opening in 2010 and we are already there acquiring customers. As an energy broker serving customers in 18 states, Usource is a low-cost and low-risk vehicle for large energy users to participate in competitive energy markets for the electric and natural gas supply.

Summary

2009 was an incredibly challenging year. We completed a significant acquisition and added 55,000 natural gas customers in Maine and New Hampshire, doubling the size of Unitil. We responded to the aftermath of an epic ice storm. Juggling the demands of both these efforts, while running our Company during the worst recession in a generation, required all of our abilities and talents. We received both compliments and some intense criticism. Through it all we have emerged a stronger and more determined Company. I want to thank each of our employees who so gallantly rose to the challenges put before them. I also want to thank our shareholders, who supported us through these difficult times.

We have built a strong and talented team and have a solid plan to capitalize on our core competencies to grow our Company in a prudent and responsible manner. We take your investment in Unitil seriously and are committed to realizing its full value in the years ahead.

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

February 19, 2010

This Annual Report contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. All statements, other than statements of historical fact, are forward-looking statements. 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 the following: variations in weather (including major storms); recovery of deferred storm costs; changes in the regulatory environment; customers' preferences on energy sources; general economic conditions; increased competition; fluctuations in supply, demand, transmission capacity and prices for energy commodities; interest rate fluctuations and credit market concerns; and other risks and uncertainties described in the section entitled *Risk Factors* in the enclosed Annual Report on Form 10-K and Unitil Corporation's other filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date made, and the Company undertakes no obligation to update any forward-looking statements. Please also see *Cautionary Statement* beginning on page 22 of the enclosed Form 10-K.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2009

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-8858

UNITIL CORPORATION
(Exact name of registrant as specified in its charter)

New Hampshire **(State or other jurisdiction of incorporation or organization)**	**02-0381573** **(I.R.S. Employer Identification No.)**
6 Liberty Lane West, Hampton, New Hampshire **(Address of principal executive offices)**	**03842-1720** **(Zip Code)**

Registrant's telephone number, including area code: (603) 772-0775

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, No Par Value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Based on the closing price of June 30, 2009, the aggregate market value of common stock held by non-affiliates of the registrant was $219,996,265.

The number of common shares outstanding of the registrant was 10,838,394 as of February 9, 2010.

Documents Incorporated by Reference:

Portions of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 15, 2010 are incorporated by reference into Part III of this Report

UNITIL CORPORATION
FORM 10-K
For the Fiscal Year Ended December 31, 2009
Table of Contents

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PART I

Item 1. Business

UNITIL CORPORATION

Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil was incorporated under the laws of the State of New Hampshire in 1984. The following companies are wholly owned subsidiaries of Unitil:

Company Name	State and Year of Organization	Principal Business
Unitil Energy Systems, Inc. (Unitil Energy)	NH - 1901	Electric Distribution Utility
Fitchburg Gas and Electric Light Company (Fitchburg)	MA - 1852	Electric & Gas Distribution Utility
Northern Utilities, Inc. (Northern Utilities)	NH - 1979	Natural Gas Distribution Utility
Granite State Gas Transmission, Inc. (Granite State)	NH - 1955	Natural Gas Transmission Pipeline
Unitil Power Corp. (Unitil Power)	NH - 1984	Wholesale Electric Power Utility
Unitil Service Corp. (Unitil Service)	NH - 1984	Utility Service Company
Unitil Realty Corp. (Unitil Realty)	NH - 1986	Real Estate Management
Unitil Resources, Inc. (Unitil Resources)	NH - 1993	Non-regulated Energy Services
Usource Inc. and Usource L.L.C. (Usource)	DE - 2000	Energy Brokering and Advisory Services

Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005.

Unitil's principal business is the local distribution of electricity and natural gas throughout its service territories in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly owned distribution utilities: i) Unitil Energy, which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the city of Concord, New Hampshire, ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts, and iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland and the Lewiston-Auburn area. In addition, Unitil is the parent company of Granite State, an interstate natural gas transmission pipeline company that provides interstate natural gas pipeline access and transportation services to Northern Utilities in its New Hampshire and Maine service territory. Together, Unitil's three distribution utilities serve approximately 100,500 electric customers and 70,000 natural gas customers.

Unitil's distribution utilities are local "pipes and wires" operating companies and, combined with Granite State, had an investment in net utility plant of $449.7 million at December 31, 2009. Unitil's total operating revenue was $367.0 million in 2009. Substantially all of Unitil's operating revenue is derived from regulated utility operations.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of substantially all of its long-term power supply contracts through the sale of the entitlements to the electricity associated with those contracts.

Unitil also has three other wholly owned subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology and energy supply management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire. Unitil Resources is the Company's wholly owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are indirect subsidiaries that are wholly owned by Unitil Resources. Usource provides energy brokering and advisory services to large commercial and industrial customers in the northeastern United States.

OPERATIONS

Gas Operations

Unitil's Gas Operations include gas distribution utility operations and gas transportation pipeline company operations, discussed below. Revenue from Unitil's gas operations was $152.8 million for 2009, which represent about 42% of Unitil's total operating revenue. In 2008, the Company significantly expanded its gas operations by acquiring Northern Utilities and Granite State on December 1, 2008.

On December 1, 2008, the Company purchased: (i) all of the outstanding capital stock of Northern Utilities, a natural gas distribution utility serving customers in Maine and New Hampshire, originally founded as Portland Gas Light Company in 1849, from Bay State Gas Company (Bay State) and (ii) all of the outstanding capital stock of Granite State, an interstate natural gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource Inc. (NiSource) pursuant to the Stock Purchase Agreement dated as of February 15, 2008 by and among NiSource, Bay State, and Unitil (the Acquisitions). Bay State is a wholly owned subsidiary of NiSource. The aggregate purchase price for the Acquisitions was $160 million in cash, plus an additional working capital adjustment of $49.2 million, including approximately $30.0 million of natural gas storage inventory. To finance the Acquisitions and recapitalize Northern Utilities and Granite State, the Company issued additional equity and debt (see "Liquidity, Commitments and Capital Requirements" section in Part II, Item 7 below). The regulatory process in both New Hampshire and Maine, in connection with those states' approvals of the Acquisitions, included the negotiation and filing of settlement agreements reflecting commitments by Unitil with respect to Northern Utilities' rates, customer service and operations. The settlement agreements were separately negotiated and filed in each state but reflect a number of common features (See Note 6 to the accompanying Consolidated Financial Statements for additional information on these settlement agreements).

Gas Distribution Utility Operations

Unitil's natural gas utility operations are conducted through two of the Company's distribution utilities, Northern Utilities and Fitchburg. The primary business of Unitil's natural gas utility operations is the local distribution of natural gas to customers in its service territory in New Hampshire, Massachusetts and Maine. As a result of a restructuring of the gas utility industry in New Hampshire, Massachusetts and Maine, Fitchburg's residential and commercial and industrial (C&I) customers and Northern Utilities' C&I customers have the opportunity to purchase their natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through Northern Utilities and Fitchburg under regulated rates and tariffs. Northern Utilities and Fitchburg purchase natural gas from unaffiliated wholesale suppliers and recover the actual costs of these supplies on a pass-through basis through reconciling rate mechanisms that are periodically adjusted.

Natural gas is supplied and distributed by Northern Utilities to approximately 54,800 customers in 44 New Hampshire and southern Maine communities, from Plaistow, New Hampshire in the south to the city of Portland, Maine and then extending to Lewiston-Auburn, Maine in the north. Northern Utilities has a diversified customer base both in Maine and New Hampshire. Commercial businesses include healthcare, education, government and retail. Northern Utilities' industrial base includes manufacturers in the industries of auto, housing, rubber, printing, textile, pharmaceutical, electronics, wires and food production as well as a military installation. Northern Utilities 2009 gas operating revenue was $113.9 million, of which approximately 37.0% was derived from residential firm sales and 63.0% from C&I firm sales.

Natural gas is supplied and distributed by Fitchburg to approximately 15,200 customers in the communities of Fitchburg, Lunenburg, Townsend, Ashby, Gardner and Westminster, all located in Massachusetts. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries. Fitchburg's 2009 gas operating revenue was $34.8 million, of which approximately 54.0% was derived from residential firm sales and 46.0% from commercial/industrial firm sales.

Gas Transmission Pipeline Company Operations

Granite State is an interstate natural gas transmission pipeline company, operating 87 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State had operating revenue of $4.1 million for 2009. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third-party marketers.

Electric Distribution Utility Operations

Unitil's electric utility operations are conducted through two of the Company's distribution utilities, Unitil Energy and Fitchburg. Revenue from Unitil's electric utility operations was $209.9 million for 2009, which represent about 57% of Unitil's total operating revenue.

The primary business of Unitil's electric utility operations is the local distribution of electricity to customers in its service territory in New Hampshire and Massachusetts. As a result of the implementation of choice in New Hampshire and Massachusetts, Unitil's customers are free to contract for their supply of electricity with third-party suppliers. The distribution utilities continue to deliver that supply of electricity over their distribution systems. Both Unitil Energy and Fitchburg supply electricity to those customers who do not obtain their supply from third-party suppliers, with the approved costs associated with electricity supplied by the distribution utilities being recovered on a pass-through basis under periodically-adjusted rates.

Unitil Energy distributes electricity to approximately 72,600 customers in New Hampshire in the capital city of Concord as well as parts of 12 surrounding towns and all or part of 18 towns in the southeastern and seacoast regions of New Hampshire, including the towns of Hampton, Exeter, Atkinson and Plaistow. Unitil Energy's service territory consists of approximately 408 square miles. In addition, Unitil Energy's service territory encompasses retail trading and recreation centers for the central and southeastern parts and includes the Hampton Beach recreational area. These areas serve diversified commercial and industrial businesses, including manufacturing firms engaged in the production of electronic components, wires and plastics, healthcare and education. Unitil Energy's 2009 electric operating revenue was $146.4 million, of which approximately 51.0% was derived from residential sales and 49.0% from commercial/industrial sales.

Fitchburg is engaged in the distribution of both electricity and natural gas in the greater Fitchburg area of northcentral Massachusetts. Fitchburg's service territory encompasses approximately 170 square miles. Electricity is supplied and distributed by Fitchburg to approximately 27,900 customers in the communities of Fitchburg, Ashby, Townsend and Lunenburg. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries and education. Fitchburg's 2009 electric operating revenue was $63.5 million, of which approximately 54.0% was derived from residential sales and 46.0% from commercial/ industrial sales.

Seasonality

As a result of the acquisitions of Northern Utilities and Granite State, consolidated results for the Company in the current period may not be directly comparable to prior period results until such time as the acquisitions are fully reflected in both reporting periods. In particular, the Company's results will reflect the seasonal nature of the natural gas distribution business. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Electric sales in New England are far less seasonal than natural gas sales; however, the highest usage typically occurs in both the summer months due to air conditioning demand and the winter months due to heating-related requirements and shorter daylight hours. Unitil Energy, Fitchburg and Northern Utilities are not dependent on a single customer or a few customers for their electric and natural gas sales.

Non-regulated and Other Non-Utility Operations

Unitil's non-regulated operations are conducted through Usource, a subsidiary of Unitil Resources. Usource provides energy brokering and consulting services to large commercial and industrial customers in the northeastern United States. Revenue from Unitil's non-regulated operations was $4.3 million in 2009.

The results of Unitil's other non-utility subsidiaries, Unitil Service and Unitil Realty, and the holding company are included in the Company's consolidated results of operations. The results of these non-utility operations are principally derived from income earned on short-term investments and real property owned for Unitil's and its subsidiaries' use and are reported, after intercompany eliminations, in Other segment income (for segment information, see Part II, Item 8, Note 10 herein).

(For details on Unitil's Results of Operations, see Part II, Item 7 herein.)

RATES AND REGULATION

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to their rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers have the opportunity to purchase their electricity or natural gas supplies from third party energy supply vendors. Most customers, however, continue to purchase such supplies through the distribution utilities under regulated energy rates and tariffs. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual approved costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

On December 11 and 12, 2008, a severe ice storm struck the New England region (December 2008 Ice Storm), causing extensive damage to electric facilities and loss of service to significant numbers of customers of several utilities. An estimated one million electric customers in the region were affected, including all of Unitil's 28,000 Massachusetts customers, and approximately half of its New Hampshire customers.

The Company has received regulatory approval to defer storm restoration costs and has accrued and deferred approximately $14.6 million of costs, including carrying charges, incurred for the repair of its electric system damaged during the ice storm so that it may seek recovery of these costs in its next base rate cases. The Company does not believe these storm restoration expenditures and the timing of cost recovery will have a material adverse impact on the Company's financial condition or results of operations. However, if it were ultimately determined that certain of these costs were not recoverable in rates, there may be a significant impact on the Company's results of operations in future periods.

Also see Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Regulatory Matters and Note 6 to the accompanying Consolidated Financial Statements for additional information on Rates and Regulation.

NATURAL GAS SUPPLY

With the purchase of Northern Utilities on December 1, 2008, Unitil now manages gas supply for customers served by Northern Utilities in Maine and New Hampshire as well as customers served by Fitchburg in Massachusetts.

Fitchburg's residential and C&I customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors, although most of Fitchburg's customers continue to purchase such supplies at regulated rates from Fitchburg. Northern Utilities' C&I natural gas customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors, and third-party supply is prevalent among Northern Utilities' larger C&I customers. Most small C&I customers, as well as all residential customers, purchase their gas supply at regulated rates from Northern Utilities under regulated rates and tariffs. The approved costs associated with the acquisition of such wholesale natural gas supplies for customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically-adjusted rates and are included in Purchased Gas in the Consolidated Statements of Earnings.

In the fourth quarter of 2009, the MDPU issued an order finding that Fitchburg engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's gas purchasing practices were imprudent. As a result, the MDPU required Fitchburg to refund $4.6 million of natural gas costs, plus carrying charges, to its gas customers. Fitchburg recorded a pre-tax charge of $4.9 million in the fourth quarter of 2009 based on the MDPU's order. Fitchburg has appealed this order to the Massachusetts Supreme Judicial Court. Fitchburg's assessment is that pre-approval from the MDPU for gas purchases made to stabilize prices for customers was not required and that its gas-procurement practices were consistent with those of other Massachusetts natural gas distribution companies and all relevant MDPU rules and orders and Massachusetts law. In addition, Fitchburg is able to demonstrate that its gas purchasing practices were previously disclosed to the MDPU at public hearings and in required filings with the MDPU and the Massachusetts Office of the Attorney General. This appeal remains pending before the Massachusetts Supreme Judicial Court. Immediately after the MDPU opened its investigation of this matter in March 2009, Fitchburg ceased making the gas procurement purchases in question and filed a request with the MDPU for approval of a gas procurement plan for future gas purchases. This matter remains pending before the MDPU.

Regulated Natural Gas Supply

Fitchburg purchases natural gas under contracts of one year or less, as well as from producers and marketers on the spot market. Fitchburg arranges for gas delivery to its system through its own long-term contracts with Tennessee Gas Pipeline, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to each storage facility within Fitchburg's service territory.

Fitchburg has available under firm contract 14,057 MMbtu per day of year-round and seasonal transportation and underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Northern purchases a majority of its natural gas from U.S. domestic and Canadian suppliers under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern arranges for gas delivery to its system through its own long-term contracts with various interstate pipeline and storage facilities, through peaking supply contracts delivered to its system, or in the case of LNG or LPG, to truck supplies to each storage facility within Northern Utilities' service territory.

Northern has available under firm contract 100,000 MMbtu per day of year-round and seasonal transportation capacity to its distribution facilities, and 3.4 Bcf of underground storage. As a supplement to pipeline natural gas, Northern owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

ELECTRIC POWER SUPPLY

The restructuring of the utility industry in New Hampshire required the divestiture of Unitil's power supply arrangements and the procurement of replacement supplies, which provided the flexibility for migration of customers to and from utility energy service. Fitchburg, Unitil Energy, and Unitil Power each are members of the New England Power Pool (NEPOOL) and participate in the ISO New England, Inc. (ISO-NE) markets for the purpose of facilitating these wholesale electric power supply transactions, which are necessary to serve Unitil's customers.

As a result of restructuring of the electric utility industry in Massachusetts and New Hampshire, Unitil's customers in both New Hampshire and Massachusetts have the opportunity to purchase their electric supply from competitive third party energy suppliers. As of December 2009, 99 or 67% of Unitil's largest New Hampshire customers, representing 24% of total New Hampshire electric energy sales, and 26 or 79% of Unitil's largest Massachusetts customers, representing 35% of total Massachusetts electric energy sales, are purchasing their electric power supply in the competitive market. However, most residential and small commercial customers continue to purchase their electric supply through Unitil's distribution utilities under regulated energy rates and tariffs. The concentration of the competitive retail market on higher use customers has been a common experience throughout the New England electricity market.

Regulated Electric Power Supply

In order to provide regulated electric supply service to their customers, Unitil's distribution utilities enter into load-following wholesale electric power supply contracts with various wholesale suppliers.

Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service energy supply. MDPU policy dictates the pricing structure and duration of each of these contracts. Currently, all Basic Service power supply contracts for large general accounts are three months in duration and provide 100% of supply requirements. Basic Service power supply contracts for residential and small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements.

Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. Unitil Energy procures Default Service supply for its large general service accounts through competitive solicitations for power contracts of three months in duration for 100% of supply requirements. Unitil Energy procures Default Service supply for its other customers through a series of two one-year contracts and two three-year contracts, each providing 25% of the total supply requirements of the group.

The NHPUC and MDPU regularly investigate alternatives to their procurement policy, which may lead to future changes in this regulated power supply procurement structure.

Regional Electric Transmission and Power Markets

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economic manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England is performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated power system operation in a reliable manner and a supportive business environment for the development of competitive electric markets.

Electric Power Supply Divestiture

Prior to May 1, 2003, Unitil Energy purchased all of its power supply from Unitil Power under the Unitil System Agreement, a FERC-regulated tariff, which provided for the recovery of all of Unitil Power's power supply-related costs on a cost pass-through basis. Effective May 1, 2003, Unitil Energy and Unitil Power amended the Unitil System Agreement, such that power sales from Unitil Power to Unitil Energy ceased, and Unitil Power sold substantially all of its entitlements under the remaining portfolio of power supply contracts. Under the amended Unitil System Agreement, Unitil Energy continues to pay contract release payments to Unitil Power for stranded costs associated with the portfolio sale and its other ongoing power supply-related costs. In connection with the restructuring of the electric industry, Unitil Power and Fitchburg divested substantially all of their long-term power supply contracts and interests in generation assets through the sale of the interest in those assets or the sale of the entitlements to the electricity provided by those generation assets and long-term power supply contracts.

Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

ENVIRONMENTAL MATTERS

Unitil's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2009, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed. Also, see Note 6 to the accompanying consolidated financial statements.

Fitchburg recovers the environmental response costs incurred at this former MGP site not recovered by insurance or other means in gas rates pursuant to terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. In addition, Fitchburg has filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. Any recovery that Fitchburg receives from insurance or third parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are split equally between Fitchburg and its gas customers.

Northern Utilities' Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid 1800's through the mid 1900's. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. Northern Utilities believes material future costs will be recovered. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Also, see Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Environmental Matters and Note 6 to the accompanying Consolidated Financial Statements for additional information on Environmental Matters.

EMPLOYEES

As of December 31, 2009, the Company and its subsidiaries had 431 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of December 31, 2009, 156 of the Company's employees were represented by labor unions. These employees are covered by collective bargaining agreements. Two agreements expire on May 31, 2010, one agreement expires on June 5, 2010 and one agreement expires on March 31, 2012. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to successfully negotiate new agreements prior to their expiration dates.

AVAILABLE INFORMATION

The Company's Internet address is www.unitil.com. There, the Company makes available, free of charge, its SEC fillings, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports, as well as amendments to those reports. These reports are made available through the Investors section of Unitil's website via a direct link to the section of the SEC's website which contains Unitil's SEC filings.

The Company's current Code of Ethics was approved by Unitil's Board of Directors on January 15, 2004. This Code of Ethics, along with any amendments or waivers, is also available on Unitil's website.

Unitil's common stock is listed on the New York Stock Exchange under the ticker symbol "UTL."

DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table provides information about our directors and senior management as of February 10, 2010:

Name	Age	Position
Robert G. Schoenberger	59	Chairman of the Board, Chief Executive Officer and President
Mark H. Collin	50	Senior Vice President, Chief Financial Officer and Treasurer
Thomas P. Meissner, Jr.	47	Senior Vice President and Chief Operating Officer
Laurence M. Brock	56	Controller and Chief Accounting Officer
Todd R. Black	45	Senior Vice President, External Affairs and Customer Relations, Unitil Service
George R. Gantz	58	Senior Vice President, Distributed Energy Resources, Unitil Service
George E. Long, Jr.	53	Vice President, Administration, Unitil Service
Sandra L. Whitney	46	Corporate Secretary
William D. Adams	62	Director
Dr. Robert V. Antonucci	64	Director
David P. Brownell	66	Director
Michael J. Dalton	69	Director
Albert H. Elfner, III	65	Director
Edward F. Godfrey	60	Director
Michael B. Green	60	Director
Eben S. Moulton	63	Director
M. Brian O'Shaughnessy	66	Director
Dr. Sarah P. Voll	67	Director

Robert G. Schoenberger has been Unitil's Chairman of the Board of Directors and Chief Executive Officer since 1997, as well as President since 2003. Prior to his employment with Unitil, Mr. Schoenberger was president and chief operating officer of the New York Power Authority (a state-owned utility) from 1993 until 1997. Mr. Schoenberger has also served as a director of SatCon Technology Corporation, Boston, Massachusetts (a company engaged in the development and manufacture of power electronics and control systems) since 2007. Mr. Schoenberger formerly served as chairman and trustee of Exeter Health Resources, Exeter, New Hampshire, from 1998 until 2009, and as a director of the Greater Seacoast (New Hampshire) United Way from 1998 until 2004, the New England Gas Association from 1999 until 2002 and the Southwest Power Pool from 2003 until 2005.

Mark H. Collin has been Unitil's Senior Vice President and Chief Financial Officer since February 2003. Mr. Collin has also served as Treasurer since 1998. Mr. Collin joined Unitil in 1988, and served as Vice President of Finance from 1995 until 2003.

Thomas P. Meissner, Jr. has been Unitil's Senior Vice President and Chief Operating Officer since June 2005. Mr. Meissner served as Senior Vice President, Operations, from February 2003 until June 2005. Mr. Meissner joined Unitil in 1994 and served as Director of Engineering from 1998 until 2003.

George R. Gantz has been Unitil's Senior Vice President, Distributed Energy Resources, Unitil Service, since September 2009. Mr. Gantz joined Unitil in 1983 and served as Senior Vice President, Communication and Regulation from 1994 until 2003, and Senior Vice President, Customer Services and Communications from 2003 until 2009.

Todd R. Black has been Unitil's Senior Vice President, External Affairs and Customer Relations, Unitil Service, since September 2009. Mr. Black joined Unitil in 1998 and served as Vice President, Sales and Marketing, for Usource from 1998 until 2003, and President of Usource from 2003 until 2009.

Laurence M. Brock has been Unitil's Controller and Chief Accounting Officer since June 2005. Mr. Brock joined Unitil in 1995 as Vice President and Controller, and is a certified public accountant in the state of New Hampshire.

George E. Long, Jr. has been Unitil's Vice President, Administration, Unitil Service, since February 2003. Mr. Long joined Unitil in 1994 and was Director, Human Resources, from 1998 until 2003.

Sandra L. Whitney has been Unitil's Corporate Secretary and secretary of our Board of Directors since February 2003. Ms. Whitney joined Unitil in 1990 and also serves as the Corporate Secretary of Unitil's subsidiary companies.

William D. Adams has been a member of Unitil's Board of Directors since 2009. Mr. Adams has been the president of Colby College in Waterville, Maine, since 2000. Mr. Adams also serves on the board of trustees of Colby College. Mr. Adams also served as president of Bucknell University (Bucknell) in Pennsylvania from 1995 until 2000. Prior to leading Bucknell, he served as vice president and secretary of Wesleyan University in Connecticut. Mr. Adams also served as coordinator of the Great Works in Western Culture program at Stanford University and taught political philosophy at the University of North Carolina at Chapel Hill and Santa Clara University. Mr. Adams has served on the board of directors of Wittenburg University since 2007, Maine General Health since 2002, and Maine Public Broadcasting Corporation since 2002.

Dr. Robert V. Antonucci has been a member of Unitil's Board of Directors since 2004. Dr. Antonucci has been the president of Fitchburg State College (FSC) in Fitchburg, Massachusetts, since 2003. Prior to his employment with FSC, Dr. Antonucci was president of the School Group of Riverdeep, Inc., San Francisco, California, from 2001 until 2003 and president and chief executive officer of Harcourt Learning Direct and Harcourt Online College, Chestnut Hill, Massachusetts from 1998 until 2001. Dr. Antonucci also served as the commissioner of education for the Commonwealth of Massachusetts from 1992 until 1998. In addition, Dr. Antonucci has served as a trustee of Eastern Bank since 1988. Dr. Antonucci also serves and a director of the North Central Massachusetts Chamber of Commerce and a director of the North Central Massachusetts United Way.

David P. Brownell has been a member of Unitil's Board of Directors since 2001. Mr. Brownell has been a retired senior vice president of Tyco International Ltd. (Tyco) (a diversified global manufacturing and service company), Portsmouth, New Hampshire, since 2003. Mr. Brownell had been with Tyco since 1984. Mr. Brownell was also interim president of the University of New Hampshire (UNH) Foundation, former vice chairman of the board of UNH Foundation, former volunteer board president of the United Way of the Greater Seacoast, and a former board member of the New Hampshire Junior Achievement Advisory Council.

Michael J. Dalton has been a member of Unitil's Board of Directors since 1984. Mr. Dalton has been the retired president and chief operating officer of Unitil since 2003. Mr. Dalton has been a member of the Industrial Advisory Council of the University of New Hampshire College of Engineering and Physical Sciences since 2003, and vice president since 2009. Mr. Dalton was a director of the New England Gas Association from 2002 until 2003, the Electric Council of New England, the UNH Foundation, the University of New Hampshire Alumni Association, and the University of New Hampshire President's Council. In addition, Mr. Dalton serves as a mentor with the University of New Hampshire Pathways Mentorship Program.

Albert H. Elfner, III has been a member of Unitil's Board of Directors since 1999. Mr. Elfner was the chairman of Evergreen Investment Management Company, Boston, Massachusetts, from 1994 until 1999 and its chief executive officer from 1995 until 1999. Mr. Elfner is also a director of NGM Insurance Company (NGM), Jacksonville, Florida, as well as a member of the NGM finance committee, and as a director of Emerson Ecologics, LLC (distributor of natural health care products to health care professionals), and as a trustee of MDT Advisors (a quantitative investment management firm), Boston, Massachusetts.

Edward F. Godfrey has been a member of Unitil's Board of Directors since 2002. Mr. Godfrey was the executive vice president and chief operating officer of Keystone Investments, Incorporated (Keystone), Boston, Massachusetts, from 1997 until 1998. Mr. Godfrey was senior vice president, chief financial officer and treasurer of Keystone from 1988 until 1996. Mr. Godfrey is also a director of VehiCare, LLC, Charlotte, North Carolina, since 2006.

Michael B. Green has been a member of Unitil's Board of Directors since 2001. Mr. Green has been the president and chief executive officer of Capital Region Health Care and Concord Hospital, Concord, New Hampshire, since 1992. Mr. Green is also a member of the adjunct faculty, Dartmouth Medical School, Dartmouth College, Hanover, New Hampshire. In addition, Mr. Green currently serves on the board of the Foundation for Healthy Communities, is a director of the New Hampshire Hospital Association, a director of New Hampshire Business Council for the Arts, and a director of Merrimack County Savings Bank including membership on the bank's investment and audit committees.

Eben S. Moulton has been a member of Unitil's Board of Directors since 2000. Mr. Moulton has been the managing partner of Seacoast Capital Corporation, Danvers, Massachusetts, (a private investment company) since 1995. Mr. Moulton is also a director of IEC Electronics (provider of electronic manufacturing services to advanced technology companies), Newark, New York, a director of six private companies, and a trustee of Colorado College, Colorado Springs, Colorado.

M. Brian O'Shaughnessy has been a member of Unitil's Board of Directors since 1998. Mr. O'Shaughnessy has been the chairman of the board of Revere Copper Products, Inc. (Revere), Rome, New York, since 1988. Mr. O'Shaughnessy also served as chief executive officer and president of Revere from 1988 until 2007. Mr. O'Shaughnessy also serves on the Board of Directors and as the chief co-chair of the Coalition for a Prosperous America, three copper industry trade associations, three manufacturing associations in New York State regarding energy-related issues, and the Economic Development Growth Enterprise of Mohawk Valley.

Dr. Sarah P. Voll has been a member of Unitil's Board of Directors since 2003. Dr. Voll has been a retired vice president, National Economic Research Associates, Inc. (NERA), Washington, District of Columbia, a firm of consulting economists specializing in industrial and financial economics, since 2007, but currently serves as a special consultant to NERA. Dr. Voll had been with NERA in the position of vice president since 1999, and in the position of senior consultant from 1996 until 1999. Prior to her employment with NERA, Dr. Voll was a staff member at the NHPUC from 1980 until 1996.

INVESTOR INFORMATION

Annual Meeting

The annual meeting of shareholders is scheduled to be held at the offices of the Company, 6 Liberty Lane West, Hampton, New Hampshire, on Thursday, April 15, 2010, at 10:30 a.m.

Transfer Agent

The Company's transfer agent, Computershare, is responsible for shareholder records, issuance of common stock, administration of the Dividend Reinvestment and Stock Purchase Plan, and the distribution of Unitil's dividends and IRS Form 1099-DIV. Shareholders may contact Computershare at:

Computershare
P.O. Box 43078
Providence, RI 02940-3078
Telephone: 800-736-3001
www.computershare.com

Investor Relations

For information about the Company, you may call the Company directly, toll-free, at: 800-999-6501 and ask for the Investor Relations Representative; visit the Investor page at *www.unitil.com*; or contact the transfer agent, Computershare, at the number listed above.

Special Services & Shareholder Programs Available to Holders of Record

If a shareholder's shares of common stock are registered directly in the shareholder's name with the Company's transfer agent, the shareholder is considered a holder of record of the shares. The following services and programs are available to shareholders of record:

- Internet Account Access is available at *www.computershare.com*.
- Dividend Reinvestment and Stock Purchase Plan:

  To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Dividend Direct Deposit Service:

  To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Direct Registration:

  For information, please contact Computershare at 800-935-9330 or the Company's Investor Relations Representative at 800-999-6501.

Item 1A. Risk Factors

Risks Relating to Our Business

Risks related to the regulation of the Company's business could impact the rates it is able to charge, its costs and its profitability.

The Company is subject to comprehensive regulation by federal and state regulatory authorities, which significantly influences the Company's operating environment and its ability to recover costs from its customers. In particular, the Company is regulated by the FERC and state regulatory authorities with jurisdiction over public utilities, including the NHPUC, MDPU and MPUC. These authorities regulate many aspects of the Company's operations, including, but not limited to, construction and maintenance of facilities, operations, safety, issuance of securities, accounting matters, transactions between affiliates, the rates that the Company can charge customers and the rate of return that it is allowed to realize. The Company's ability to obtain rate adjustments to maintain its current rate of return depends upon regulatory action under applicable statutes, rules and regulations, and the Company cannot assure you that it will be able to obtain rate adjustments or continue receiving its current authorized rates of return. These regulatory authorities are also empowered to impose financial penalties and other sanctions on the Company if it is found to have violated statutes and regulations governing its utility operations. The Company is unable to predict the impact on its operating results from the regulatory activities of any of these agencies. Although the Company has attempted to actively manage the rate making process and has had recent success in obtaining rate adjustments, it can offer no assurances as to future success in the rate making process. Despite the Company's requests, these regulatory commissions have authority under applicable statutes, rules and regulations to leave the Company's rates unchanged, grant increases or order decreases in such rates.

The regulators also have authority with respect to the recovery of the Company's electricity and natural gas supply costs incurred by Unitil Energy, Fitchburg, and Northern Utilities. In the event that the Company is unable to recover a significant amount of these costs or recovery of these costs were to be significantly delayed, the Company's operating results could be materially adversely affected. Changes in regulations or the imposition of additional regulations could also have an adverse effect on the Company's operating results.

In the fourth quarter of 2009, the MDPU issued an order finding that Fitchburg engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's gas purchasing practices were imprudent. As a result, the MDPU required Fitchburg to refund $4.6 million of natural gas costs, plus carrying charges, to its gas customers. Fitchburg recorded a pre-tax charge of $4.9 million in the fourth quarter of 2009 based on the MDPU's order. Fitchburg has appealed the gas procurement Order to the Massachusetts Supreme Judicial Court. Fitchburg's assessment is that pre-approval from the MDPU for gas purchases made to stabilize prices for customers was not required and that its gas-procurement practices were consistent with those of other Massachusetts natural gas distribution companies and all relevant MDPU rules and orders and Massachusetts law. In addition, Fitchburg is able to demonstrate that its gas purchasing practices were previously disclosed to the MDPU at public hearings and in required filings with the MDPU and the Massachusetts Office of the Attorney General. This appeal remains pending before the Massachusetts Supreme Judicial Court. Immediately after the MDPU opened its investigation of this matter in March 2009, Fitchburg ceased making the gas procurement purchases in question and filed a request with the MDPU for approval of a gas procurement plan for future gas purchases. This matter remains pending before the MDPU.

The Company has deferred certain costs associated with the December 2008 Ice Storm for future recovery in rates.

On December 11 and 12, 2008, a severe ice storm struck the New England region, causing extensive damage to electric facilities and loss of service to significant numbers of customers of several utilities. An estimated one million electric customers in the region were affected, including all of Unitil's 28,000 Massachusetts customers, and approximately half of its New Hampshire customers.

The Company has received regulatory approvals to defer storm restoration costs and has accrued and deferred approximately $14.6 million of costs, including carrying charges, for the repair of its electric system damaged during the December 2008 Ice Storm so that it may seek recovery of these costs in its next base rate cases. The Company does not believe these storm restoration expenditures and the timing of cost recovery will have a material adverse impact on the Company's financial condition or results of operations. However, if it were ultimately determined that certain of these costs were not recoverable in rates, there may be a significant impact on the Company's results of operations in future periods.

As a result of electric industry restructuring, the Company has a significant amount of certain stranded electric generation and generation related supply costs.

The stranded costs resulting from the implementation of electric industry restructuring mandated by the states of New Hampshire and Massachusetts are recovered by the Company on a pass-through basis through periodically reconciled rates. Any unrecovered balance of purchased power or stranded costs is deferred for future recovery as a regulatory asset. Such regulatory assets are subject to periodic regulatory review and approval for recovery in future periods.

The Company's power supply-related regulatory assets due to the electric industry restructuring in New Hampshire and Massachusetts for which regulatory approval has been obtained for recovery were approximately $25.6 million for Fitchburg and $9.1 million for Unitil Energy as of December 31, 2009, including $8.4 million and $4.6 million for Fitchburg and Unitil Energy, respectively, recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet. Additionally, the Company's other restructuring-related regulatory assets for which regulatory approval has been obtained for recovery were approximately $28.3 million in the aggregate as of December 31, 2009, including $4.7 million recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet.

Substantially all of Fitchburg's stranded costs relate to owned generation assets and purchase power agreements divested by Fitchburg under a long-term contract buy-out agreement. Unitil Energy's stranded costs are attributable to the long-term power purchase agreements divested by Unitil Power under long-term contract buyout agreements. Because Fitchburg and Unitil Power remain ultimately responsible for purchase power payments underlying these long-term buyout agreements, Fitchburg and Unitil Power could incur additional stranded costs were they required to resell such divested entitlements prior to the end of their term for amounts less than the amounts agreed to under the existing long-term buyout agreements. The Company expects that any such additional stranded costs would be recovered from its customers, although such recovery would require approval from the MDPU or NHPUC, the receipt of which cannot be assured.

The Company's electric and natural gas sales and revenues are highly correlated with the economy, and national, regional and local economic conditions may negatively impact the Company's customers and correspondingly its operating results and financial condition.

The Company's business is influenced by the economic activity within its service territory. The level of economic growth in the Company's electric and natural gas distribution service territory directly affects the potential for future growth in the Company's business. As a result, adverse changes in the economy may have negative effects on the Company's revenues, operating results and financial condition.

The Company may not be able to obtain financing or obtain financing on acceptable terms, which could have an adverse affect on the Company's operating results and financial condition.

The Company requires capital to fund utility plant additions, working capital and other utility expenditures. While the capital necessary to meet these requirements is derived primarily from internally-generated funds, the Company initially supplements internally generated funds through short-term debt under its current credit facility, as needed, and periodically replaces portions of its short-term debt with permanent financing sources such as long-term debt or equity. General economic conditions and the Company's operating and financial performance could negatively affect the Company's ability to obtain financing and the terms of such financing. In addition, the Company may be unable to obtain debt financing under its current credit facility because its lending counterparties may be unwilling or unable to meet their funding obligations. In each case, this could hinder or prevent the Company from meeting its current and future capital needs, which could correspondingly have an adverse affect on the Company's operating results and financial condition. In addition, the material terms of the Company's existing indebtedness restricts its ability to incur any material amount of additional indebtedness, which could negatively impact its operating results and financial condition. See Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity, Commitments and Capital Requirements section and Note 4 to the accompanying Consolidated Financial Statements.

Declines in the valuation of capital markets could require the Company to make substantial cash contributions to cover its pension obligations, which could negatively impact its financial condition.

On August 17, 2006, the Pension Protection Act of 2006 (the PPA) was signed into law. Included in the PPA are new minimum funding rules which came into effect for plan years beginning in 2008. The funding target will be 100% of a plan's liability with any shortfall amortized over seven years, with lower (92% – 100%) funding targets available to well-funded plans during the transition period provided pursuant to the PPA. Due to the significant declines in the valuation of capital markets during 2008, the Worker, Retiree, and Employer Recovery Act of 2008 (Recovery Act) was signed into law on December 23, 2008. Included in the Recovery Act are temporary modifications to the minimum funding rules set forth in the PPA such that all plans, except those that were subject to deficit reduction contribution requirements in 2007, are allowed to amortize any shortfall from the lower funding targets, rather than the 100% target, for the 2008 – 2010 plan years.

The Company made cash contributions of $4.2 million, $2.8 million and $2.8 million to its pension plan in 2009, 2008 and 2007, respectively, which exceeded minimum funding requirements. Recent and future declines in the valuation of capital markets could require the Company to make cash contributions to its pension plans substantially in excess of its cash contributions in prior years, which could adversely affect its financial condition.

The Financial Accounting Standards Board (FASB) guidance on accounting for pension and other post retirement benefit obligations requires companies to record on their balance sheets the funded status of their retirement benefit obligations (RBO). The Company has recognized a liability for the projected RBO of its plans and a corresponding regulatory asset, to recognize the future collection of these obligations in electric and gas rates. In the event that the Company is unable to recover these costs or recovery of these costs were to be significantly delayed, the Company's operating results could be materially adversely affected. See Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity, Commitments and Capital Requirements section and Note 9 to the accompanying Consolidated Financial Statements.

Increases in interest rates could have a negative impact on the Company's financial condition and the Company may need to use a significant portion of its cash flow to repay its outstanding indebtedness.

The Company and its utility subsidiaries have ongoing capital expenditure and cash funding requirements that they frequently fund by issuing short-term debt and long-term debt.

Short-term debt borrowings are typically at variable rates of interest. Therefore, changes in short-term interest rates will increase or decrease the Company's interest expense associated with short-term borrowings. Increases in interest rates generally will increase the Company's borrowing costs with respect to short-term debt and could adversely affect its financial condition or results of operations. As of December 31, 2009, the Company had approximately $64.5 million outstanding under its revolving credit facility.

Long-term debt borrowings are typically at fixed rates of interest. Therefore, changes in interest rates do not affect interest expense associated with presently outstanding fixed rate long-term debt securities. However, changes in interest rates may affect the interest rate and corresponding interest expense on any new long-term debt securities that are issued. See Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity, Commitments and Capital Requirements section and Note 4 to the accompanying Consolidated Financial Statements.

The Company may need to use a significant portion of its cash flow to repay its short-term debt and long-term debt, which would limit the amount of cash it has available for working capital, capital expenditures and other general corporate purposes and could negatively affect its liquidity, financial condition and results of operations.

The Company's and its subsidiaries' indebtedness contains covenants that could restrict the Company's business operations.

See Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity, Commitments and Capital Requirements section and Note 4 to the accompanying Consolidated Financial Statements.

Weather conditions may cause the Company's sales to vary from year to year.

Sales by the Company's distribution utilities vary from year to year, depending on weather conditions. The Company estimates that approximately 50% of its annual natural gas sales are temperature sensitive. As a result, mild winter temperatures can cause a decrease in the amount of natural gas sold by the Company in any year, particularly during the winter heating season. The Company's electric sales are generally less sensitive to weather than its natural gas sales, but may also be affected by weather conditions in both the winter and summer seasons. The highest usage of electricity typically occurs in both the summer months due to air conditioning demand and the winter months due to heating-related requirements and shorter daylight hours.

The Company's results of operations reflect this seasonal nature. In particular, the Company expects that consolidated results of operations in future reporting periods will reflect to a greater degree the seasonal nature of natural gas sales by Northern Utilities, which was acquired by the Company on December 1, 2008. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Unitil is a holding company and has no operating income of its own. The Company's ability to pay dividends on its common stock is dependent on dividends received from its subsidiaries and on factors directly affecting Unitil, the parent corporation. The Company cannot assure you that its current annual dividend will be paid in the future.

Unitil is a public utility holding company and it does not have any operating income of its own. Consequently, the Company's ability to pay dividends on its common stock is dependent on dividends and other payments received from its subsidiaries, principally Unitil Energy, Fitchburg, Northern Utilities and Granite State. The ability of the Company's subsidiaries to pay dividends or make distributions to Unitil will depend on, among other things:

- the actual and projected earnings and cash flow, capital requirements and general financial condition of our subsidiaries;
- the prior rights of holders of existing and future preferred stock, mortgage bonds, long-term notes and other debt issued by the Company's subsidiaries;
- the restrictions on the payment of dividends contained in the existing loan agreements of Unitil Energy, Fitchburg, Northern Utilities and Granite State and that may be contained in future debt agreements of the Company's subsidiaries, if any; and
- limitations that may be imposed by New Hampshire, Massachusetts and Maine state regulatory agencies.

In addition, the Company may incur indebtedness in the future. Before the Company can pay dividends on its common stock, it has to satisfy its debt obligations and comply with any statutory or contractual limitations.

The Company's current annual dividend is $1.38 per share of common stock, payable quarterly. However, the Company's Board of Directors reviews Unitil's dividend policy periodically in light of the factors referred to above, and the Company cannot assure the amount of dividends, if any, that may be paid in the future.

Transporting and storing natural gas and supplemental gas supplies, as well as electricity, involves numerous risks that may result in accidents and other operating risks and costs.

Inherent in the Company's electric and natural gas distribution activities are a variety of hazards and operating risks, such as leaks, explosions, electrocutions and mechanical problems that could cause substantial financial losses. In addition, these risks could result in loss of human life, significant damage to property, environmental pollution, and impairment of the Company's operations and substantial losses to Unitil. In accordance with customary industry practice, the Company maintains insurance against some, but not all, of these risks and losses. The location of pipelines, storage facilities and electric distribution equipment near populated areas, including residential areas, commercial business centers and industrial sites, could increase the level of damages resulting from these risks. The occurrence of any of these events not fully covered by insurance could adversely affect the Company's financial position and results of operations.

The Company's business is subject to environmental regulation in all jurisdictions in which it operates and its costs of compliance are significant. Any changes in existing environmental regulation and the incurrence of environmental liabilities could negatively affect the Company's results of operations and financial condition.

The Company's utility operations are generally subject to extensive federal, state and local environmental laws and regulations relating to air quality, water quality, waste management, natural resources, and the health and safety of the Company's employees. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties; imposition of remedial requirements; and even issuance of injunctions to ensure future compliance. Liability under certain environmental laws is strict, joint and several in nature. Although the Company believes it is in general compliance with all applicable environmental and safety laws and regulations, there can be no assurance that significant costs and liabilities will not be incurred in the future. Moreover, it is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations, could result in increased environmental compliance costs.

Catastrophic events could have a material adverse effect on the Company's financial condition or results of operations.

The electric and natural gas utility industries are from time to time affected by catastrophic events, such as unusually severe weather and significant and widespread failures of plant and equipment. Other catastrophic occurrences, such as terrorist attacks on utility facilities, may occur in the future. Such events could have a material adverse effect on the Company since they could inhibit its ability to continue providing electric and/or natural gas distribution services to its customers for an extended period, which is the principal source of the Company's operating income.

The Company's business could be adversely affected if it is unable to retain its existing customers or attract new customers.

The success of the Company's business depends, in part, on its ability to maintain and increase its customer base. The Company's failure to maintain or attract customers could have a material adverse effect on its business, financial condition and operating results.

The Company cannot guarantee customers' future performance under multi-year energy brokering contracts.

The Company's non-regulated energy brokering business provides energy brokering and consulting services to large commercial and industrial customers in the northeastern United States. Revenues from this business are primarily derived from brokering fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts. The Company cannot guarantee customers' future performance under multi-year energy brokering contracts.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2009, Unitil owned, through its distribution utilities, three utility operation centers, approximately 2,177 pole miles of local transmission and distribution overhead electric lines and 596 conduit bank miles of underground electric distribution lines, along with 48 electric substations, including three mobile electric substations. Our natural gas operations property includes two LPG plants, two LNG plants and 1,219 miles of underground gas mains. In addition, our real estate subsidiary, Unitil Realty, owns our corporate headquarters building and the 12 acres of land on which it is located.

Unitil Energy owns and maintains distribution operations centers in Concord, New Hampshire and Kensington, New Hampshire. Unitil Energy's 29 electric distribution substations, including one 5,000 kilovolt ampere and one 10,500 kilovolt ampere kVA mobile substation, constitute 219,037 kVA of capacity, which excludes capacity of spare transformers, for the transformation of electric power from the 34.5 kV subtransmission voltage to other primary distribution voltage levels. The electric substations are located on land owned by Unitil Energy or land occupied by Unitil Energy pursuant to perpetual easements.

Unitil Energy has a total of approximately 1,617 pole miles of local transmission and distribution overhead electric lines and a total of 416 conduit bank miles of underground electric distribution lines. The electric distribution lines are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by Unitil Energy without objection by the owners. In the case of certain distribution lines, Unitil Energy owns only a part interest in the poles upon which its wires are installed, the remaining interest being owned by telephone companies.

The physical utility properties of Unitil Energy, with certain exceptions, and its franchises are subject to its indenture of mortgage and deed of trust under which the respective series of first mortgage bonds of Unitil Energy are outstanding.

Fitchburg's electric properties consist principally of 560 pole miles of local transmission and distribution overhead electric lines, 180 conduit bank miles of underground electric distribution lines and 19 transmission and distribution stations (including two mobile electric substations). The capacity of these substations totals 443,150 kVA, which excludes capacity of spare transformers.

Fitchburg owns a LPG plant and a LNG plant, both of which are located on land owned by Fitchburg. Fitchburg also has 263 miles of underground steel, cast iron and plastic gas mains.

Fitchburg's electric substations, with minor exceptions, are located on land owned by Fitchburg or occupied by Fitchburg pursuant to perpetual easements. Fitchburg's electric distribution lines and gas mains are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by Fitchburg without objection by the owners. Fitchburg leases its distribution operations center located in Fitchburg, Massachusetts.

Northern Utilities' distribution system is comprised of 956 miles of gas mains and 38,692 service pipes. The gas mains are primarily made up of polyethylene plastic (65%), coated and wrapped cathodically protected steel (22%), cast/wrought iron (8%), and unprotected bare and coated steel (5%).

Northern Utilities' New Hampshire division serving 21 communities has 485 miles of distribution gas mains and 19,468 service pipes. Northern Utilities' Maine division serving 23 communities has 471 miles of distribution and 19,224 service pipes. Northern Utilities also owns a liquid propane gas plant on land owned by Northern Utilities.

Granite State is a natural gas transmission pipeline, regulated by the FERC, operating 87 miles of underground gas transmission pipeline located in Maine and New Hampshire.

The Company believes that its facilities are currently adequate for their intended uses.

Item 3. Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the December 2008 Ice Storm. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 Ice Storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company continues to believe the suit is without merit, and will defend itself vigorously.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

The Registrant's common stock is listed on the New York Stock Exchange under the symbol "UTL". As of December 31, 2009, there were 1,644 shareholders of record.

Common Stock Data

Dividends per Common Share	2009	2008
1st Quarter	**$0.345**	$0.345
2nd Quarter	**0.345**	0.345
3rd Quarter	**0.345**	0.345
4th Quarter	**0.345**	0.345
Total for Year	**$ 1.38**	$ 1.38

	2009		2008	
Price Range of Common Stock	High/Ask	Low/Bid	High/Ask	Low/Bid
1st Quarter	**$20.75**	**$17.93**	$29.00	$25.75
2nd Quarter	**$22.79**	**$19.05**	$28.60	$26.41
3rd Quarter	**$23.20**	**$20.53**	$27.94	$25.46
4th Quarter	**$23.46**	**$19.55**	$26.60	$19.50

Information regarding Securities Authorized for Issuance Under Equity Compensation Plans is set forth in the table below.

Equity Compensation Plan Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders			
Restricted Stock Plan (1)	—	N/A	62,318
Equity compensation plans not approved by security holders			
1998 Option Plan (2)	63,500	$28.90	—
Total	63,500	$28.90	62,318

NOTES: (also see Note 3 to the accompanying Consolidated Financial Statements)

(1) The Restricted Stock Plan (the Plan) was approved by shareholders in April 2003. 10,600 shares of restricted stock were awarded to Plan participants in May 2003; 10,700 shares of restricted stock were awarded to Plan participants in April 2004; 10,900 shares of restricted stock were awarded to Plan participants in March 2005; 14,375 shares of restricted stock were awarded to Plan participants in February 2006; 9,020 shares of restricted stock were awarded to Plan participants in February 2007; 15,540 shares of restricted stock were awarded to Plan participants in February 2008; 32,260 shares of restricted stock were awarded to Plan participants in February 2009. 12,520 shares of restricted stock were awarded to Plan participants in February 2010.

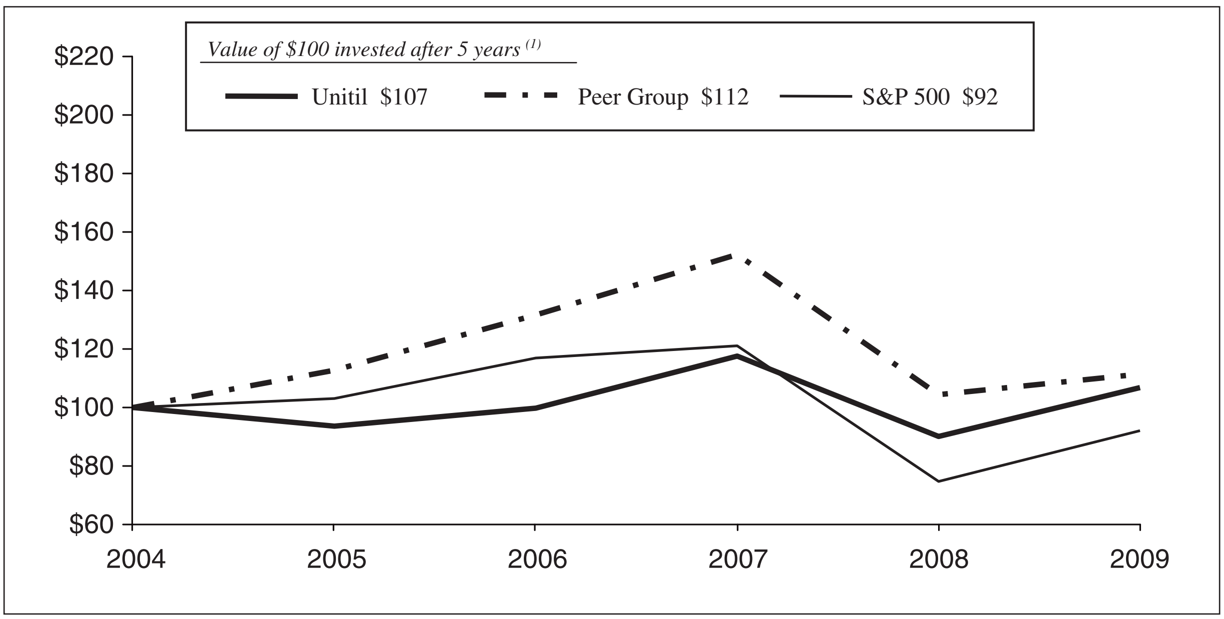
(2) The 1998 Option Plan was adopted by the Board of Directors of the Company in December 1998. At the time of adoption, the 1998 Option Plan was not required, under American Stock Exchange (the exchange upon which the Company was then listed) rules, to obtain shareholder approval. Options were granted in March 1999, January 2000, and January 2001. On January 16, 2003, the Board of

Directors terminated the 1998 Option Plan upon the recommendation of the Compensation Committee. In April 2004, the 177,500 remaining registered and ungranted shares in the 1998 Option Plan were deregistered with the Securities and Exchange Commission. The 1998 Option Plan will remain in effect solely for the purposes of the continued administration of all options currently outstanding under the 1998 Option Plan. No further grants of options will be made thereunder.

Stock Performance Graph

The following graph compares Unitil's cumulative stockholder return since December 31, 2004 with the Peer Group index, comprised of the S&P Utility Index, and the S&P 500 index. The graph assumes that the value of the investment in the Company's common stock and each index (including reinvestment of dividends) was $100 on December 31, 2004.

Comparative Five-Year Total Returns



NOTES:

(1) The graph above assumes $100 invested on December 31, 2004, in each category and the reinvestment of all dividends during the five-year period. The Peer Group is comprised of the S&P Utility Index.

Unregistered Sales of Equity Securities and Uses of Proceeds

There were no sales of unregistered equity securities by the Company for the fiscal period ended December 31, 2009.

Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on March 26, 2009, the Company periodically repurchases shares of its Common Stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer. The Company may suspend or terminate its Rule 10b5-1 trading plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, or other applicable securities laws. There is no pool or maximum number of shares related to these purchases; however, the trading plan will terminate when $83,000 in value of shares have been purchased or, if sooner, on March 26, 2010.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs
10/1/09 – 10/31/09	—	—	—
11/1/09 – 11/30/09	—	—	—
12/1/09 – 12/31/09	2,781	$21.57	2,781
Total	2,781	$21.57	2,781

Item 6. Selected Financial Data

For the Years Ended December 31,	2009	2008	2007	2006	2005
(all data in millions except shares, % and per share data) [1]					
Consolidated Statements of Earnings:					
Operating Revenue	**$ 367.0**	$ 288.2	$ 262.9	$ 260.9	$ 232.1
Operating Income	**26.1**	20.5	18.5	15.8	15.5
Other Non-operating Expense (Income)	**0.3**	0.3	0.2	—	0.1
Income Before Interest Expense, net	**25.8**	20.2	18.3	15.8	15.4
Interest Expense, net	**15.8**	10.5	9.6	7.8	6.8
Net Income	**10.0**	9.7	8.7	8.0	8.6
Dividends on Preferred Stock	**0.1**	0.1	0.1	0.1	0.2
Earnings Applicable to Common Shareholders	**$ 9.9**	$ 9.6	$ 8.6	$ 7.9	$ 8.4
Balance Sheet Data:					
Utility Plant (Original Cost)	**$ 682.7**	$ 641.4	$ 380.5	$ 353.0	$ 325.0
Total Assets	**$ 725.2**	$ 733.2	$ 474.6	$ 483.4	$ 450.1
Capitalization:					
Common Stock Equity	**$ 193.1**	$ 139.5	$ 100.4	$ 97.8	$ 96.3
Preferred Stock	**2.0**	2.0	2.1	2.1	2.3
Long-Term Debt, less current portion	**248.9**	249.3	159.6	140.0	125.4
Total Capitalization	**$ 444.0**	$ 390.8	$ 262.1	$ 239.9	$ 224.0
Current Portion of Long-Term Debt	**$ 0.4**	$ 0.4	$ 0.4	$ 0.3	$ 0.3
Short-term Debt	**$ 64.5**	$ 74.1	$ 18.8	$ 26.0	$ 18.7
Capital Structure Ratios:					
Common Stock Equity	**43%**	36%	38%	41%	43%
Preferred Stock	**1%**	1%	1%	1%	1%
Long-Term Debt	**56%**	63%	61%	58%	56%
Earnings Per Share Data:					
Earnings Per Average Share	**$ 1.03**	$ 1.65	$ 1.52	$ 1.41	$ 1.51
Common Stock Data:					
Shares of Common Stock—(Average Outstanding, 000's)	**9,647**	5,830	5,672	5,612	5,568
Dividends Paid Per Share	**$ 1.38**	$ 1.38	$ 1.38	$ 1.38	$ 1.38
Book Value Per Share (Year-End)	**$ 17.83**	$ 17.90	$ 17.50	$ 17.30	$ 17.21
Electric and Gas Sales:					
Electric Distribution Sales (Millions kWh)	**1,618.8**	1,695.9	1,743.0	1,751.5	1,790.4
Firm Natural Gas Distribution Sales (Millions Therms)	**178.7**	47.2	28.4	26.4	24.3

[1] As a result of the acquisitions of Northern Utilities and Granite State on December 1, 2008, consolidated results for the Company in the current period may not be directly comparable to prior period results until such time as the acquisitions are fully reflected in both reporting periods.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) (Note references are to Notes to the Consolidated Financial Statements in Item 8.)

OVERVIEW

Unitil is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005. On December 1, 2008, the Company purchased: (i) all of the outstanding capital stock of Northern Utilities, a natural gas distribution utility serving customers in New Hampshire and Maine, from Bay State and (ii) all of the outstanding capital stock of Granite State, an interstate gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource.

Unitil's principal business is the local distribution of electricity and natural gas throughout its service territory in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

i) Unitil Energy, which provides electric service in southeastern seacoast and state capital regions of New Hampshire;

ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and

iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland and the Lewiston-Auburn area.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the "distribution utilities." Together, the distribution utilities serve approximately 100,500 electric customers and 70,000 natural gas customers in their service territory.

In addition, Unitil is the parent company of Granite State, a natural gas transmission pipeline, regulated by the FERC, operating 87 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to pipeline supplies.

The distribution utilities are local "pipes and wires" operating companies and, combined with Granite State, had an investment in Net Utility Plant of $449.7 million at December 31, 2009. Unitil's total revenue was $367.0 million in 2009, which includes revenue to recover the approved cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company's earnings are not affected by changes in the cost of purchased electricity and natural gas. Earnings from Unitil's utility operations are derived from the return on investment in the three distribution utilities and Granite.

Unitil also conducts non-regulated operations principally through Usource, which is wholly-owned by Unitil Resources. Usource provides energy brokering and consulting services to large commercial and industrial customers in the northeastern United States. Usource's total revenues were $4.3 million in 2009. The Company's other subsidiaries include Unitil Service, which provides, at cost, a variety of administrative and professional services to Unitil's affiliated companies, and Unitil Realty, which owns and manages Unitil's corporate office building and property located in Hampton, New Hampshire. Unitil's consolidated net income includes the earnings of the holding company and these subsidiaries.

CAUTIONARY STATEMENT

This report and the documents we incorporate by reference into this report contain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company's future operations, are forward-looking statements.

These statements include declarations regarding the Company's beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Item 1A (Risk Factors) and the following:

- The Company's ability to achieve the estimated potential synergy savings attributable to the Acquisitions;
- The Company's ability to retain existing customers and gain new customers;
- Variations in weather;
- Major storms;
- Recovery of deferred major storm costs;
- Recovery of energy commodity costs;
- Changes in the regulatory environment;
- Customers' preferences on energy sources;
- Interest rate fluctuation and credit market concerns;
- General economic conditions that could have an adverse impact on the availability of credit and liquidity resources generally and could jeopardize certain of our counterparty obligations, including those of our insurers and financial institutions;
- Fluctuations in supply, demand, transmission capacity and prices for energy commodities;
- Increased competition; and
- Customers' performance under multi-year energy brokering contracts.

Many of these risks are beyond the Company's control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

See also Item 1A Risk Factors.

ACCOUNTING CODIFICATION

In June 2009, the Financial Accounting Standards Board (FASB) issued FASB Statement No. 168, "The FASB Accounting Standards Codification and the Hierarchy of Generally Accepted Accounting Principles", (SFAS No. 168), a replacement of SFAS No. 162, "The Hierarchy of Generally Accepted Accounting Principles". SFAS No. 162 identifies the sources of accounting principles and the framework for selecting the principles used in the preparation of financial statements of nongovernmental entities that are presented in conformity with generally accepted accounting principles in the United States (U.S. GAAP). SFAS No. 168 is effective for financial statements for interim and annual periods ending after September 15, 2009. SFAS No. 168 establishes the FASB Accounting Standards Codification (FASB Codification) as the source of authoritative accounting principles recognized by the FASB to be applied by nongovernmental entities in the preparation of financial statements in conformity with U.S. GAAP. The purpose of the FASB Codification is to simplify U.S. GAAP, without change, by consolidating the numerous accounting rules into logically organized topics. The Company has adopted SFAS No. 168 and therefore all references by the Company to authoritative accounting principles recognized by the FASB reflect the FASB Codification.

RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the accompanying Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements included in Item 8 of this report.

As a result of the acquisitions of Northern Utilities and Granite State, consolidated results for the Company in the current period may not be directly comparable to prior period results until such time as the acquisitions are fully reflected in both reporting periods. In particular, the Company's results will reflect the seasonal nature of the natural gas business. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Net Income and EPS Overview

2009 Compared to 2008—The Company's Earnings Applicable to Common Shareholders was $1.2 million, or $0.11 per common share, for the fourth quarter of 2009 compared to $3.2 million, or $0.53 per common share, for the fourth quarter of 2008. The Company also reported earnings of $9.9 million for the full year period of 2009, compared to $9.6 million for 2008. Earnings per common share were $1.03 for 2009, ($0.62) per share lower than last year's earnings of $1.65. The lower earnings per common share in the fourth quarter and full year period of 2009 primarily reflect higher regulatory and legal expenses in 2009 associated with the devastating ice storm that struck New England in December 2008 and a significant non-recurring regulatory matter.

In 2009 the Company recognized professional fees of approximately $3.0 million related to regulatory and legal matters concerning the Company's preparation and response to the devastating ice storm that struck the New England region on December 11 and 12, 2008. In the fourth quarter of 2009, the Company also recognized a non-recurring accounting charge for a regulatory order that required Fitchburg Gas and Electric Light Company, the Company's Massachusetts combination gas and electric operating utility, to refund $4.9 million of natural gas supply costs, including carrying charges. Excluding these one-time charges, the Company's Earnings Applicable to Common Shareholders was $5.1 million, or $0.47 per common share, for the fourth quarter of 2009 and $15.1 million, or $1.57 per share, for the full year ended December 31, 2009.

In addition to the one-time charges, earnings in 2009 reflect higher gas utility sales margins offset by higher operating, depreciation and interest costs. Natural gas sales margin increased $35.1 million in 2009 compared to 2008, reflecting the contribution to natural gas sales by Northern Utilities and Granite State. Natural gas sales margin also includes the unfavorable effect of a refund of $4.9 million of natural gas supply costs recorded in the fourth quarter of 2009. Electric sales margin increased $0.4 million in 2009 compared to 2008, reflecting higher electric rates offset by lower sales. Total electric kilowatt-hour (kWh) sales decreased 4.5% in 2009 compared to 2008, reflecting lower average usage by customers due to the continued economic slowdown and milder summer weather in 2009. Average summer temperatures in the Company's electric service territories, as measured by cooling degree days, were 31% cooler in 2009 compared to the same period in 2008 and were 26% cooler than normal. Unitil paid common dividends of $1.38 in 2009.

Total Operation & Maintenance (O&M) expenses increased $17.2 million, or 62.5%, in 2009 compared to 2008. The inclusion of Northern Utilities and Granite State for the full year in 2009 accounted for $8.8 million of the increase. In addition, higher compensation and retiree and employee benefit expenses of $2.2 million and net other utility operating costs of $0.4 million contributed to the increase in O&M expenses year over year. As discussed above, in 2009 the Company expensed professional fees of approximately $3.0 million related to regulatory and legal matters concerning the December 2008 Ice Storm. The increase in O&M expenses in 2009 over 2008 also reflects lower O&M recorded in 2008 due to the receipt of a $2.8 million insurance settlement in that year.

Depreciation, Amortization, Taxes and Other expenses increased $13.2 million in 2009 compared to 2008. The increase is largely due to the inclusion of Northern Utilities and Granite State for the full year in 2009, higher depreciation on normal utility plant additions and higher income taxes on higher pre-tax earnings in 2009.

Interest Expense, Net increased $5.3 million in 2009 compared to 2008. The increase is due to the issuance of $90 million of long-term notes issued by Northern Utilities and Granite State in December 2008 to partially finance the acquisition and higher average borrowings during 2009, partially offset by increases in interest income on regulatory assets and Allowance for Funds Used During Construction (AFUDC) in 2009.

The Company's non-regulated energy brokering and advisory services business, Usource, achieved sales margins of $4.3 million in 2009, and contributed $1.6 million to consolidated Earnings, or $0.16 per share for the year compared to earnings of $0.3 million, or $0.06 per share in 2008.

On December 11 and 12, 2008, a severe ice storm struck the New England region, creating extended power outages for many residents of Massachusetts and New Hampshire, including Unitil's electric customers in New Hampshire and the greater Fitchburg, Massachusetts service territory. As discussed above, the Company has received approval from the MDPU and the NHPUC to defer storm restoration costs associated with the repair of damages to its electric distribution system caused by the December 2008 Ice Storm and to request recovery for these costs in Fitchburg's and Unitil Energy's next rate cases. The Company has accrued and deferred, excluding capital construction expenditures, approximately $14.6 million in costs, including carrying charges, for the repair and replacement of electric distribution systems damaged during the storm. The Company does not believe these storm restoration expenditures and the timing of cost recovery will have a material adverse impact on the Company's financial condition or results of operations.

In 2009, Unitil's annual common dividend was $1.38, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January 2010 meeting, the Unitil Board of Directors declared a quarterly dividend on the Company's common stock of $0.345 per share.

Between December 2008 and June 2009, the Company sold 4,970,000 shares of its common stock at a price of $20.00 per share in registered public offerings. The Company used the net proceeds of $93.1 million from these offerings to finance the acquisition of Northern Utilities and Granite State and for capital contributions to Unitil's other distribution utilities and the repayment of short-term debt. Overall, the results of operations and net income are reflected over a higher number of average shares outstanding year over year.

2008 Compared to 2007—The Company's Earnings Applicable to Common Shareholders was $9.6 million for 2008, an increase of 12% over 2007 Earnings of $8.6 million. Earnings per common share were $1.65 for 2008, $0.13 per share higher than last year. Earnings in 2008 reflect the acquisitions, on December 1, 2008, of Northern Utilities and Granite State. The acquisitions have increased the share of the company's operating results attributable to gas operations, which have a higher proportion of annual gas sales margin during the winter months.

A more detailed discussion of the Company's 2009 and 2008 results of operations and a year-to-year comparison of changes in financial position are presented below.

Gas Sales, Revenues and Margin

Therm Sales—Overall, Unitil's total therm sales of natural gas increased 278.6% in 2009 compared to 2008, reflecting the contribution to sales by Northern Utilities. Excluding the contribution to sales by Northern Utilities, total therm sales of natural gas decreased 0.7% in 2009 compared to 2008, reflecting a decrease of 2.0% in sales to residential customers and flat year over year sales to C&I customers. The decrease in sales to residential customers reflects lower average usage by our customers, due to a slowing economy and energy conservation, partially offset by a colder winter heating season in the first quarter of 2009.

Overall, Unitil's total therm sales of natural gas increased 66.2% in 2008 compared to 2007. Excluding the contribution of the acquisition of Northern Utilities, total therm sales of natural gas increased 1.1% in 2008 compared to 2007, reflecting a decrease of 2.0% in sales to residential customers offset by an increase of 2.7% in sales to C&I customers. The lower sales to residential customers in 2008 reflects a milder winter heating season and lower average usage by our customers reflecting a slowing economy and energy conservation. The increase in gas sales to C&I customers in 2008 reflects increased usage of natural gas in those customers' production operations.

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

Therm Sales (millions)

				2009 vs. 2008		2008 vs. 2007	
	2009	2008	2007	Change	Change %	Change	Change %
Residential	**36.7**	13.3	10.2	23.4	175.9%	3.1	30.4%
Commercial / Industrial	**142.0**	33.9	18.2	108.1	318.9%	15.7	86.3%
Total	**178.7**	47.2	28.4	131.5	278.6%	18.8	66.2%

Gas Operating Revenues and Sales Margin—The following table details Total Gas Operating Revenue and Gas Sales Margin for the last three years by major customer class:

Gas Operating Revenues and Gas Sales Margin (millions)

				2009 vs. 2008		2008 vs. 2007	
	2009	2008	2007	$ Change	% Change (1)	$ Change	% Change (1)
Gas Operating Revenue:							
Residential	**$ 62.0**	$27.5	$18.8	$34.5	60.6%	$ 8.7	25.4%
Commercial / Industrial	**90.8**	29.4	15.4	61.4	107.9%	14.0	41.0%
Total Gas Operating Revenue	**$152.8**	$56.9	$34.2	$95.9	168.5%	$22.7	66.4%
Cost of Gas Sales:							
Purchased Gas	**$ 96.4**	$37.3	$21.3	$59.1	103.9%	$16.0	46.8%
Conservation & Load Management	**1.9**	0.2	0.2	1.7	2.9%	—	—
Total Cost of Gas Sales	**$ 98.3**	$37.5	$21.5	$60.8	106.8%	$16.0	46.8%
Gas Sales Margin	**$ 54.5**	$19.4	$12.7	$35.1	61.7%	$ 6.7	19.6%

(1) Represents change as a percent of Total Gas Operating Revenue.

Total Gas Operating Revenues increased $95.9 million, or 168.5%, in 2009 compared to 2008, reflecting the inclusion of Northern Utilities and Granite State for the full year in 2009. Total Gas Operating Revenues include the recovery of the approved cost of sales, which are recorded as Purchased Gas and Conservation and Load Management (C&LM) in Operating Expenses. The increase in Total Gas Operating Revenues in 2009 reflects higher Purchased Gas costs of $59.1 million, higher C&LM revenues of $1.7 million and higher sales margin of $35.1 million.

Purchased Gas and C&LM revenues increased $60.8 million, or 106.8%, of Total Gas Operating Revenues in 2009 compared to 2008, reflecting the inclusion of Northern Utilities and Granite State for the full year in 2009 and the $4.9 million refund of natural gas supply costs recorded in the fourth quarter of 2009. Purchased Gas revenues include the recovery of the approved cost of gas supply as well as the other energy supply related costs. C&LM revenues include the recovery of the cost of energy efficiency and conservation programs. The Company recovers the approved cost of Purchased Gas and C&LM in its rates at cost on a pass through basis.

Natural gas sales margin increased $35.1 million in 2009 compared to 2008, reflecting the contribution to natural gas sales by Northern Utilities and Granite State. Natural gas sales margin also includes the unfavorable effect of a refund of $4.9 million of natural gas supply costs recorded in the fourth quarter of 2009.

Total Gas Operating Revenues increased $22.7 million, or 66.4%, in 2008 compared to 2007, largely reflecting the acquisition of Northern Utilities and Granite State on December 1, 2008 and the 1.1% increase in gas sales, net of the effect of the acquisitions, and higher rates implemented in November 2007. The increase in Total Gas Operating Revenues in 2008 reflects higher Purchased Gas costs of $16.0 million and higher sales margin of $6.7 million.

Natural gas sales margin increased $6.7 million in 2008 compared to 2007. This increase reflects $5.4 million of gas sales margin from Northern Utilities and Granite State and an additional increase of $1.3 million in gas sales margin reflecting higher rates implemented in November 2007 and higher sales to C&I customers.

Electric Sales, Revenues and Margin

Kilowatt-hour Sales—Unitil's total electric kWh sales decreased 4.5% in 2009 compared to 2008. Electric kWh sales to residential customers and C&I customers decreased 2.2% and 6.1%, respectively, in 2009 compared to 2008. The lower electric kWh sales in 2009 compared to 2008 reflect lower average usage by our customers due to the continued regional economic slowdown and milder summer weather in 2009. Average summer temperatures in the Company's electric service territories, as measured by cooling degree days, were 31% cooler in 2009 compared to the same period in 2008 and were 26% cooler than normal.

Unitil's total electric kWh sales decreased 2.7% in 2008 compared to 2007. Electric kWh sales to residential customers and C&I customers decreased 2.2% and 3.0%, respectively, in 2008 compared to 2007. The lower electric kWh sales in 2008 compared to 2007 were driven by lower average usage per customer reflecting milder summer temperatures, a slowing economy and energy conservation.

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

kWh Sales (millions)

				2009 vs. 2008		2008 vs. 2007	
	2009	2008	2007	Change kWh	Change %	Change kWh	Change %
Residential	**645.9**	660.2	674.8	(14.3)	(2.2%)	(14.6)	(2.2%)
Commercial / Industrial	**972.9**	1,035.7	1068.2	(62.8)	(6.1%)	(32.5)	(3.0%)
Total	**1,618.8**	1,695.9	1,743.0	(77.1)	(4.5%)	(47.1)	(2.7%)

Electric Operating Revenues and Sales Margin—The following table details Total Electric Operating Revenue and Electric Sales Margin for the last three years by major customer class:

Electric Operating Revenues and Electric Sales Margin (millions)

				2009 vs. 2008		2008 vs. 2007	
	2009	2008	2007	$ Change	% Change (1)	$ Change	% Change (1)
Electric Operating Revenue:							
Residential	**$108.9**	$114.5	$114.7	$ (5.6)	(2.5%)	$(0.2)	(0.1%)
Commercial / Industrial	**101.0**	113.0	110.3	(12.0)	(5.2%)	2.7	1.2%
Total Electric Operating Revenue	**$209.9**	$227.5	$225.0	$(17.6)	(7.7%)	$ 2.5	1.1%
Cost of Electric Sales:							
Purchased Electricity	**$151.6**	$170.1	$165.4	$(18.5)	(8.1%)	$ 4.7	2.1%
Conservation & Load Management	**3.1**	2.6	3.4	0.5	0.2%	(0.8)	(0.4%)
Total Cost of Electric Sales	**$154.7**	$172.7	$168.8	$(18.0)	(7.9%)	$ 3.9	1.7%
Electric Sales Margin	**$ 55.2**	$ 54.8	$ 56.2	$ 0.4	0.2%	$(1.4)	(0.6%)

(1) Represents change as a percent of Total Electric Operating Revenue.

Total Electric Operating Revenues decreased by $17.6 million, or 7.7%, in 2009 compared to 2008. Total Electric Operating Revenues include the recovery of approved costs of electric sales, which are recorded as Purchased Electricity and C&LM in Operating Expenses. The net decrease in Total Electric Operating Revenues in 2009 reflects lower Purchased Electricity costs of $18.5 million offset by higher C&LM revenues of $0.5 million and higher sales margin of $0.4 million.

Purchased Electricity and C&LM revenues decreased $18.0 million, or 7.9%, of Total Electric Operating Revenues in 2009 compared to 2008, primarily reflecting lower sales volumes and lower electric commodity prices, partially offset by higher spending on energy efficiency and conservation programs. Purchased Electricity revenues include the recovery of the cost of electric supply as well as other energy supply related restructuring costs, including long-term power supply contract buyout costs. C&LM revenues include the recovery of the approved cost of energy efficiency and conservation programs. The Company recovers the approved cost of Purchased Electricity and C&LM in its rates at cost on a pass through basis.

Electric sales margin increased $0.4 million in 2009 compared to 2008. The increase in electric sales margin reflects higher rates offset by lower sales volumes. Total electric sales decreased 4.5% in 2009 compared to 2008, reflecting lower average usage by our customers due to the continued economic slowdown and milder summer weather in 2009.

Total Electric Operating Revenues increased by $2.5 million, or 1.1%, in 2008 compared to 2007. The net increase in Total Electric Operating Revenues in 2008 reflects higher Purchased Electricity costs of $4.7 million offset by lower C&LM revenues of $0.8 million and lower sales margin of $1.4 million.

Electric sales margin decreased $1.4 million in 2008 compared to 2007. The decrease in electric sales margin primarily reflects lower sales volumes, partially offset by higher electric base rates implemented in March of 2008. Total electric sales decreased 2.7% in 2008 compared to 2007 driven by lower average usage per customer reflecting milder summer temperatures, a slowing economy and energy conservation.

Operating Revenue—Other

Total Other Revenue increased $0.5 million in 2009 compared to 2008 and $0.1 million in 2008 compared to 2007. These increases were the result of growth in revenues from the Company's non-regulated energy brokering business, Usource. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

The following table details total Other Revenue for the last three years:

Other Revenue (millions)

				2009 vs. 2008		2008 vs. 2007	
	2009	**2008**	**2007**	**$ Change**	**% Change**	**$ Change**	**% Change**
Usource	**$4.3**	$3.8	$3.7	$0.5	13.2%	$0.1	2.7%
Total Other Revenue	**$4.3**	$3.8	$3.7	$0.5	13.2%	$0.1	2.7%

Operating Expenses

Purchased Gas—Purchased Gas includes the cost of natural gas purchased and manufactured to supply the Company's total gas supply requirements. Purchased Gas increased $59.1 million, or 158.4%, in 2009 compared to 2008. This increase primarily reflects the inclusion of Northern Utilities for the full year in 2009. The Company recovers the approved costs of Purchased Gas in its rates at cost on a pass through basis and therefore changes in approved expenses do not affect earnings.

In 2008, Purchased Gas increased $16.0 million, or 75.1%, compared to 2007. The increase in Purchased Gas largely reflects the acquisition of Northern Utilities and Granite State on December 1, 2008. In addition to the increase in Purchased Gas due to the acquisitions, Purchased Gas increased $1.5 million, or 7.0%, in 2008 compared to 2007 reflecting higher natural gas commodity prices and higher sales to C&I customers.

Purchased Electricity—Purchased Electricity includes the cost of electric supply as well as other energy supply related restructuring costs, including power supply buyout costs. Purchased Electricity decreased $18.5 million, or 10.9%, in 2009 compared to 2008. This decrease reflects lower sales volumes and lower electric commodity prices. The Company recovers the approved costs of Purchased Electricity in its rates at cost and therefore changes in approved expenses do not affect earnings.

In 2008, Purchased Electricity expenses increased $4.7 million, or 2.8%, compared to 2007, reflecting higher electric commodity prices partially offset by lower sales volumes.

Operation and Maintenance (O&M)—O&M expense includes electric and gas utility operating costs, and the operating costs of the Company's non-regulated business activities. Total O&M expenses increased $17.2 million, or 62.5%, in 2009 compared to 2008. The inclusion of Northern Utilities and Granite State for the full year in 2009 accounted for $8.8 million of the increase. In addition, higher compensation and retiree and employee benefit expenses of $2.2 million and net other utility operating costs of $0.4 million contributed to the increase in O&M expenses year over year. As discussed above, in 2009 the Company expensed professional fees of approximately $3.0 million related to regulatory and legal matters concerning the December 2008 Ice Storm. The increase in O&M expenses in 2009 over 2008 also reflects lower O&M recorded in 2008 due to the receipt of a $2.8 million insurance settlement in that year.

In 2008, total O&M expense increased $1.3 million, or 5.0%, compared to 2007. The acquisitions of Northern Utilities and Granite State accounted for $0.9 million of the increase. In addition, the increase in O&M expenses reflects higher employee and retiree compensation and benefit expenses of $2.7 million, including increased employee benefits of $1.4 million, driven primarily by higher medical claims in 2008 and higher employee benefits related to staffing increases, and higher salaries and compensation of $1.3 million, due to normal annual increases and staffing additions. Also contributing to the increase in O&M expenses were higher utility operating costs of $0.3 million and higher bad debt expenses of $0.3 million, partially offset by a reduction of $2.8 million from the proceeds of an insurance settlement and lower professional fees of $0.1 million.

Conservation & Load Management—C&LM expenses are expenses associated with the development, management, and delivery of the Company's energy efficiency programs. Energy efficiency programs are designed, in conformity to state regulatory requirements, to help consumers use natural gas and electricity more efficiently and thereby decrease their energy costs. Programs are tailored to residential, small business and large business customer groups and provide educational materials, technical assistance, and rebates that contribute toward the cost of purchasing and installing approved measures. Approximately 60% of these costs are related to electric operations and 40% to gas operations.

Total C&LM expenses increased by $2.2 million, in 2009 compared to 2008. These costs are collected from customers on a fully reconciling basis and therefore, fluctuations in program costs do not affect earnings.

Total C&LM expenses decreased by $0.8 million in 2008 compared to 2007.

Depreciation and Amortization—Depreciation and Amortization expense increased $8.3 million, or 43.5% in 2009 compared to 2008. This increase primarily reflects the inclusion of Northern Utilities and Granite State for the full year in 2009 and higher depreciation on normal utility plant additions.

In 2008, Depreciation and Amortization expense increased $1.3 million, or 7.3%, compared to 2007. The acquisitions of Northern Utilities and Granite State accounted for $0.6 million of the increase. In addition, the increase in Depreciation and Amortization expense reflects higher depreciation on normal utility plant additions.

Local Property and Other Taxes—Local Property and Other Taxes increased by $4.1 million, or 63.1%, in 2009 compared to 2008. This increase primarily reflects the inclusion of Northern Utilities and Granite State for the full year in 2009, and higher local property tax rates on higher levels of utility plant in service.

In 2008, Local Property and Other Taxes increased by $0.9 million, or 16.1%, compared to 2007. The acquisitions of Northern Utilities and Granite State accounted for $0.3 million of the increase. In addition, the increase in Local Property and Other Taxes reflects higher local property tax rates on higher levels of utility plant in service and higher payroll taxes on higher compensation expenses.

Federal and State Income Taxes—Federal and State Income Taxes increased by $0.8 million in 2009 compared to 2008 due to higher pre-tax operating income in 2009 compared to 2008 (See Note 8 to the accompanying Consolidated Financial Statements).

Federal and State Income Taxes decreased by $0.1 million in 2008 compared to 2007 due to a lower effective tax rate year over year due to the recognition of higher permanent book/tax differences partially offset by higher pre-tax operating income in 2008 compared to 2007.

Other Non-operating Expenses (Income)

Other Non-operating Expenses (Income) was flat in 2009 compared to 2008.

Other Non-operating Expenses (Income) increased by $0.1 million in 2008 compared to 2007. This change reflects an adjustment of $0.1 million in conjunction with the Company's electric base distribution rate increase in Massachusetts which was implemented in March of 2008.

Interest Expense, net

Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. Certain reconciling rate mechanisms used by the Company's distribution utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated (See Note 4 to the accompanying Consolidated Financial Statements).

Interest Expense, net increased $5.3 million in 2009 compared to 2008. The increase is primarily due to the issuance of $90 million of long-term notes issued by Northern Utilities and Granite State in December 2008 to partially finance the acquisition and higher average borrowings during 2009, partially offset by increases in interest income on regulatory assets and AFUDC in 2009.

In 2008, Interest Expense, net, rose by $0.9 million compared to 2007. The acquisitions of Northern Utilities and Granite State accounted for $0.3 million of the increase. The increase associated with the acquisitions is due to $0.5 million of interest expense from the issuance of long-term notes by Northern Utilities and Granite State in December 2008, partially offset by interest income on regulatory mechanisms. In addition to the increase related to the acquisitions, the remaining $0.6 million increase in Interest Expense, net reflects higher debt outstanding and lower interest earned on regulatory assets compared to the prior period.

LIQUIDITY, COMMITMENTS AND CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent and future periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities. The Company initially supplements internally generated funds through bank borrowings, as needed, under unsecured short-term credit facilities. Periodically, the Company replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets. The Company's utility operations are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows.

On December 18, 2009, both Unitil Energy and Northern Utilities priced long-term financings scheduled to close in the first quarter of 2010:

(i) Unitil Energy priced $15,000,000 of First Mortgage Bonds, through a private placement marketing process to institutional investors. The First Mortgage Bonds were priced at a coupon rate of 5.24% and have a final maturity of ten years. Unitil Energy plans to use the net proceeds from this long-term financing to repay short-term debt and for general corporate purposes. Unitil Energy anticipates closing this long-term financing in March 2010.

(ii) Northern Utilities priced $25,000,000 of Senior Unsecured Notes, through a private placement marketing process to institutional investors. The Senior Unsecured Notes were priced at a coupon rate of 5.29% and have a final maturity of ten years. Northern Utilities plans to use the net proceeds from this long-term financing to repay short-term debt and for general corporate purposes. Northern Utilities anticipates closing this long-term financing in March 2010.

The Unitil Energy and Northern Utilities securities offered will not be, and have not been, registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

The Company, along with its subsidiaries, are individually and collectively members of the Unitil Cash Pool (the Cash Pool). The Cash Pool is the financing vehicle for day-to-day cash borrowing and investing. The Cash Pool allows for an efficient exchange of cash among the Company and its subsidiaries. The interest rates charged to the subsidiaries for borrowing from the Cash Pool are based on actual interest costs from lenders under the Company's revolving credit facility. At December 31, 2009 and 2008, all of the Company's subsidiaries were in compliance with the regulatory requirements to participate in the Cash Pool.

As of December 31, 2009 and 2008, the Company had $64.5 million and $35.0 million, respectively, in short-term debt outstanding through bank borrowings under its revolving credit facility. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including certain financial covenants. As of December 31, 2009 and 2008, the Company was in compliance with the financial covenants contained in the revolving credit facility agreement.

The continued availability of various methods of financing, as well as the choice of a specific form of security, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of earnings, cash flows, financial position; and the competitive pricing offered by financing sources.

Contractual Obligations

The table below lists the Company's significant contractual obligations as of December 31, 2009.

		Payments Due by Period			
Contractual Obligations (millions) as of December 31, 2009	**Total**	**2010**	**2011-2012**	**2013-2014**	**2015 & Beyond**
Long-term Debt Obligations	$249.3	$ 0.4	$ 1.0	$ 3.0	$244.9
Interest on Long-term Debt Obligations	284.0	17.9	35.7	35.6	194.8
Gas Supply Contracts [(1)]	190.5	61.6	58.0	47.6	23.3
Power Supply Contract Obligations	34.7	13.0	17.8	1.8	2.1
Other	5.5	1.7	2.5	0.8	0.5
Total Contractual Cash Obligations	$764.0	$94.6	$115.0	$88.8	$465.6

(1) Primarily reflects demand charges associated with natural gas transportation contracts.

The Company and its subsidiaries have material energy supply commitments that are discussed in Note 6 to the accompanying Consolidated Financial Statements. Cash outlays for the purchase of electricity and natural gas to serve customers are subject to reconciling recovery through periodic changes in rates, with carrying charges on deferred balances. From year to year, there are likely to be timing differences associated with the cash recovery of such costs, creating under- or over-recovery situations at any point in time. Rate recovery mechanisms are typically designed to collect the under-recovered cash or refund the over-collected cash over subsequent periods of less than a year.

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit these guarantees to two years or less. As of December 31, 2009, there were approximately $30.5 million of guarantees outstanding and the longest term guarantee extends through December 31, 2010. Of this amount, $8.0 million is related to Unitil's guarantee of payment for the term of the Northern Utilities' gas storage management agreement, discussed below.

Northern enters into asset management agreements under which Northern releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $10.0 million and $31.8 million outstanding at December 31, 2009 and December 31, 2008, respectively, related to these asset management agreements.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of December 31, 2009, the principal amount outstanding for the 8% Unitil Realty notes was $4.3 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million. The guarantee related to the Granite State notes will terminate if Granite State reorganizes and merges with and into Northern Utilities.

Benefit Plan Funding

The Company, along with its subsidiaries, made cash contributions to its Pension Plan in the amount of $4.2 million and $2.8 million in 2009 and 2008, respectively. The Company, along with its subsidiaries (other than Northern Utilities and Granite State), contributed $2.8 million and $2.7 million to Voluntary Employee Benefit Trusts (VEBT) in 2009 and 2008, respectively. The Company expects to contribute approximately $4.0 million and $2.8 million, respectively, to fund its Pension and PBOP Plans in 2010. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan and the VEBTs in future years in amounts consistent with the amounts recovered in the distribution utilities' rates for these other postretirement benefit costs. (See Note 9 to the accompanying Consolidated Financial Statements.)

Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements. (See Note 4 to the accompanying Consolidated Financial Statements.)

Cash Flows

On December 1, 2008, the Company acquired Northern Utilities and Granite State. Cash flow results for 2009 include a full-year of activity for the acquired companies, while cash flow results for 2008 include only one month of activity for the acquired companies. Unitil's utility operations, taken as a whole, are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash (in millions) for 2009 and 2008.

(millions)	**2009**	**2008**
Cash Provided by Operating Activities	**$50.9**	$47.3

Cash Provided by Operating Activities—Cash Provided by Operating Activities was $50.9 million in 2009, an increase of $3.6 million over the comparable period in 2008. Cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes, was $44.5 million in 2009 compared to $36.2 million in 2008, representing an increase of $8.4 million. Working capital changes in Current Assets and Liabilities resulted in a $29.4 million source of cash in 2009, compared to a $0.7 million use of cash in 2008, representing an increased source of cash of $30.1 million primarily due to a reduction in Gas Inventory of 17.3 million and a decrease in Accrued Revenue of $12.9 million. Deferred Regulatory and Other Charges resulted in a $24.6 million use of cash, compared to a $2.6 million source of cash in

2008, primarily related to the funding in 2009 of non-recurring Deferred Regulatory Charges related to the December 2008 Ice Storm of $14.0 million. All other Operating Activities resulted in a source of cash of $1.6 million in 2009, compared to a source of cash of $9.2 million in 2008.

(millions)	2009	2008
Cash (Used in) Investing Activities	**$(65.6)**	$(238.2)

Cash (Used in) Investing Activities—Cash Used in Investing Activities was $65.6 million for 2009 compared to $238.2 million used in 2008. Northern Utilities and Granite State acquisition costs were $6.9 million in 2009 compared to $209.9 million in 2008. Capital expenditures for property, plant and equipment additions were $58.7 million in 2009 compared to $28.3 million in 2008, representing an increased use of cash of $30.4 million primarily due to the acquisition of Northern Utilities and Granite State. Cash Used in Investing Activities in 2008 included $209.9 million for the Company's acquisition of Northern Utilities and Granite State on December 1, 2008. Capital expenditures are projected to be approximately $60 million in 2010, reflecting normal electric and gas utility system additions.

(millions)	2009	2008
Cash Provided by Financing Activities	**$10.9**	$197.8

Cash Provided by Financing Activities—Cash Provided by Financing Activities was $10.9 million in 2009 compared to $197.8 million in 2008. In 2009, sources of cash from financing activities included proceeds from the issuance of common stock of $56.4 million, and uses of cash included a decrease in Gas Inventory Financing of $21.8 million, regular quarterly dividend payments on common and preferred stock of $13.2 million, the repayment of short-term debt of $9.6 million and the scheduled repayment of long-term debt of $0.4 million. Cash Provided by Financing Activities in 2008 primarily reflects the financing activity related to the Company's acquisition of Northern Utilities and Granite State on December 1, 2008.

FINANCIAL COVENANTS AND RESTRICTIONS

The agreements under which the Company's and its subsidiaries' long-term debt were issued contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions and business combinations and covenants restricting the ability to (i) pay dividends, (ii) incur indebtedness and liens, (iii) merge or consolidate with another entity or (iv) sell, lease or otherwise dispose of all or substantially all assets. (See Note 4 to the accompanying Consolidated Financial Statements.)

The long-term debt and preferred stock of Unitil, Unitil Energy, Fitchburg, Northern Utilities, Granite State and Unitil Realty are privately held, and the Company does not issue commercial paper. For these reasons, the debt securities of Unitil and its subsidiaries are not publicly rated.

The Company's revolving credit facility contains customary terms and conditions for credit facilities of this type, including certain financial covenants, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit long-term debt to exceed 65% of capitalization at the end of each fiscal quarter.

The Company and its subsidiaries are currently in compliance with all such covenants in these debt instruments.

DIVIDENDS

Unitil's annualized common dividend was $1.38 per common share in 2009, 2008 and 2007. Unitil's dividend policy is reviewed periodically by the Board of Directors. Unitil has maintained an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2010 meeting, the Unitil Board of Directors declared a quarterly dividend on the Company's common stock of $0.345 per share. The amount and timing of all dividend payments are subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors.

LEGAL PROCEEDINGS

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the December 2008 Ice Storm. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 Ice Storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company continues to believe the suit is without merit, and will defend itself vigorously.

REGULATORY MATTERS

Overview (Unitil Energy, Fitchburg, and Northern Utilities): Unitil's distribution utilities deliver electricity and/or natural gas to customers in the Company's service territory at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil Energy, Fitchburg, and Northern Utilities recover the cost of providing distribution service to their customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. As a result of the restructuring of the utility industry in New Hampshire, Massachusetts and Maine, most Unitil customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers have the opportunity to purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers, however, continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

In connection with the implementation of retail choice, Unitil Power and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next two to four years, is \$63.0 million as of December 31, 2009 including \$17.7 million recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans. See Note 6 for additional information on these filings.

Major Ice Storm—On December 11 and 12, 2008, a severe ice storm struck the New England region, causing extensive damage to electric facilities and loss of service to significant numbers of customers of several utilities. An estimated one million electric customers in the region were affected, including all of Unitil's 28,000 Massachusetts customers, and approximately half of its New Hampshire customers. Unitil was able to restore power to over 80 percent of its customers by day seven, and its final customers, including those with individual service problems, were restored in Massachusetts by December 24, 2008. As a result of the ice storm, the Company has spent approximately \$23 million for the repair and replacement of electric distribution systems damaged during the storm, including \$8.3 million related to capital construction and $14.6 million, including carrying charges, which has been deferred as a regulatory asset, based on orders issued by the MDPU and NHPUC, discussed below. Also, the Company expensed $3.0 million in 2009 for professional fees related to the ice storm, in addition to normal anticipated expenditures related to emergency storm preparedness. The Company does not believe these storm restoration expenditures and the timing of cost recovery will have a material adverse impact on the Company's financial condition or results of operations. However, if it were ultimately determined that certain of these costs were not recoverable in rates, and/or the Company were required to incur additional costs to defend itself, there may be a significant impact on the Company's results of operations in future periods.

On January 7, 2009, the MDPU opened an investigation into the preparation and response of the Massachusetts electric distribution companies to the December 2008 Ice Storm. Evidentiary hearings before the MDPU concerning Fitchburg's storm response were held in May, 2009. On November 2, 2009, the MDPU issued its order with respect to its investigation, finding that Fitchburg's preparation for, and response to, the December 2008 Ice Storm constituted a failure of the Company to meet its public service obligation to provide safe and reliable service. As a result, the MDPU ordered a comprehensive independent management audit of Fitchburg's management practices to address: Unitil's strategic planning processes; its staffing decisions to the extent to which they affect Fitchburg; its management and control of Fitchburg, including resource allocation decisions made among Unitil's three subsidiary companies; and customer relations. The order also directed Fitchburg to implement a series of operational and capital improvements which had been identified and recommended through the Company's self-assessment review. Finally, the MDPU noted that the costs incurred by Fitchburg for the December 2008 Ice Storm would be subject to review in Fitchburg's next electric rate case, along with Fitchburg's rate of return.

On July 28, 2009, Fitchburg filed with the MDPU a petition for approval to defer and record as a regulatory asset approximately $11.5 million of costs associated with the repair of its electric distribution system from damage caused by the December 2008 Ice Storm for future recovery in rates. On December 30, 2009, the MDPU approved the request. The order of approval stated that it made no findings as to whether the subject expenses were reasonable or whether they can be recovered from ratepayers, and that the MDPU will consider the subsequent ratemaking treatment of the expense as part of Fitchburg's next rate case. Fitchburg anticipates filing its next rate case during the second quarter of 2010. As of December 31, 2009, Fitchburg has deferred approximately $12.3 million of costs associated with the repair of its electric distribution system from damage caused by the December 2008 Ice Storm for future recovery in rates.

On August 26, 2009, Unitil Energy filed a petition with the NHPUC requesting an accounting order authorizing Unitil Energy to record as a regulatory asset approximately $2 million in expenses associated with network damage from the December 2008 Ice Storm until such time as the Commission issues a final order in Unitil Energy's next base rate case. On November 9, 2009, the NHPUC granted the requested accounting order, clarifying that such issues as the appropriate amount of the storm related expenses to be recovered, the timing and manner of recovery, and what, if any, return should be applied to the unrecovered balance are issues that will be deferred to Unitil Energy's next rate case. Unitil Energy anticipates filing its next rate case during the second quarter of 2010. As of December 31, 2009, Unitil Energy has deferred approximately $2.3 million of costs associated with the repair of its electric distribution system from damage caused by the December 2008 Ice Storm for future recovery in rates.

On December 3, 2009, the NHPUC issued its final report regarding its 'after action' review of the December 2008 Ice Storm. The after action review was a non-docketed investigation by the NHPUC of utility emergency preparedness and response. The report stated that the NHPUC will commence an adjudicative proceeding to examine the reasonableness of the timing of Unitil's response to the December 2008 Ice Storm, the priorities of its restorations and the allocation of its resources in New Hampshire and Massachusetts. On January 8, 2010, the NHPUC opened a docket to consider Unitil Energy's response to the December 2008 Ice Storm, including the timing of its response, its restoration priorities and strategies and the procurement and allocation of its resources in New Hampshire and Massachusetts. This matter remains pending.

Unitil Energy: On May 14, 2007, the NHPUC issued an order opening an investigation into the merits of instituting appropriate rate mechanisms, such as revenue decoupling, which would have the effect of removing obstacles to, and encouraging investment in, energy efficiency. On January 16, 2009, the NHPUC issued its decision in this matter, concluding that such rate mechanisms should only be implemented on a company-by-company basis in the context of an examination of company-specific costs and revenues, service territory, customer mix and rate base investment. On March 23, 2009, the NHPUC denied a Motion for Rehearing of this matter.

In July 2008, the State of New Hampshire enacted legislation that allows electric utilities to make investments in distributed energy resources, including energy efficiency and demand reduction technologies, as well as clean cogeneration and renewable generation. On August 5, 2009, Unitil Energy filed a plan for approval of investment in and rate recovery for Distributed Energy Resources.

Fitchburg—Electric Operations: On November 25, 2009, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan (the Annual Reconciliation Filing). In addition, the Standard Offer Service and Default Service Costs incurred during the seven year Standard Offer Service period that ended February 28, 2005 have been combined and recovery is proposed through a Transition Charge Surcharge of $0.004 per kWh. Changes to the Pension / PBOP Adjustment and Residential Assistance Adjustment Factor were proposed in other proceedings. The rates were approved effective January 1, 2010, subject to reconciliation pending investigation by the MDPU. This matter remains pending. A final order on Fitchburg's 2008 Annual Reconciliation Filing also remains pending.

On November 12, 2009, the Governor of Massachusetts signed House Bill 4329. The bill (i) requires the MDPU to establish regulations for utilities to respond to emergencies, (ii) requires utilities to file with the MDPU annual emergency response plans, (iii) authorizes the MDPU to impose penalties for a utility's failure to comply with the MDPU's regulations, and (iv) allows the chair of the MDPU to issue operational and management directives during an emergency. The bill also authorizes the Massachusetts Attorney General to bring a court action for receivership of a small investor-owned utility where an emergency exists and the utility has materially violated the MDPU's standards for responding to emergencies. On February 2, 2010, the MDPU issued an order adopting the items required by House Bill 4329.

Fitchburg—Gas Operations: Fitchburg provides natural gas delivery service to its customers on a firm or interruptible basis under unbundled distribution rates approved by the MDPU. Its current distribution rates were approved by the MDPU in 2007. Fitchburg's customers may purchase natural gas supplies from third-party vendors or purchase their natural gas from Fitchburg under regulated rates and tariffs. Fitchburg collects its natural gas supply costs through a seasonal reconciling Cost of Gas Adjustment Clause and recovers other related costs through a reconciling Local Distribution Adjustment Clause.

On March 12, 2009, the MDPU opened an investigation into Fitchburg's gas procurement practices. On November 2, 2009 the MDPU issued an order finding that Fitchburg engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's gas purchasing practices were imprudent. As a result, the MDPU required Fitchburg to refund $4.6 million of natural gas costs, plus an appropriate carrying charge based on the prime lending rate, to its gas customers. Fitchburg recorded a pre-tax charge of $4.9 million in the fourth quarter of 2009 based on the MDPU's order. On November 30, 2009, the MDPU approved Fitchburg's proposal to amortize its refund of natural gas costs to customers over a five-year period. Fitchburg has appealed the gas procurement Order to the Massachusetts Supreme Judicial Court. Fitchburg's assessment is that pre-approval from the MDPU for gas purchases made to stabilize prices for customers was not required and that its gas-procurement practices were consistent with those of other Massachusetts natural gas distribution companies and all relevant MDPU rules and orders and Massachusetts law. In addition, Fitchburg is able to demonstrate that its gas purchasing practices were previously disclosed to the MDPU at public hearings and in required filings with the MDPU and the Massachusetts Office of the Attorney General. This appeal remains pending before the Massachusetts Supreme Judicial Court. Immediately after the MDPU opened its investigation of this matter in March 2009, Fitchburg ceased making the gas procurement purchases in question and filed a request with the MDPU for approval of a gas procurement plan for future gas purchases. This matter remains pending before the MDPU.

During the summer of 2009, Fitchburg operated its gas system entirely on local production from LNG for approximately three months due to construction on the lateral from Tennessee Gas Pipeline, which is the sole source of pipeline gas to Fitchburg. During this time Fitchburg provided gas LNG supply to all firm sales customers and also to the retail marketers for delivery to firm customers who have contracted for third-party supply. Fitchburg's management of this project was reviewed by the MDPU during its last Integrated Resource Plan proceeding, before the shutdown occurred. In its order, the MDPU stated it would investigate the costs associated with the shutdown in Fitchburg's March 2010 Cost of Gas Adjustment Clause filing when its actual costs will be reconciled with its projected costs.

Fitchburg—Other: On June 22, 2007, the MDPU opened an inquiry into revenue decoupling for gas and electric distribution utilities, generally defined as a ratemaking mechanism designed to eliminate or reduce the dependence of a utility's distribution revenues on sales. Revenue decoupling is intended to remove the disincentive a utility has to promote efforts to reduce energy consumption by its customers or to facilitate installation of distributed generation to displace electricity delivered by the utility. On July 16, 2008, the MDPU issued an order establishing a comprehensive plan for decoupling to be adopted by gas and electric distribution utilities on a going-forward basis, including company-specific rate cases. Lost base revenue recovery associated with incremental energy efficiency savings will be allowed through 2012 consistent with the MDPU's expectation that, with limited exceptions, distribution companies will be operating under decoupling plans by year-end 2012.

On February 11, 2009, the MA Supreme Judicial Court (SJC) issued its decision in the Attorney General's (AG) appeal of the MDPU orders relating to Fitchburg's recovery of bad debt expense. The SJC agreed with the AG that the MDPU was required to hold hearings regarding changes in Fitchburg's tariff and rates, and on that basis vacated the MDPU orders. The Court, however, declined to rule on an appropriate remedy, and remanded the cases back to the MDPU for consideration of that issue. This matter remains pending before the MDPU.

On July 2, 2008, the Governor of Massachusetts singed into law "The Green Communities Act" (the GC Act), energy policy legislation designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, and special tariffs to allow the net metering of customer-owned renewable generation. These matters, under review in separately designated dockets, remain pending, except for net metering tariffs which were approved by the MDPU effective December 1, 2009.

Northern Utilities: On December 1, 2008 Unitil completed the purchase of Northern Utilities from Bay State and Granite State from NiSource. Unopposed settlement agreements resolving all outstanding issues and recommending approval of the acquisition were approved by the NHPUC on October 10, 2008, and by the MPUC on November 5, 2008. Pursuant to its expanded authority over holding company mergers under the GC Act, the MDPU also reviewed the transaction and issued its approval on November 18, 2008.

The New Hampshire and Maine settlement agreements included the following provisions with respect to the accounting and rates of Northern Utilities:

- approval of Northern Utilities' accounting deferral and 10-year amortization of transaction costs and transition costs resulting from the Company's acquisition of Northern Utilities and the Company's agreement not to seek recovery of these costs, or the transaction or transition costs of any other utility subsidiary, in rates;
- agreement that synergy savings resulting from the acquisition of Northern Utilities will be retained by the Company until the next base rate change and then will flow to customers;
- agreement not to request a base rate change for Northern Utilities before November 1, 2010 unless (i) Northern Utilities' projected annual revenues are more than 8% below the level of total 2007 distribution revenues or (ii) the MPUC or NHPUC, as applicable, approves a plan to subject Granite State's rates to state regulation;

- agreement to allow Northern Utilities to recover prudently incurred integration costs for capitalized expenditures to build or upgrade systems or facilities required to independently operate Northern Utilities;
- agreement not to seek recovery in Northern Utilities' rates of any acquisition premium resulting from Unitil's acquisition of Northern Utilities and that any acquisition adjustment (positive or negative) shall be accounted for below the line for ratemaking purposes over a 10-year period;
- agreement to hold Northern Utilities' customers harmless for the elimination of historical accumulated deferred income tax liabilities resulting from its Internal Revenue Service Section 338(h)(10) election;
- agreement to use an imputed weighted cost of debt for ratemaking purposes until Northern Utilities' existing debt instruments would have matured; and
- agreement not to change Northern Utilities' existing depreciation rates for its Maine division until approved in the next general rate case.

The settlement agreements contained the following commitments related to Granite State:

- agreement to work collaboratively with the parties to the settlements to design and to conduct a comprehensive study of the issues and costs for modification of the physical, operational, regulatory, and corporate structure necessary for state regulation of Granite State and to provide a report within one year of the closing; and
- authorization for Northern Utilities to execute a firm service contract with Granite State for 100,000 Dekatherms (Dth) of capacity at Granite State's current recourse rate of $1.6666 / Dth for the period November 1, 2008 through October 31, 2010.

On November 21, 2008, the MPUC issued an order approving a settlement agreement resolving a number of Notices of Probable Violation (NOPVs) of certain safety related procedures and rules by Northern Utilities. Under the Settlement, Northern Utilities will incur total expenditures of approximately $3.8 million for safety related improvements to Northern's distribution system to ensure compliance with the relevant state and federal gas safety laws, for which no rate recovery will be allowed. These compliance costs were accrued by Northern Utilities prior to the acquisition date and the remaining amount on the Company's balance sheet at December 31, 2009 was $2.3 million.

On June 27, 2008, the MPUC opened an investigation of Northern Utilities' cast iron pipe replacement activities and the benefits of an accelerated replacement program for cast iron distribution pipe remaining in the Portland and Westbrook service areas. Northern Utilities anticipates filing testimony and a proposal for a replacement program with the MPUC by mid-February of 2010, and that proceedings will continue on this matter during the second and third quarters 2010.

See Note 6 to the accompanying Consolidated Financial Statements for additional information on Regulatory Matters.

ENVIRONMENTAL MATTERS

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2009, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former MGP site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows

Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site not recovered by insurance or other means in gas rates pursuant to terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. In addition, Fitchburg has filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. Any recovery that Fitchburg receives from insurance or third parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are split equally between Fitchburg and its gas customers.

Northern Utilities' Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid 1800's through the mid 1900's. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. Northern Utilities believes material future costs will be recovered. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

See Note 6 to the accompanying Consolidated Financial Statements for additional information on Environmental Matters.

EMPLOYEES AND EMPLOYEE RELATIONS

As of December 31, 2009, the Company and its subsidiaries had 431 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of December 31, 2009, 156 of the Company's employees were represented by labor unions. These employees are covered by collective bargaining agreements. Two agreements expire on May 31, 2010, one agreement expires on June 5, 2010 and one agreement expires on March 31, 2012. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to successfully negotiate new agreements prior to their expiration dates.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements in conformity with U.S. GAAP requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. In making those estimates and assumptions, the Company is sometimes required to make difficult, subjective and/or complex judgments about the impact of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. The following is a summary of the Company's most critical accounting policies, which are defined as those policies where judgments or uncertainties could materially affect the application of those policies. For a complete discussion of the Company's significant accounting policies, refer to the financial statements and Note 1: Summary of Significant Accounting Policies.

Regulatory Accounting—The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the FASB Codification. In accordance with the FASB Codification, the Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

The FASB Codification specifies the economic effects that result from the cause and effect relationship of costs and revenues in the rate-regulated environment and how these effects are to be accounted for by a regulated enterprise. Revenues intended to cover some costs may be recorded either before or after the costs are incurred. If regulation provides assurance that incurred costs will be recovered in the future, these costs would be recorded as deferred charges or "regulatory assets". If revenues are recorded for costs that are expected to be incurred in the future, these revenues would be recorded as deferred credits or "regulatory liabilities".

The Company's principal regulatory assets and liabilities are detailed on the Company's Consolidated Balance Sheet and a summary of the Company's Regulatory Assets is provided in Note 1 thereto. The Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements.

The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Utility Revenue Recognition—Regulated utility revenues are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

Allowance for Doubtful Accounts—The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

Retirement Benefit Obligations—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The FASB Codification requires companies to record on their balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates.

The Company's reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO are affected by actual employee demographics, the level of contributions made to the plans, earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs.

The Company's RBO may also be significantly affected by changes in key actuarial assumptions, including, anticipated rates of return on plan assets and the discount rates used in determining the Company's RBO. If these assumptions were changed, the resultant change in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material impact on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on a market average of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. For the years ended December 31, 2009 and 2008, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $300,000 and $200,000, respectively, in the Net Periodic Benefit Cost for the Pension Plan. For the years ended December 31, 2009 and 2008, a 1.0% increase in the assumption of health care cost trend rates would have resulted in increases in the Net Periodic Benefit Cost for the PBOP Plan of $735,000 and $675,000, respectively. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for those same time periods would have resulted in decreases in the Net Periodic Benefit Cost for the PBOP Plan of $576,000 and $531,000, respectively. (See Note 9 to the accompanying Consolidated Financial Statements).

Income Taxes—Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's consolidated balance sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes.

Depreciation—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements.

Commitments and Contingencies—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2009, the Company is not aware of any material commitments or contingencies other than those disclosed in the Significant Contractual Obligations table in the Contractual Obligations section above and the Commitments and Contingencies footnote to the Company's consolidated financial statements below.

Refer to "Recently Issued Accounting Pronouncements" in Note 1 of the Notes of Consolidated Financial Statements for information regarding recently issued accounting standards.

For further information regarding these types of activities, see Note 1, "Summary of Significant Accounting Policies," Note 8, "Income Taxes," Note 5, "Energy Supply," Note 9, "Benefit Plans," and Note 6, "Commitment and Contingencies," to the consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Please also refer to Item 1A. "Risk Factors."

INTEREST RATE RISK

As discussed above, Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of debt outstanding represents long-term notes bearing fixed rates of interest. Changes in market interest rates do not affect interest expense resulting from these outstanding long-term debt securities. However, the Company periodically repays its short-term debt borrowings through the issuance of new long-term debt securities. Changes in market interest rates may affect the interest rate and corresponding interest expense on any new issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was $25 million for the period of one year, a change in interest rates of 1% would result in a change in annual interest expense of approximately $250,000. The average interest rate on short-term borrowings was 3.4%, 3.8%, and 5.6% during 2009, 2008, and 2007, respectively.

MARKET RISK

Although Unitil's three distribution utilities 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 electric power and natural gas supply costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed above and below in Regulatory Matters, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Shareholders of Unitil Corporation:

We have audited the accompanying consolidated balance sheets of Unitil Corporation and subsidiaries (the Company) as of December 31, 2009 and 2008, and the related consolidated statements of earnings, cash flows and changes in common stock equity for each of the years ended December 31, 2009, 2008 and 2007. We also have audited Unitil Corporation and subsidiaries' internal control over financial reporting as of December 31, 2009, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Unitil Corporation and subsidiaries as of December 31, 2009 and 2008, and the consolidated results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, Unitil Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2009, based on criteria established in (COSO).

Caturano and Company, P.C.

Boston, Massachusetts
February 10, 2010

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CONSOLIDATED STATEMENTS OF EARNINGS

(Millions, except common shares and per share data)

Year Ended December 31,	2009	2008	2007
Operating Revenues:			
Gas	**$152.8**	$ 56.9	$ 34.2
Electric	**209.9**	227.5	225.0
Other	**4.3**	3.8	3.7
Total Operating Revenues	**367.0**	288.2	262.9
Operating Expenses:			
Purchased Gas	**96.4**	37.3	21.3
Purchased Electricity	**151.6**	170.1	165.4
Operation and Maintenance	**44.7**	27.5	26.2
Conservation & Load Management	**5.0**	2.8	3.6
Depreciation and Amortization	**27.4**	19.1	17.8
Provisions for Taxes:			
Local Property and Other	**10.6**	6.5	5.6
Federal and State Income	**5.2**	4.4	4.5
Total Operating Expenses	**340.9**	267.7	244.4
Operating Income	**26.1**	20.5	18.5
Other Non-Operating Expenses	**0.3**	0.3	0.2
Income Before Interest Expense	**25.8**	20.2	18.3
Interest Expense, net	**15.8**	10.5	9.6
Net Income	**10.0**	9.7	8.7
Less Dividends on Preferred Stock	**0.1**	0.1	0.1
Earnings Applicable to Common Shareholders	**$ 9.9**	$ 9.6	$ 8.6
Average Common Shares Outstanding (000's)—Basic	**9,647**	5,830	5,659
Average Common Shares Outstanding (000's)—Diluted	**9,647**	5,830	5,672
Earnings per Common Share—Basic and Diluted	**$ 1.03**	$ 1.65	$ 1.52

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

CONSOLIDATED BALANCE SHEETS *(Millions)*

ASSETS

December 31,	2009	2008
Utility Plant:		
Electric	**$302.3**	$289.0
Gas	**325.5**	304.2
Common	**28.9**	30.5
Construction Work in Progress	**26.0**	17.7
Utility Plant	**682.7**	641.4
Less: Accumulated Depreciation	**233.0**	218.6
Net Utility Plant	**449.7**	422.8
Current Assets:		
Cash	**7.7**	11.5
Accounts Receivable—(Net of Allowance for Doubtful Accounts of $2.5 and $3.0)	**33.5**	39.7
Accrued Revenue	**44.0**	56.9
Gas Inventory	**14.3**	31.6
Material and Supplies	**2.6**	2.7
Prepayments and Other	**4.7**	5.9
Total Current Assets	**106.8**	148.3
Noncurrent Assets:		
Regulatory Assets	**144.5**	146.2
Other Noncurrent Assets	**24.2**	15.9
Total Noncurrent Assets	**168.7**	162.1
TOTAL	**$725.2**	$733.2

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

CONSOLIDATED BALANCE SHEETS (cont.) *(Millions)*

CAPITALIZATION AND LIABILITIES

December 31,	2009	2008
Capitalization:		
Common Stock Equity	**$193.1**	$139.5
Preferred Stock	**2.0**	2.0
Long-Term Debt, Less Current Portion	**248.9**	249.3
Total Capitalization	**444.0**	390.8
Current Liabilities:		
Long-Term Debt, Current Portion	**0.4**	0.4
Accounts Payable	**25.1**	28.5
Short-Term Debt	**64.5**	74.1
Energy Supply Contract Obligations	**23.1**	49.8
Other Current Liabilities	**16.6**	33.8
Total Current Liabilities	**129.7**	186.6
Deferred Income Taxes	**39.8**	31.1
Noncurrent Liabilities:		
Energy Supply Contract Obligations	**21.7**	34.6
Retirement Benefit Obligations	**65.5**	67.4
Environmental Obligations	**14.3**	12.3
Other Noncurrent Liabilities	**10.2**	10.4
Total Noncurrent Liabilities	**111.7**	124.7
TOTAL	**$725.2**	$733.2

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

CONSOLIDATED STATEMENTS OF CASH FLOWS *(Millions)*

Year Ended December 31,	2009	2008	2007
Operating Activities:			
Net Income	**$ 10.0**	$ 9.7	$ 8.7
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:			
Depreciation and Amortization	**27.4**	19.1	17.8
Deferred Taxes Provision	**7.1**	7.4	(0.9)
Changes in Current Assets and Liabilities:			
Accounts Receivable	**6.2**	(6.4)	(2.4)
Accrued Revenue	**12.9**	(10.3)	1.1
Gas Inventory	**17.3**	—	—
Accounts Payable	**(3.4)**	11.4	(2.2)
All Other Current Assets and Liabilities	**(3.6)**	4.6	(1.1)
Deferred Regulatory and Other Charges	**(24.6)**	2.6	3.5
Other, net	**1.6**	9.2	2.3
Cash Provided by Operating Activities	**50.9**	47.3	26.8
Investing Activities:			
Property, Plant and Equipment Additions	**(58.7)**	(28.3)	(32.5)
Acquisitions, net (See Note 2)	**(6.9)**	(209.9)	—
Cash (Used In) Investing Activities	**(65.6)**	(238.2)	(32.5)
Financing Activities:			
Proceeds from (Repayment of) Short-Term Debt	**(9.6)**	55.3	(7.2)
Proceeds from Issuance of Long-Term Debt	**—**	90.0	20.0
Repayment of Long-Term Debt	**(0.4)**	(0.4)	(0.3)
Net Increase (Decrease) in Gas Inventory Financing	**(21.8)**	24.0	—
Dividends Paid	**(13.2)**	(8.1)	(7.9)
Proceeds from Issuance of Common Stock	**56.4**	37.4	1.5
Other, net	**(0.5)**	(0.4)	(0.4)
Cash Provided by Financing Activities	**10.9**	197.8	5.7
Net Increase (Decrease) in Cash	**(3.8)**	6.9	—
Cash at Beginning of Year	**11.5**	4.6	4.6
Cash at End of Year	**$ 7.7**	$ 11.5	$ 4.6
Supplemental Information:			
Interest Paid	**$ 19.3**	$ 12.5	$ 12.2
Income Taxes Paid (Refunded)	**$ (3.8)**	$ (0.5)	$ 5.3

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

CONSOLIDATED STATEMENTS OF CHANGES IN COMMON STOCK EQUITY

(Millions)

	Common Equity	Retained Earnings	Total
Balance at January 1, 2007	$ 63.5	$ 34.3	**$ 97.8**
Net Income for 2007		8.7	**8.7**
Dividends		(7.9)	**(7.9)**
Shares Issued Under Stock Plans	0.8		**0.8**
Issuance of 38,303 Common Shares	1.0		**1.0**
Balance at December 31, 2007	65.3	35.1	**100.4**
Net Income for 2008		9.7	**9.7**
Dividends		(8.0)	**(8.0)**
Shares Issued Under Stock Plans	0.4		**0.4**
Issuance of 32,754 Common Shares	0.8		**0.8**
Issuance of 2,000,000 Common Shares (See Note 3)	36.2		**36.2**
Balance at December 31, 2008	102.7	36.8	**139.5**
Net Income for 2009		10.0	**10.0**
Dividends		(13.2)	**(13.2)**
Shares Issued Under Stock Plans	0.4		**0.4**
Issuance of 43,615 Common Shares	0.9		**0.9**
Issuance of 2,970,000 Common Shares (See Note 3)	55.5		**55.5**
Balance at December 31, 2009	**$159.5**	**$ 33.6**	**$193.1**

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

Note 1: Summary of Significant Accounting Policies

Nature of Operations—Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite State), Unitil Power Corp. (Unitil Power), Unitil Realty Corp. (Unitil Realty), Unitil Service Corp. (Unitil Service) and its non-regulated business unit Unitil Resources, Inc. (Unitil Resources). Usource, Inc. and Usource L.L.C. are subsidiaries of Unitil Resources.

On December 1, 2008, the Company purchased: (i) all of the outstanding capital stock of Northern Utilities, a natural gas distribution utility serving customers in Maine and New Hampshire, from Bay State Gas Company (Bay State) and (ii) all of the outstanding capital stock of Granite State, an interstate gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource, Inc. (NiSource) pursuant to the Stock Purchase Agreement dated as of February 15, 2008 by and among NiSource, Bay State, and Unitil (the Acquisitions). Bay State is a wholly owned subsidiary of NiSource.

As a result of the acquisitions of Northern Utilities and Granite State on December 1, 2008, consolidated results for the Company in the current period may not be directly comparable to prior period results until such time as the acquisitions are fully reflected in both reporting periods. In particular, the Company expects that consolidated results of operations in future reporting periods will reflect to a greater degree the seasonal nature of natural gas sales by the acquired operating utilities. Accordingly, the Company expects that as a result of the acquisitions, consolidated results of operations will be positively affected during the first and fourth quarters, and negatively affected during the second and third quarters of future reporting years.

Unitil's principal business is the local distribution of electricity in the southeastern seacoast and capital city areas of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the "distribution utilities").

Granite State is an interstate natural gas transmission pipeline company, operating 87 miles of underground gas transmission pipeline primarily located in Maine, New Hampshire and Massachusetts. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third-party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy's customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Resources is the Company's wholly owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to large commercial and industrial customers in the northeastern United States.

Basis of Presentation

Principles of Consolidation—The Company's consolidated financial statements include the accounts of Unitil and all of its wholly owned subsidiaries and all intercompany transactions are eliminated in consolidation. The operations of Northern Utilities and Granite State are included in the Company's consolidated financial statements from December 1, 2008 through December 31, 2009.

Regulatory Accounting—The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the FASB Codification. The Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

	December 31,	
Regulatory Assets consist of the following (millions)	**2009**	**2008**
Energy Supply Contract Obligations	**$ 34.7**	$ 52.7
Deferred Restructuring Costs	**28.3**	27.8
Generation-related Assets	**—**	0.8
Subtotal—Restructuring Related Items	**63.0**	81.3
Retirement Benefit Obligations	**43.7**	45.5
Income Taxes	**14.5**	16.0
Environmental Obligations	**22.7**	21.6
Deferred Storm Charges	**14.6**	—
Other	**7.9**	10.1
Total Regulatory Assets	**$166.4**	$174.5
Less: Current Portion of Regulatory Assets (1)	**21.9**	28.3
Regulatory Assets—noncurrent	**$144.5**	$146.2

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

The Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Cash—Cash includes all cash and cash equivalents to which the Company has legal title. Cash equivalents include short-term investments with original maturities of three months or less and interest bearing deposits. The Company's cash and cash equivalents are held at financial institutions and at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Under the Independent System Operator—New England (ISO-NE) Financial Assurance Policy (Policy), Unitil's affiliates Unitil Energy, Fitchburg and Unitil Power are required to provide assurance of their ability to satisfy their obligations to ISO-NE. Under this Policy, Unitil's affiliates provide cash deposits covering approximately 2-1/2 months of outstanding obligations. On December 31, 2009 and 2008, the Unitil affiliates had deposited $4.5 million and $3.7 million, respectively to satisfy their ISO-NE obligations. In addition, Northern Utilities has cash margin deposits to satisfy requirements for its natural gas hedging program. On December 31, 2009 and 2008, there was $2.9 million and $7.0 million, respectively, deposited for this purpose.

Goodwill and Intangible Assets—As a result of the acquisitions of Northern Utilities and Granite State, the Company recognized a bargain purchase adjustment as a reduction to Utility Plant, to be amortized over a ten year period, beginning with the date of the Acquisitions, as authorized by regulators. (See Note 2).

Off-Balance Sheet Arrangements—As of December 31, 2009, the Company does not have any significant arrangements that would be classified as Off-Balance Sheet Arrangements. In the ordinary course of business, the Company does contract for certain office equipment, vehicles and other equipment under operating leases (See Note 4).

Investments and Trading Activities—The Company invests in U.S. Treasuries and short-term investments which traditionally have very little fluctuation in fair value. The Company does not engage in investing or trading activities involving non-exchange traded contracts or other instruments where a periodic analysis of fair value would be required for accounting purposes.

Derivatives—The Company has a regulatory approved hedging program for Northern Utilities designed to fix a portion of its gas supply costs for the coming year of service. In order to fix these costs, the Company purchases New York Mercantile Exchange (NYMEX) futures that correspond to the associated delivery month. Any gains or losses on the fair value of these derivatives are passed through to ratepayers directly through a regulatory commission approved recovery mechanism. The fair value of these derivatives is determined using Level 2 inputs (valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived principally from market data), specifically based on the NYMEX closing prices for outstanding contracts as of the balance sheet date. As a result of the ratemaking process, the Company records gains and losses as regulatory liabilities or assets, recognizes such gains or losses in Purchased Gas and these gains and losses are passed through to customers through rate reconciling mechanisms.

As of December 31, 2009, the Company had 1.9 billion cubic feet (BCF) outstanding in natural gas purchase contracts under its hedging program. The following tables provide information on the hedging instruments for 2009.

Fair Value of Derivatives Designated as Hedging Instruments as of December 31, 2009 ($ millions)

Description	Balance Sheet Location	Fair Value
NYMEX Contracts	Current and NonCurrent Liabilities	$2.3

Description	Amount of Gain (Loss) Recognized in Regulatory Asset / Liability for Derivatives as of December 31, 2009	Location of Gain (Loss) Reclassified from Regulatory Asset / Liability into Consolidated Statement of Earnings	Amount of Gain (Loss) Reclassified from Regulatory Asset / Liability into Consolidated Statement of Earnings for 2009
NYMEX Contracts (1)	$(2.9)	Purchased Gas	$(9.3)

(1) Includes approximately $0.6 million of loss on contracts designated for January 2010 that were physically sold in December 2009 and the impact on the Consolidated Balance Sheet has been deferred until January 2010 when the natural gas is used.

Utility Revenue Recognition—Regulated utility revenues are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

Revenue Recognition—Non-regulated Operations—Usource, Unitil's competitive energy brokering subsidiary, records energy brokering revenues based upon the estimated amount of electricity and gas delivered to customers through the end of the accounting period.

Allowance for Doubtful Accounts—The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

Retirement Benefit Obligations—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The Company records on its balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates. See Note 9.

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and requires disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Commitments and Contingencies—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2009, the Company is not aware of any material commitments or contingencies other than those disclosed in the Commitments and Contingencies footnote to the Company's consolidated financial statements below. (See Note 6).

Utility Plant—The cost of additions to Utility Plant and the cost of renewals and betterments are capitalized. Cost consists of labor, materials, services and certain indirect construction costs, including an allowance for funds used during construction (AFUDC). The average interest rates applied to AFUDC were 3.24%, 4.58% and 5.73% in 2009, 2008 and 2007, respectively. The costs of current repairs and minor replacements are charged to appropriate operating expense accounts. The original cost of utility plant retired or otherwise disposed of and the cost of removal, less salvage, are charged to the accumulated provision for depreciation. The Company includes in its mass asset depreciation rates, which are periodically reviewed as part of its ratemaking proceedings, depreciation amounts to provide for future negative salvage value. At December 31, 2009 and December 31, 2008, the Company estimates that the negative salvage value of future retirements recorded on the balance sheet in Accumulated Depreciation is $37.2 million and $33.9 million, respectively.

Depreciation and Amortization—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets, and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements. Depreciation provisions for Unitil'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: 2009 – 4.02%, 2008 – 3.94% and 2007 – 4.29%.

Environmental Matters—The Company's past and present operations include activities that are generally subject to extensive federal and state environmental laws and regulations. The Company has or will recover substantially all of the costs of the environmental remediation work performed to date from customers or from its insurance carriers. The Company believes it is in compliance with all applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2009, there are no material losses that would require additional liability reserves to be recorded other than those disclosed in Note 6, Commitments and Contingencies. Changes in future environmental compliance regulations or in future cost estimates of environmental remediation costs could have a material effect on the Company's financial position if those amounts are not recoverable in regulatory rate mechanisms.

Stock-based Employee Compensation—Unitil accounts for stock-based employee compensation using the fair value-based method (See Note 3).

Sales and Consumption Taxes—The Company bills its customers sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's Consolidated Statements of Earnings.

Income Taxes—Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's consolidated balance sheets.

Dividends—The Company is currently paying a dividend at an annual rate of $1.38 per common share. The Company's dividend policy is reviewed periodically by the Board of Directors. The amount and timing of all dividend payments is subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors.

Other Recently Issued Pronouncements—In May 2009, the FASB issued FASB ASC 855, "Subsequent Events", (ASC 855) (originally issued as SFAS No. 165, Subsequent Events), effective for interim and annual reporting periods ending after June 15, 2009. ASC 855 establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The Company adopted ASC 855 and it did not have an impact on the Company's Consolidated Financial Statements. The Company evaluated all events or transactions that occurred after December 31, 2009 up through February 9, 2010.

On April 9, 2009, the FASB issued ASC 825, "Financial Instruments", (ASC 825) (originally issued as FASB Staff Position No. FAS 107-1 and APB 28-1, "Interim Disclosures about Fair Value of Financial Instruments".) ASC 825 requires disclosures about fair value of financial instruments for interim reporting periods of publicly traded companies as well as in annual financial statements. ASC 825 also requires those disclosures in summarized financial information at interim reporting periods. ASC 825 is effective for interim reporting periods ending after June 15, 2009, with early adoption permitted for periods ending after March 15, 2009. The Company has adopted ASC 825 and included the required disclosures in the Notes to the Company's Consolidated Financial Statements. See Note 4 for relevant disclosures on the fair value of the Company's long-term debt and Note 9 for relevant disclosures on the fair value of the Company's defined benefit pension and other postretirement plan assets.

On December 30, 2008, the FASB issued ASC 715, "Compensation—Retirement Benefits", (ASC 715) (originally issued as FASB Staff Position No. FAS 132(R)-1, "Employers' Disclosures about Postretirement Benefit Plan Assets") to provide guidance on an employers' disclosures about plan assets of a defined benefit pension or other postretirement plan. The disclosures about plan assets required by ASC 715 are to be provided for fiscal years ending after December 15, 2009. The Company has adopted ASC 715 and included the required disclosures in the Notes to the Company's Consolidated Financial Statements. See Note 9.

Reclassifications—Based on the Company's analysis certain amounts previously reported have been reclassified to improve the financial statements' presentation and to conform to current year presentation, principally including the reclassification of $7.8 million of Accounts Payable to Energy Supply Obligations and $2.0 million of Accrued Revenue to Other Current Liabilities.

Note 2: Acquisitions

On December 1, 2008, the Company purchased (i) all of the outstanding capital stock of Northern Utilities, a natural gas distribution utility serving customers in Maine and New Hampshire, from Bay State and (ii) all of the outstanding capital stock of Granite State, an interstate gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource pursuant to the Stock Purchase Agreement (SPA) dated as of February 15, 2008 by and among NiSource, Bay State, and Unitil. The aggregate purchase price for the Acquisitions was $209.2 million, comprised of $160 million in cash, plus an additional working capital adjustment of $49.2 million. The largest component of working capital was approximately $30.0 million of natural gas storage inventory.

The Company accounted for the Acquisitions under the purchase method of accounting for business combinations, in accordance with FASB Statement No. 141, "Business Combinations" ("SFAS No. 141") and the FASB Codification on business combinations. Accordingly, the Company recognized its estimate of the bargain purchase price (see "Plant Acquisition Adjustment" in the table below) at December 1, 2008. The process of valuing the assets, liabilities and transaction, transition and financing costs as a result of the Acquisitions was completed in 2009. As a result, the Company has recognized adjustments to its original estimate of the Plant Acquisition Adjustment (PAA) during 2009.

The adjusted PAA is ($24.8 million), a decrease of $3.5 million from the original estimate of ($28.3 million). The adjusted transaction and transition Costs is an increase of $6.9 million over the original estimate, reflecting additional costs to complete the acquisition and financing. Partially offsetting the decrease in the PAA estimate due to the additional transaction and transition Costs were subsequent payments, cash settlements between the purchaser and seller and other post-closing adjustments reflecting changes to working capital, Net Utility Plant and Regulatory Liabilities.

The revised purchase price allocations are as follows:

Purchase Price Allocation
($ Millions)

	December 1, 2008
Equity Purchase Price	$ 160.0
Plus: Working Capital Adjustment	49.2
Aggregate Purchase Price	209.2
Transaction and Transition Costs	14.5
Total Cash Purchase Price	223.7
Allocation To:	
Book Value of Net Utility Plant	(197.0)
Cash Acquired	(6.9)
Accounts Receivable and Other Current Assets	(21.2)
Accrued Revenue	(7.0)
Gas Inventory	(32.3)
Regulatory Assets	(34.3)
Accounts Payable and Other Current Liabilities	20.4
Regulatory Liabilities	29.8
Plant Acquisition Adjustment	**$ (24.8)**

In accordance with settlement agreements between the Company, the New Hampshire Public Utilities Commission (NHPUC) and the Maine Public Utilities Commission (MPUC) regarding the Acquisitions, the Company has agreed (i) not to seek recovery of transaction and transition costs in rates and (ii) for regulatory accounting purposes, to amortize, over a ten year period, the transaction and transition costs co-terminus with the Plant Acquisition Adjustment. See Note 12.

Note 3: Equity

The Company has both common and preferred stock outstanding. Details regarding these forms of capitalization follow:

Common Stock

As of August 21, 2008 the Company's common stock began trading on the New York Stock Exchange and ceased trading on the American Stock Exchange. The Company's common stock trades under the symbol, "UTL".

On September 10, 2008, the Company's shareholders, at a Special Meeting of Shareholders, approved an increase in the authorized shares of the Company's common stock. Shareholders approved an amendment to the Company's Articles of Incorporation to increase the authorized number of shares of the Company's common stock, from 8,000,000 shares to 16,000,000 shares in the aggregate. The Company had 10,836,759, and 7,791,617 of common shares outstanding at December 31, 2009 and December 31, 2008, respectively.

Unitil Corporation Common Stock Offering—On December 15, 2008, the Company issued and sold 2,000,000 shares of its common stock at a price of $20.00 per share in a registered public offering (2008 Offering). As part of this 2008 common stock offering, the underwriters exercised an over-allotment option and purchased an additional 270,000 shares of the Company's common stock in January 2009. The Company's net increase to Common Equity and Cash proceeds from the 2008 Offering including the over-allotment were approximately $41.9 million. On May 27, 2009, the Company issued and sold 2,400,000 shares of its common stock at a price of $20.00 per share in a registered public offering (2009 Offering). As part of the 2009 Offering, the underwriters exercised an over-allotment option and purchased an additional 300,000 shares of the Company's common stock in June 2009. The Company's net increase to Common

Equity and Cash proceeds from the 2009 Offering including the over-allotment was approximately $51.2 million. The combined total net increase to Common Equity and Cash proceeds from the 2008 Offering and 2009 Offering of $93.1 million (after payment of underwriting discount, but excluding offering expenses) was used to (i) repay all amounts outstanding under the bank credit facility that the Company used to partially finance the acquisition of Northern Utilities and Granite State which closed on December 1, 2008, and related transaction costs and expenses and (ii) for other general corporate purposes, including capital contributions to Unitil's distribution utilities and repayment of short-term debt.

Dividend Reinvestment and Stock Purchase Plan—During 2009, the Company sold 43,615 shares of its common stock, at an average price of $20.82 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) plans. Net proceeds of $0.9 million were used to reduce short-term borrowings. The DRP 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. During 2008 and 2007, the Company raised $0.8 million and $1.0 million, respectively, of additional common equity through the issuance of 32,754 and 38,309 shares, respectively, of its common stock in connection with its DRP and 401(k) plans.

Shares Repurchased, Cancelled and Retired—During 2009, 2008 and 2007, Unitil did not repurchase, cancel or retire any of its common stock.

Stock-Based Compensation Plans—Unitil maintains a Restricted Stock plan and two stock option plans, which provided for the granting of options to key employees. The Company accounts for its stock-based compensation plans in accordance with the provisions of the FASB Codification and recognizes compensation costs at fair value at the date of grant. Details of the plans are as follows:

Restricted Stock Plan—On April 17, 2003, the Company's shareholders ratified and approved a Restricted Stock Plan (the Plan) which had been approved by the Company's Board of Directors at its January 16, 2003 meeting. Participants in the Plan are selected by the Compensation Committee of the Board of Directors from the eligible Participants to receive an annual award of restricted shares of Company common stock. The Compensation Committee has the power to determine the sizes of awards; determine the terms and conditions of awards in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the Plan as they apply to participants; establish, amend, or waive rules and regulations for the Plan's administration as they apply to participants; and, subject to the provisions of the Plan, amend the terms and conditions of any outstanding award to the extent such terms and conditions are within the discretion of the Compensation Committee as provided for in the Plan. Awards fully vest over a period of four years at a rate of 25% each year.

During the vesting period, dividends on restricted shares underlying the award may be credited to the participant's account. Awards may be grossed up to offset the participant's tax obligations in connection with the award. Prior to the end of the vesting period, the restricted shares are subject to forfeiture if the participant ceases to be employed by the Company other than due to the participant's death. The maximum number of shares of Restricted Stock available for awards to participants under the Plan is 177,500. The maximum aggregate number of shares of Restricted Stock that may be awarded in any one calendar year to any one participant is 20,000. In the event of any change in capitalization of the Company, the Compensation Committee is authorized to make proportionate adjustments to prevent dilution or enlargement of rights, including, without limitation, an adjustment in the maximum number and kinds of shares available for awards and in the annual award limit.

Restricted shares issued for 2007 – 2009 in conjunction with the Plan are presented in the following table:

Issuance Date	Shares	Aggregate Market Value (millions)
2/9/07	9,020	$0.2
2/6/08	15,540	$0.4
2/17/09	32,260	$0.7

The compensation expense associated with the issuance of shares under the Plan is being accrued over the vesting period and was $0.7 million, $0.5 million and $0.4 million in 2009, 2008 and 2007, respectively. At December 31, 2009, there was approximately $1.0 million of total unrecognized compensation cost related to non-vested shares under the Plan which is expected to be recognized over a weighted average of approximately 2.7 years as the shares vest. There were 32,043 and 21,024 non-vested shares under the Plan as of December 31, 2009 and 2008, respectively. The weighted average grant date fair value of these shares was $22.78 and $27.38, respectively. There were 733 restricted shares forfeited under the Plan during 2009. There were no cancellations under the Plan during 2008.

Unitil Corporation Key Employee Stock Option Plan—In the third quarter of 2007, the Company issued and sold 42,437 shares of its common stock, at a final average price of $10.70 per share, in connection with the exercise of stock options under the Unitil Corporation Key Employee Stock Option Plan (KESOP) which expired in 2007. The aggregate intrinsic value of the options exercised was $0.8 million. As of December 31, 2007, there are no options remaining under the KESOP. Net proceeds of $0.5 million were used by the Company to reduce short-term borrowings.

The total compensation expense recorded by the Company with respect to this plan was $57,000 for the year ended December 31, 2007. There was no compensation expense recorded for the years ended December 31, 2008 and 2009 with respect to this plan.

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

	2007
Beginning Options Outstanding and Exercisable	**25,000**
Dividend Equivalents Earned—Prior Years	**15,388**
Dividend Equivalents Earned—Current Year	**2,049**
Options Exercised	**(42,437)**
Ending Options Outstanding and Exercisable	**—**
Weighted Average Exercise Price per Share	**$10.70**
Range of Option Exercise Price per Share	**$12.11-$18.28**
Weighted Average Remaining Contractual Life	**n/a**

Unitil Corporation 1998 Stock Option Plan—The “Unitil Corporation 1998 Stock Option Plan” became effective on December 11, 1998. The number of shares granted under this plan, as well as the terms and conditions of each grant, are determined by the Compensation Committee of the Board of Directors, subject to plan limitations. All options granted under this plan vest over a three-year period from the date of the grant, with 25% vesting on the first anniversary of the grant, 25% vesting on the second anniversary, and 50% vesting on the third anniversary. Under the terms of this plan, key employees may be granted options to purchase the Company’s common stock at no less than 100% of the market price on the date the option is granted. All options must be exercised no later than 10 years after the date on which they were granted. This plan was terminated on January 16, 2003 but will remain in effect solely for the purposes of the continued administration of all options currently outstanding under the plan.

In 2008, the Company issued and sold 3,300 shares of its common stock, at a final average price of $24.51 per share, in connection with the exercise of stock options under the Unitil Corporation 1998 Stock Option Plan. The aggregate intrinsic value of the options exercised was less than $0.1 million. Net proceeds of $0.1 million were used by the Company to reduce short-term borrowings. There was no compensation expense associated with this plan in 2009, 2008 and 2007. No further grants of options will be made under this plan. As of December 31, 2009 and 2008, there was no aggregate intrinsic value of the options exercisable. As of December 31, 2007, the intrinsic value of the options exercisable was $0.1 million.

	2009		2008		2007	
	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price
Beginning Options Outstanding	**97,200**	**$27.16**	107,000	$27.13	107,000	$27.13
Options Granted	**—**	**—**	—	—	—	—
Options Exercised	**—**	**—**	(3,300)	$24.51	—	—
Options Forfeited / Expired	**(33,700)**	**$23.88**	(6,500)	$27.99	—	—
Ending Options Outstanding	**63,500**	**$28.90**	97,200	$27.16	107,000	$27.13
Options Vested and Exercisable- end of year	**63,500**	**$28.90**	97,200	$27.16	107,000	$27.13

The following summarizes certain data for the options outstanding at December 31, 2009:

Range of Exercise Prices	Options Vested, Exercisable and Outstanding	Weighted Average Exercise Price	Remaining Contractual Life
$25.00-$29.99	33,000	$25.88	1.1 years
$30.00-$34.99	30,500	$32.17	0.1 years
	63,500		

Preferred Stock

Two of Unitil's distribution companies, Unitil Energy and Fitchburg, have $2.0 million of preferred stock outstanding. At December 31, 2009, Unitil Energy has $0.2 million of 6.00% Series Non-Redeemable, Non-Cumulative Preferred Stock series outstanding and Fitchburg has two series of Redeemable, Cumulative Preferred Stock outstanding, $0.8 million of 5.125% Series and $1.0 million of 8.00% Series.

Fitchburg is 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. In addition, Fitchburg may opt to redeem the Redeemable, Cumulative Preferred Stock at a given redemption price, plus accrued dividends.

The aggregate purchases of Redeemable, Cumulative Preferred Stock during 2009, 2008 and 2007 related to the annual redemption offer were $26,000, $21,200 and $21,700, respectively. The aggregate amount of sinking fund requirements of the Redeemable, Cumulative Preferred Stock for each of the five years following 2009 is $117,000 per year.

Earnings Per Share

The following table reconciles basic and diluted earnings per share.

(Millions except shares and per share data)	2009	2008	2007
Earnings Available to Common Shareholders	**$ 9.9**	$ 9.6	$ 8.6
Weighted Average Common Shares Outstanding—Basic (000's)	**9,647**	5,830	5,659
Plus: Diluted Effect of Incremental Shares (000's)	**—**	—	13
Weighted Average Common Shares Outstanding—Diluted (000's)	**9,647**	5,830	5,672
Earnings per Share—Basic and Diluted	**$ 1.03**	$ 1.65	$ 1.52

Weighted average options to purchase 63,500, 97,200 and 35,000 shares of common stock were outstanding during 2009, 2008 and 2007, respectively, but were not included in the computation of Weighted Average Common Shares Outstanding for purposes of computing diluted earnings per share, because the effect would have been antidilutive. Additionally, 28,963, 15,985 and 2,030 weighted average non-vested restricted shares for 2009, 2008 and 2007, respectively, were not included in the above computation because the effect would have been antidilutive.

Note 4: Long-Term Debt, Credit Arrangements, Leases and Guarantees

The Company funds a portion of its operations through the issuance of long-term debt and through short-term borrowings under its revolving credit facility. The Company's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their machinery, vehicles and office equipment. Details regarding long-term debt, short-term debt and leases follow:

Long-Term Debt and Interest Expense

Long-Term Debt Structure and Covenants—The agreements under which the long-term debt of Unitil and its utility subsidiaries, Unitil Energy, Fitchburg, Northern Utilities, and Granite State, were issued contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions and business combinations, as described below.

The long-term debt of Unitil is issued under Unsecured Promissory Notes with negative pledge provisions. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for Unitil to issue new long-term debt, the covenants of the existing long-term agreement(s) must be satisfied, including that Unitil have total funded indebtedness less than 70% of total capitalization, and earnings available for interest equal to at least two times the interest charges for funded indebtedness. Each future senior long-term debt issuance of Unitil will rank pari passu with all other senior unsecured long-term debt issuances. The Unitil agreement requires that if Unitil defaults on any other future long-term debt agreement(s), it would constitute a default under its present long-term debt agreement. Furthermore, the default provisions are triggered by the defaults of Unitil Energy and Fitchburg or certain other actions against subsidiary companies in the Unitil System.

Substantially all of the property of Unitil Energy is subject to liens of indenture under which First Mortgage Bonds (FMB) have been issued. In order to issue new FMB, the customary covenants of the existing Unitil Energy Indenture Agreement must be met, including that Unitil Energy have sufficient available net bondable plant to issue the securities and projected earnings available for interest charges equal to at least two times the annual interest requirement. The Unitil Energy agreements further require that if Unitil Energy defaults on any Unitil Energy FMB, it would constitute a default for all Unitil Energy FMB. The Unitil Energy default provisions are not triggered by the actions or defaults of Unitil or its other subsidiaries.

All of the long-term debt of Fitchburg, Northern Utilities and Granite State are issued under Unsecured Promissory Notes with negative pledge provisions. Each issue of long-term debt ranks pari passu with its other senior unsecured long-term debt within that subsidiary. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for Fitchburg, Northern Utilities or Granite State to issue new long-term debt, the covenants of the existing long-term agreements of that subsidiary must be satisfied, including that the subsidiary have total funded indebtedness less than 65% of total capitalization. Additionally, to issue new long-term debt, Fitchburg must maintain earnings available for interest equal to at least two times the interest charges for funded indebtedness. As with the Unitil Energy agreements, the Fitchburg, Northern Utilities and Granite State agreements each require that if that subsidiary defaults on any of its own long-term debt agreements, it would constitute a default under all of that subsidiary's long-term debt agreements. Each of the Fitchburg, Northern Utilities and Granite State default provisions are not triggered by the actions or defaults of Unitil or any of its other subsidiaries.

The Unitil, Unitil Energy, Fitchburg, Northern Utilities and Granite State long-term debt instruments and agreements contain covenants restricting the ability of each company to incur liens and to enter into sale and leaseback transactions, and restricting the ability of each company to consolidate with, to merge with or into, or to sell or otherwise dispose of all or substantially all of its assets. The Granite State notes are guaranteed by Unitil for the payment of principal, interest and other amounts payable. This guarantee will terminate if Granite State is reorganized and merges with and into Northern Utilities.

At December 31, 2009, there were no restrictions on Unitil's Retained Earnings for the payment of common dividends. Unitil Energy, Fitchburg, Northern Utilities and Granite State pay dividends to their sole shareholder, Unitil Corporation, and these dividends are the primary source of cash for the payment of dividends to Unitil's common shareholders.

Debt Repayment and Sinking Funds—The total aggregate amount of sinking fund payments relating to bond issues and normal scheduled long-term debt repayments amounted to $393,946, $363,755, and $335,877 in 2009, 2008, and 2007, respectively.

The aggregate amount of bond sinking fund requirements and normal scheduled long-term debt repayments for each of the five years following 2009 is: 2010 – $426,643; 2011 – $462,055; 2012 – $500,405; 2013 – $541,938; and 2014 – $2,486,919, respectively.

Long-Term Debt Issuances

On December 18, 2009, both Unitil Energy and Northern Utilities priced long-term financings scheduled to close in the first quarter of 2010:

(i) Unitil Energy priced $15,000,000 of First Mortgage Bonds, through a private placement marketing process to institutional investors. The First Mortgage Bonds were priced at a coupon rate of 5.24% and have a final maturity of ten years. Unitil Energy plans to use the net proceeds from this long-term financing to repay short-term debt and for general corporate purposes. Unitil Energy anticipates closing this long-term financing in March 2010.

(ii) Northern Utilities priced $25,000,000 of Senior Unsecured Notes, through a private placement marketing process to institutional investors. The Senior Unsecured Notes were priced at a coupon rate of 5.29% and have a final maturity of ten years. Northern Utilities plans to use the net proceeds from this long-term financing to repay short-term debt and for general corporate purposes. Northern Utilities anticipates closing this long-term financing in March 2010.

The Unitil Energy and Northern Utilities securities offered will not be, and have not been, registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

On December 15, 2008, Granite State completed the sale of $10 million of Senior Unsecured Notes, through a private placement to institutional investors. The Notes have a term of 10 years maturity and a coupon rate of 7.15%. The Company used the proceeds from the long-term Note financing to repay a portion of the bank financing for Unitil's acquisition of Granite State.

On December 3, 2008, Northern Utilities completed the sale of $80 million of Senior Unsecured Notes, through a private placement to institutional investors. The debt financing included $50 million of 30-year notes with a coupon rate of 7.72% and $30 million of 10-year notes with a coupon rate of 6.95%. The Company used the proceeds from the long-term Note financing to repay a portion of the bank financing for Unitil's acquisition of Northern Utilities.

On May 2, 2007, Unitil completed the sale of $20 million of Senior Long-Term Notes, through a private placement to institutional investors. The Notes have a term of 15 years maturity and a coupon rate of 6.33%. The Company used the proceeds from the long-term Note financing to refinance existing short-term debt and for other corporate purposes of the Company's principal utility subsidiaries.

Fair Value of Long-Term Debt—Currently, the Company believes that there is no active market in the Company's debt securities, which have all been sold through private placements. If there were an active market for the Company's debt securities, the fair value of the Company's long-term debt would be estimated based on 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 estimating the fair value of the Company's long-term debt, the assumed market yield reflects the Moody's Baa Utility Bond Average Yield for December 2009. The carrying value of the Company's long-term debt at December 31, 2009 is $249.3 million. The fair value of the Company's long-term debt at December 31, 2009 is estimated to be approximately $271.6 million. Costs, including prepayment costs, associated with the early settlement of long-term debt are not taken into consideration in determining fair value.

Details on long-term debt at December 31, 2009 and 2008 are shown below:

Long-Term Debt (millions)	December 31, 2009	December 31, 2008
Unitil Corporation Senior Notes:		
6.33% Notes, Due May 1, 2022	**$ 20.0**	$ 20.0
Unitil Energy First Mortgage Bonds:		
8.49% Series, Due October 14, 2024	**15.0**	15.0
6.96% Series, Due September 1, 2028	**20.0**	20.0
8.00% Series, Due May 1, 2031	**15.0**	15.0
6.32% Series, Due September 15, 2036	**15.0**	15.0
Fitchburg Long-Term Notes:		
6.75% Notes, Due November 30, 2023	**19.0**	19.0
7.37% Notes, Due January 15, 2029	**12.0**	12.0
7.98% Notes, Due June 1, 2031	**14.0**	14.0
6.79% Notes, Due October 15, 2025	**10.0**	10.0
5.90% Notes, Due December 15, 2030	**15.0**	15.0
Northern Utilities Senior Notes:		
6.95% Senior Notes, Series A, Due December 3, 2018	**30.0**	30.0
7.72% Senior Notes, Series B, Due December 3, 2038	**50.0**	50.0
Granite State Senior Notes:		
7.15% Senior Notes, Due December 15, 2018	**10.0**	10.0
Unitil Realty Corp. Senior Secured Notes:		
8.00% Notes, Due August 1, 2017	**4.3**	4.7
Total Long-Term Debt	**249.3**	249.7
Less: Current Portion	**0.4**	0.4
Total Long-Term Debt, Less Current Portion	**$248.9**	$249.3

Interest Expense, net—Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this monthly tracking and reconciling process will produce either an under-collected or an over-collected balance of costs. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Consistent with regulatory precedent, interest income is recorded on an under-collection of costs, including carrying charges of $1.1 million in 2009 on deferred storm costs, which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

A summary of interest expense and interest income is provided in the following table:

Interest Expense, net (millions)

	2009	2008	2007
Interest Expense			
Long-term Debt	**$18.2**	$12.0	$11.1
Short-term Debt	**2.1**	1.3	1.1
Regulatory Liabilities	**0.3**	0.1	0.8
Subtotal Interest Expense	**20.6**	13.4	13.0
Interest Income			
Regulatory Assets	**(3.6)**	(2.5)	(2.9)
AFUDC [(1)] and Other	**(1.2)**	(0.4)	(0.5)
Subtotal Interest Income	**(4.8)**	(2.9)	(3.4)
Total Interest Expense, net	**$15.8**	$10.5	$ 9.6

(1) AFUDC—Allowance for Funds Used During Construction

Credit Arrangements

At December 31, 2009, the Company had $64.5 million in short-term debt outstanding through bank borrowings under its revolving credit facility. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit long-term debt to exceed 65% of capitalization at the end of each fiscal quarter. As of December 31, 2009, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

On October 13, 2009, the Company entered into an amendment to its 364-day revolving credit facility with Bank of America, as administrative agent, and a syndicate of lenders. The Company originally entered into the facility on November 26, 2008. The amendment increases the maximum borrowings under the facility from $60 million to $80 million. It also (i) decreases the upfront fees to 15 basis points of the aggregate commitment, (ii) changes the commitment fees from 30 to 40 basis points per annum of the average difference between the aggregate commitment and the outstanding borrowings, (iii) changes the margin applicable to borrowings from 1.75% to 2.0% per annum, and (iv) extends the maturity date for borrowings to October 12, 2010. Except as expressly amended by the amendment, all other terms and conditions of the facility remain in full force and effect.

The weighted average interest rates on all short-term borrowings were 3.4%, 3.8%, and 5.6% during 2009, 2008, and 2007, respectively.

Northern enters into asset management agreements under which Northern releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $10.0 million and $31.8 million outstanding at December 31, 2009 and December 31, 2008, respectively, related to these asset management agreements.

Leases

Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

Total rental expense under operating leases charged to operations for the years ended December 31, 2009, 2008 and 2007 amounted to $1.0 million, $0.6 million and $0.4 million respectively. Fitchburg leases its operations facility in Fitchburg, Massachusetts under an operating lease, with a primary term through January 31, 2013. The lease agreement allows for three additional five-year renewal periods at the option of Fitchburg.

The following is a schedule of future operating lease payment obligations and future minimum lease payments under capital leases as of December 31, 2009:

Year Ending December 31, (000's)	Operating Leases	Capital Leases
2010	$1,027	$ 656
2011	906	568
2012	820	252
2013	467	53
2014	250	3
2015 – 2019	467	—
Total Payments	$3,937	$1,532

Guarantees

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit these guarantees to two years or less. As of December 31, 2009, there were approximately $30.5 million of guarantees outstanding and the longest term guarantee extends through December 31, 2010. Of this amount, $8.0 million is related to Unitil's guarantee of payment for the term of the Northern Utilities' gas storage management agreement, discussed above.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of December 31, 2009, the principal amount outstanding for the 8% Unitil Realty notes was $4.3 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million. The guarantee related to the Granite State notes will terminate if Granite State reorganizes and merges with and into Northern Utilities.

Note 5: Energy Supply

Natural Gas Supply

With the purchase of Northern Utilities on December 1, 2008, Unitil now manages gas supply for customers served by Northern Utilities in Maine and New Hampshire as well as customers served by Fitchburg in Massachusetts.

Fitchburg's residential and commercial and industrial (C&I) customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors, although most of Fitchburg's customers continue to purchase such supplies at regulated rates from Fitchburg. Northern Utilities' C&I natural gas customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors, and third-party supply is prevalent among Northern Utilities' larger C&I customers. Most small C&I customers, as well as all residential customers, purchase their gas supply at regulated rates from Northern Utilities under regulated rates and tariffs. The approved costs associated with the acquisition of such wholesale natural gas supplies for customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically-adjusted rates and are included in Purchased Gas in the Consolidated Statements of Earnings.

In the fourth quarter of 2009, the MDPU issued an order finding that Fitchburg engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's gas purchasing practices were imprudent. As a result, the MDPU required Fitchburg to refund $4.6 million of natural gas costs, plus carrying charges, to its gas customers. Fitchburg recorded a pre-tax charge of $4.9 million in the fourth quarter of 2009 based on the MDPU's order. Fitchburg has appealed this order to the Massachusetts Supreme Judicial Court. Fitchburg's assessment is that pre-approval from the MDPU for gas purchases made to stabilize prices for customers was not required and that its gas-procurement practices were consistent with those of other Massachusetts natural gas distribution companies and all relevant MDPU rules and orders and Massachusetts law. In addition, Fitchburg is able to demonstrate that its gas purchasing practices were previously disclosed to the MDPU at public hearings and in required filings with the MDPU and the Massachusetts Office of the Attorney General. This appeal remains pending before the Massachusetts Supreme Judicial Court. Immediately after the MDPU opened its investigation of this matter in March 2009, Fitchburg ceased making the gas procurement purchases in question and filed a request with the MDPU for approval of a gas procurement plan for future gas purchases. This matter remains pending before the MDPU.

Regulated Natural Gas Supply

Fitchburg purchases natural gas under contracts of one year or less, as well as from producers and marketers on the spot market. Fitchburg arranges for gas delivery to its system through its own long-term contracts with Tennessee Gas Pipeline, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to each storage facility within Fitchburg's service territory.

Fitchburg has available under firm contract 14,057 MMbtu per day of year-round and seasonal transportation and underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Northern purchases a majority of its natural gas from U.S. domestic and Canadian suppliers under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern arranges for gas delivery to its system through its own long-term contracts with various interstate pipeline and storage facilities, through peaking supply contracts delivered to its system, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to each storage facility within Northern Utilities' service territory.

Northern has available under firm contract 100,000 MMbtu per day of year-round and seasonal transportation capacity to its distribution facilities, and 3.4 Bcf of underground storage. As a supplement to pipeline natural gas, Northern owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Electric Power Supply

The restructuring of the utility industry in New Hampshire required the divestiture of Unitil's power supply arrangements and the procurement of replacement supplies, which provided the flexibility for migration of customers to and from utility energy service. Fitchburg, Unitil Energy, and Unitil Power each are members of the New England Power Pool (NEPOOL) and participate in the ISO New England, Inc. (ISO-NE) markets for the purpose of facilitating these wholesale electric power supply transactions, which are necessary to serve Unitil's customers.

As a result of restructuring of the electric utility industry in Massachusetts and New Hampshire, Unitil's customers in both New Hampshire and Massachusetts have the opportunity to purchase their electric supply from competitive third party energy suppliers. As of December 2009, 99 or 67% of Unitil's largest New Hampshire customers, representing 24% of total New Hampshire electric energy sales, and 26 or 79% of Unitil's largest Massachusetts customers, representing 35% of total Massachusetts electric energy sales, are purchasing their electric power supply in the competitive market. However, most residential and small commercial customers continue to purchase their electric supply through Unitil's distribution utilities under regulated energy rates and tariffs. The concentration of the competitive retail market on higher use customers has been a common experience throughout the New England electricity market.

Regulated Electric Power Supply

In order to provide regulated electric supply service to their customers, Unitil's distribution utilities enter into load-following wholesale electric power supply contracts with various wholesale suppliers.

Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service energy supply. MDPU policy dictates the pricing structure and duration of each of these contracts. Currently, all Basic Service power supply contracts for large general accounts are three months in duration and provide 100% of supply requirements. Basic Service power supply contracts for residential and small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements.

Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. Unitil Energy procures Default Service supply for its large general service accounts through competitive solicitations for power contracts of three months in duration for 100% of supply requirements. Unitil Energy procures Default Service supply for its other customers through a series of two one-year contracts and two three-year contracts, each providing 25% of the total supply requirements of the group.

The NHPUC and MDPU regularly investigate alternatives to their procurement policy, which may lead to future changes in this regulated power supply procurement structure.

Regional Electric Transmission and Power Markets

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economic manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England is performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated power system operation in a reliable manner and a supportive business environment for the development of competitive electric markets.

Electric Power Supply Divestiture

Prior to May 1, 2003, Unitil Energy purchased all of its power supply from Unitil Power under the Unitil System Agreement, a FERC-regulated tariff, which provided for the recovery of all of Unitil Power's power supply-related costs on a cost pass-through basis. Effective May 1, 2003, Unitil Energy and Unitil Power amended the Unitil System Agreement, such that power sales from Unitil Power to Unitil Energy ceased, and Unitil Power sold substantially all of its entitlements under the remaining portfolio of power supply contracts. Under the amended Unitil System Agreement, Unitil Energy continues to pay contract release payments to Unitil Power for stranded costs associated with the portfolio sale and its other ongoing power supply-related costs. In connection with the restructuring of the electric industry, Unitil Power and Fitchburg divested substantially all of their long-term power supply contracts and interests in generation assets through the sale of the interest in those assets or the sale of the entitlements to the electricity provided by those generation assets and long-term power supply contracts.

Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Note 6: Commitments and Contingencies

Legal Proceedings

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 Storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company continues to believe the suit is without merit, and will defend itself vigorously.

Regulatory Matters

Overview (Unitil Energy, Fitchburg, and Northern Utilities): Unitil's distribution utilities deliver electricity and/or natural gas to customers in the Company's service territory at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil Energy, Fitchburg, and Northern Utilities recover the cost of providing distribution service to their customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. As a result of the restructuring of the utility industry in New Hampshire, Massachusetts and Maine, most Unitil customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers have the opportunity to purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers, however, continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

In connection with the implementation of retail choice, Unitil Power and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next two to four years, is $63.0 million as of December 31, 2009 including $17.7 million recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Major Ice Storm—On December 11 and 12, 2008, a severe ice storm (December 2008 Ice Storm) struck the New England region, causing extensive damage to electric facilities and loss of service to significant numbers of customers of several utilities. An estimated one million electric customers in the region were affected, including all of Unitil's 28,000 Massachusetts customers, and approximately half of its New Hampshire customers. Unitil was able to restore power to over 80 percent of its customers by day seven, and its final customers, including those with individual service problems, were restored in Massachusetts by December 24, 2008. As a result of the December 2008 Ice Storm, the Company has spent approximately $23 million for the repair and replacement of electric distribution systems damaged during the storm, including $8.3 million related to capital construction and $14.6 million, including carrying charges, which has been deferred as a regulatory asset, based on orders issued by the MDPU and NHPUC, discussed below. Also, the Company expensed $3.0 million for professional fees related to the ice storm, in addition to normal anticipated expenditures related to emergency storm preparedness. The Company does not believe these storm restoration expenditures and the timing of cost recovery will have a material adverse impact on the Company's financial condition or results of operations. However, if it were ultimately determined that certain of these costs were not recoverable in rates, and/or the Company were required to incur additional costs to defend itself, there may be a significant impact on the Company's results of operations in future periods.

On January 7, 2009, the MDPU opened an investigation into the preparation and response of the Massachusetts electric distribution companies to the December 2008 Ice Storm. Evidentiary hearings before the MDPU concerning Fitchburg's storm response were held in May, 2009. On November 2, 2009, the MDPU issued its order with respect to its investigation, finding that Fitchburg's preparation for, and response to, the December 2008 Ice Storm constituted a failure of the Company to meet its public service obligation to provide safe and reliable service. As a result, the MDPU ordered a comprehensive independent management audit of Fitchburg's management practices to address: Unitil's strategic planning processes; its staffing decisions to the extent to which they affect Fitchburg; its management and control of Fitchburg, including resource allocation decisions made among Unitil's three subsidiary companies; and customer relations. The order also directed Fitchburg to implement a series of operational and capital improvements which had been identified and recommended through the Company's self-assessment review. Finally, the MDPU noted that the costs incurred by Fitchburg for the December 2008 Ice Storm would be subject to review in Fitchburg's next electric rate case, along with Fitchburg's rate of return.

On July 28, 2009, Fitchburg filed with the MDPU a petition for approval to defer and record as a regulatory asset approximately $11.5 million of costs associated with the repair of its electric distribution system from damage caused by the December 2008 Ice Storm for future recovery in rates. On December 30, 2009, the MDPU approved the request. The order of approval stated that it made no findings as to whether the subject expenses were reasonable or whether they can be recovered from ratepayers, and that the MDPU will consider the subsequent ratemaking treatment of the expense as part of Fitchburg's next rate case. Fitchburg anticipates filing its next rate case during the second quarter of 2010. As of December 31, 2009, Fitchburg has deferred approximately $12.3 million of costs, including carrying charges, associated with the repair of its electric distribution system from damage caused by the December 2008 Ice Storm for future recovery in rates.

On August 26, 2009, Unitil Energy filed a petition with the NHPUC requesting an accounting order authorizing Unitil Energy to record as a regulatory asset approximately $2 million in expenses associated with network damage from the December 2008 Ice Storm until such time as the Commission issues a final order in Unitil Energy's next base rate case. On November 9, 2009, the NHPUC granted the requested accounting order, clarifying that such issues as the appropriate amount of the storm related expenses to be recovered, the timing and manner of recovery, and what, if any, return should be applied to the unrecovered balance are issues that will be deferred to Unitil Energy's next rate case. Unitil Energy anticipates filing its next rate case during the second quarter 2010. As of December 31, 2009, Unitil Energy has deferred approximately $2.3 million of costs, including carrying charges, associated with the repair of its electric distribution system from damage caused by the December 2008 Ice Storm for future recovery in rates.

On December 3, 2009, the NHPUC issued its final report regarding its 'after action' review of the December 2008 Ice Storm. The after action review was a non-docketed investigation by the NHPUC of utility emergency preparedness and response. The report stated that the NHPUC will commence an adjudicative proceeding to examine the reasonableness of the timing of Unitil's response to the December 2008 Ice Storm, the priorities of its restorations and the allocation of its resources in New Hampshire and Massachusetts. On January 8, 2010, the NHPUC opened a docket to consider Unitil Energy's response to the December 2008 Ice Storm, including the timing of its response, its restoration priorities and strategies and the procurement and allocation of its resources in New Hampshire and Massachusetts. This matter remains pending.

Unitil Energy: On May 14, 2007, the NHPUC issued an order opening an investigation into the merits of instituting appropriate rate mechanisms, such as revenue decoupling, which would have the effect of removing obstacles to, and encouraging investment in, energy efficiency. On January 16, 2009, the NHPUC issued its decision in this matter, concluding that such rate mechanisms should only be implemented on a company-by-company basis in the context of an examination of company-specific costs and revenues, service territory, customer mix and rate base investment. On March 23, 2009, the NHPUC denied a Motion for Rehearing of this matter.

In July 2008, the State of New Hampshire enacted legislation that allows electric utilities to make investments in distributed energy resources, including energy efficiency and demand reduction technologies, as well as clean cogeneration and renewable generation. On August 5, 2009 Unitil Energy filed a plan for approval of investment in and rate recovery for Distributed Energy Resources. This matter remains pending before the NHPUC.

Fitchburg—Electric Operations: On November 25, 2009, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan (the Annual Reconciliation Filing). In addition, the Standard Offer Service and Default Service Costs incurred during the seven year Standard Offer Service period that ended February 28, 2005 have been combined and recovery is proposed through a Transition Charge Surcharge of $0.00400 per kWh. Changes to the Pension/PBOP Adjustment and Residential Assistance Adjustment Factor were proposed in other proceedings. The rates were approved effective January 1, 2010, subject to reconciliation pending investigation by the MDPU. This matter remains pending. A final order on Fitchburg's 2008 Annual Reconciliation Filing also remains pending.

On November 12, 2009, the Governor of Massachusetts signed House Bill 4329. The bill (i) requires the MDPU to establish regulations for utilities to respond to emergencies, (ii) requires utilities to file with the MDPU annual emergency response plans, (iii) authorizes the MDPU to impose penalties for a utility's failure to comply with the MDPU's regulations, and (iv) allows the chair of the MDPU to issue operational and management directives during an emergency. The bill also authorizes the Massachusetts Attorney General to bring a court action for receivership of a small investor-owned utility where an emergency exists and the utility has materially violated the MDPU's standards for responding to emergencies. On February 2, 2010, the MDPU issued an order adopting the items required by House Bill 4329.

Fitchburg—Gas Operations: Fitchburg provides natural gas delivery service to its customers on a firm or interruptible basis under unbundled distribution rates approved by the MDPU. Its current distribution rates were approved by the MDPU in 2007. Fitchburg's customers may purchase natural gas supplies from third-party vendors or purchase their natural gas from Fitchburg under regulated rates and tariffs. Fitchburg collects its natural gas supply costs through a seasonal reconciling Cost of Gas Adjustment Clause and recovers other related costs through a reconciling Local Distribution Adjustment Clause.

On March 12, 2009, the MDPU opened an investigation into Fitchburg's gas procurement practices. On November 2, 2009 the MDPU issued an order finding that Fitchburg engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's gas purchasing practices were imprudent. As a result, the MDPU required Fitchburg to refund $4.6 million of natural gas costs, plus an appropriate carrying charge based on the prime lending rate, to its gas customers. The Company recorded a pre-tax charge of $4.9 million in the fourth quarter of 2009 based on the MDPU's order. On November 30, 2009, the MDPU approved Fitchburg's proposal to amortize its refund of natural gas costs to customers over a five-year period. Fitchburg has appealed the gas procurement Order to the Massachusetts Supreme Judicial Court. Fitchburg's assessment is that pre-approval from the MDPU for gas purchases made to stabilize prices for customers was not required and that its gas-procurement practices were consistent with those of other Massachusetts natural gas distribution companies and all relevant MDPU rules and orders and Massachusetts law. In addition, Fitchburg is able to demonstrate that its gas purchasing practices were previously disclosed to the MDPU at public hearings and in required filings with the MDPU and the Massachusetts Office of the Attorney General. This appeal remains pending before the Massachusetts Supreme Judicial Court. Immediately after the MDPU opened its investigation of this matter in March 2009, Fitchburg ceased making the gas procurement purchases in question and filed a request with the MDPU for approval of a gas procurement plan for future gas purchases. This matter remains pending before the MDPU.

During the summer of 2009, Fitchburg operated its gas system entirely on local production from LNG for approximately three months due to construction on the lateral from Tennessee Gas Pipeline, which is the sole source of pipeline gas to Fitchburg. During this time Fitchburg provided gas LNG supply to all firm sales customers and also to the retail marketers for delivery to firm customers who have contracted for third party supply. Fitchburg's management of this project was reviewed by the MDPU during its last Integrated

Resource Plan proceeding, before the shutdown occurred. In its order, the MDPU stated it would investigate the costs associated with the shutdown in Fitchburg's March 2010 Cost of Gas Adjustment Clause filing when its actual costs will be reconciled with its projected costs.

Fitchburg—Other: On June 22, 2007, the MDPU opened an inquiry into revenue decoupling for gas and electric distribution utilities, generally defined as a ratemaking mechanism designed to eliminate or reduce the dependence of a utility's distribution revenues on sales. Revenue decoupling is intended to remove the disincentive a utility has to promote efforts to reduce energy consumption by its customers or to facilitate installation of distributed generation to displace electricity delivered by the utility. On July 16, 2008, the MDPU issued an order establishing a comprehensive plan for decoupling to be adopted by gas and electric distribution utilities on a going-forward basis, including company-specific rate cases. Lost base revenue recovery associated with incremental energy efficiency savings will be allowed through 2012 consistent with the MDPU's expectation that, with limited exceptions, distribution companies will be operating under decoupling plans by year-end 2012.

On February 11, 2009, the MA Supreme Judicial Court (SJC) issued its decision in the Attorney General's (AG) appeal of the MDPU orders relating to Fitchburg's recovery of bad debt expense. The SJC agreed with the AG that the MDPU was required to hold hearings regarding changes in Fitchburg's tariff and rates, and on that basis vacated the MDPU orders. The Court, however, declined to rule on an appropriate remedy, and remanded the cases back to the MDPU for consideration of that issue. This matter remains pending before the MDPU.

On July 2, 2008, the Governor of Massachusetts singed into law "The Green Communities Act" (the GC Act), energy policy legislation designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, and special tariffs to allow the net metering of customer-owned renewable generation. These matters, under review in separately designated dockets, remain pending, except for net metering tariffs which were approved by the MDPU effective December 1, 2009.

Northern Utilities: On December 1, 2008 Unitil completed the purchase of Northern Utilities from Bay State and Granite State from NiSource. Unopposed settlement agreements resolving all outstanding issues and recommending approval of the acquisition were approved by the NHPUC on October 10, 2008, and by the MPUC on November 5, 2008. Pursuant to its expanded authority over holding company mergers under the GC Act, the MDPU also reviewed the transaction and issued its approval on November 18, 2008.

The New Hampshire and Maine settlement agreements included the following provisions with respect to the accounting and rates of Northern Utilities:

- approval of Northern Utilities' accounting deferral and 10-year amortization of transaction costs and transition costs resulting from the Company's acquisition of Northern Utilities and the Company's agreement not to seek recovery of these costs, or the transaction or transition costs of any other utility subsidiary, in rates.
- agreement that synergy savings resulting from the acquisition of Northern Utilities will be retained by the Company until the next base rate change and then will flow to customers;
- agreement not to request a base rate change for Northern Utilities before November 1, 2010 unless (i) Northern Utilities' projected annual revenues are more than 8% below the level of total 2007 distribution revenues or (ii) the MPUC or NHPUC, as applicable, approves a plan to subject Granite State's rates to state regulation;
- agreement to allow Northern Utilities to recover prudently incurred integration costs for capitalized expenditures to build or upgrade systems or facilities required to independently operate Northern Utilities;
- agreement not to seek recovery in Northern Utilities' rates of any acquisition premium resulting from Unitil's acquisition of Northern Utilities and that any acquisition adjustment (positive or negative) shall be accounted for below the line for ratemaking purposes over a 10-year period;

- agreement to hold Northern Utilities' customers harmless for the elimination of historical accumulated deferred income tax (ADIT) liabilities resulting from its Internal Revenue Service Section 338(h)(10) election;
- agreement to use an imputed weighted cost of debt for ratemaking purposes until Northern Utilities' existing debt instruments would have matured; and
- agreement not to change Northern Utilities' existing depreciation rates for its Maine division until approved in the next general rate case.

The settlement agreements contained the following commitments related to Granite State:

- agreement to work collaboratively with the parties to the settlements to design and to conduct a comprehensive study of the issues and costs for modification of the physical, operational, regulatory, and corporate structure necessary for state regulation of Granite State and to provide a report within one year of the closing; and
- authorization for Northern Utilities to execute a firm service contract with Granite State for 100,000 Dekatherms (Dth) of capacity at Granite State's current recourse rate of $1.6666/ Dth for the period November 1, 2008 through October 31, 2010.

On November 21, 2008, the MPUC issued an order approving a settlement agreement resolving a number of Notices of Probable Violation ("NOPVs") of certain safety related procedures and rules by Northern Utilities. Under the Settlement, Northern Utilities will incur total expenditures of approximately $3.8 million for safety related improvements to Northern's distribution system to ensure compliance with the relevant state and federal gas safety laws, for which no rate recovery will be allowed. These compliance costs were accrued by Northern Utilities prior to the acquisition date and the remaining amount on the Company's balance sheet at December 31, 2009 was $2.3 million.

On June 27, 2008 the MPUC opened an investigation of Northern Utilities' cast iron pipe replacement activities and the benefits of an accelerated replacement program for cast iron distribution pipe remaining in the Portland and Westbrook service areas. Northern Utilities anticipates filing testimony and a proposal for a replacement program with the MPUC by mid-February of 2010, and that proceedings will continue on this matter during the second and third quarters of 2010.

Environmental Matters

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2009, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site not recovered by insurance or other means in gas rates pursuant to terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. In addition, Fitchburg has filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. Any recovery that Fitchburg receives from insurance or third parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are split equally between Fitchburg and its gas customers.

Fitchburg is in the process of developing long-range plans for a feasible permanent remediation solution for the Sawyer Passway site, including alternatives for re-use of the site. Included on the Company's Consolidated Balance Sheet at December 31, 2009 and 2008 in Environmental Obligations are accrued liabilities totaling \$12.0 million and \$11.1 million, respectively, related to estimated future clean up costs for permanent remediation of the Sawyer Passway site. A corresponding Regulatory Asset was recorded to reflect that the recovery of this environmental remediation cost is probable through the regulatory process. The amounts recorded do not assume any amounts are recoverable from insurance companies or other third parties.

Northern Utilities Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid 1800s through the mid 1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. Northern Utilities believes material future costs will be recovered. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Included in the Company's Consolidated Balance Sheet at December 31, 2009 and 2008 are current and non-current accrued liabilities totaling \$2.5 million and \$1.6 million, respectively, associated with Northern Utilities environmental remediation obligations for these former MGP sites. A corresponding Regulatory Asset was recorded to reflect that the recovery of these environmental remediation cost is probable through the regulatory process.

The Company's ultimate liability for future environmental remediation costs, including MGP site costs, may vary from estimates, which may be adjusted as new information or future developments become available. Based on the Company's current assessment of its environmental responsibilities, existing legal requirements and regulatory policies, the Company does not believe that these environmental costs will have a material adverse effect on the Company's consolidated financial position or results of operations.

The following table shows the balances and activity in the Company's liability for Environmental Obligations for 2009. The liability for Environmental Obligations was initially recognized on the Company's Consolidated Balance Sheet at December 31, 2006.

ENVIRONMENTAL OBLIGATIONS

	December 31,	
(Millions)	**2009**	**2008**
Total Environmental Obligations—Balance at Beginning of Period	**\$12.7**	\$12.0
Changes in Estimates	**1.8**	—
Liabilities Assumed	**—**	1.6
Payments / Reductions	**—**	0.9
Total Environmental Obligations—Balance at End of Period	**14.5**	12.7
Less: Current Portion [(1)]	**0.2**	0.4
Environmental Obligations—noncurrent—Balance at End of Period	**\$14.3**	\$12.3

(1) Reflects amounts included in Other Current Liabilities on the Company's Consolidated Balance Sheets.

Note 7: Bad Debts

Unitil's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. In 2009, 2008 and 2007, the Company recorded provisions for the energy commodity portion of bad debts of $1.9 million, $2.1 million and $1.5 million, respectively. These provisions were recognized in Purchased Electricity and Purchased Gas expense as the associated electric and gas utility revenues were billed. Purchased Electricity and Purchased Gas costs are recovered from customers through periodic rate reconciling mechanisms.

The following table shows the balances and activity in the Company's Allowance for Doubtful Accounts for 2007 – 2009 ($ millions):

ALLOWANCE FOR DOUBTFUL ACCOUNTS

	Balance at Beginning of Period	(a) Other	Provision	Recoveries	Accounts Written Off	Balance at End of Period
Year Ended December 31, 2009						
Electric	**$1.1**	**$ —**	**$2.3**	**$0.2**	**$1.9**	**$1.7**
Gas	**1.8**	**0.5**	**1.4**	**0.3**	**3.3**	**0.7**
Other	**0.1**	**—**	**—**	**—**	**—**	**0.1**
	$3.0	**$0.5**	**$3.7**	**$0.5**	**$5.2**	**$2.5**
Year Ended December 31, 2008						
Electric	$1.0	$ —	$2.2	$0.2	$2.3	$1.1
Gas	0.2	1.4	1.4	0.2	1.4	1.8
Other	0.1	—	—	—	—	0.1
	$1.3	$1.4	$3.6	$0.4	$3.7	$3.0
Year Ended December 31, 2007						
Electric	$1.2	$ —	$1.4	$0.2	$1.8	$1.0
Gas	0.4	—	1.0	0.1	1.3	0.2
Other	0.1	—	—	—	—	0.1
	$1.7	$ —	$2.4	$0.3	$3.1	$1.3

(a) Includes Allowance for Doubtful Accounts of Northern Utilities and Granite State, which were acquired on December 1, 2008.

Note 8: Income Taxes

Federal Income Taxes were provided for the following items for the years ended December 31, 2009, 2008 and 2007, respectively:

	2009	2008	2007
Current Federal Tax Provision (Benefit) (000's):			
Operating Income	**$(3,226)**	$(2,914)	$4,522
Total Current Federal Tax Provision (Benefit)	**(3,226)**	(2,914)	4,522
Deferred Federal Tax Provision (Benefit) (000's)			
Accelerated Tax Depreciation	**8,716**	5,159	(444)
Regulatory Assets and Liabilities	**(1,308)**	1,534	(400)
Other, net	**(120)**	121	60
Total Deferred Federal Tax Provision (Benefit)	**7,288**	6,814	(784)
Total Federal Tax Provision	**$ 4,062**	$ 3,900	$3,738

The components of the Federal and State income tax provisions reflected as operating expenses in the accompanying consolidated statements of earnings for the years ended December 31, 2009, 2008 and 2007 are shown in the table below. In addition to the provisions for federal and state income taxes, the Company recorded provisions of $202,000, $165,000 and $203,000 in 2009, 2008 and 2007, respectively for New Hampshire Business Enterprise taxes, which are included in Local Property and Other Taxes on the consolidated statements of earnings.

Federal and State Tax Provision (Benefit) (000's)	2009	2008	2007
Federal			
Current	**$(3,226)**	$(2,914)	$4,522
Deferred	**7,288**	6,814	(784)
Total Federal Tax Provision	**4,062**	3,900	3,738
State			
Current	**1,376**	(42)	896
Deferred	**(218)**	592	(138)
Total State Tax Provision	**1,158**	550	758
Total Provision for Federal and State Income Taxes	**$ 5,220**	$ 4,450	$4,496

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

	2009	2008	2007
Statutory Federal Income Tax Rate	**34%**	34%	34%
Income Tax Effects of:			
State Income Taxes, Net	**6**	5	5
Utility Plant Differences	**(3)**	(6)	(4)
Other, Net	**(1)**	(1)	—
Effective Income Tax Rate	**36%**	32%	35%

Temporary differences, including the effect of deferred tax accounting on the assets and liabilities of Northern Utilities and Granite State acquired on December 1, 2008 (see Note 2 above), which gave rise to deferred tax assets and liabilities are shown below:

Deferred Income Taxes (000's)	2009	2008
Depreciation and Utility Plant	**$ 30,318**	$ 22,611
Regulatory Assets / Liabilities & Mechanisms	**29,094**	30,071
Retirement Benefit Obligations	**(22,537)**	(23,029)
Other, net	**2,896**	1,431
Total Deferred Income Tax Liabilities	**$ 39,771**	$ 31,084

The Company evaluated its tax positions at December 31, 2009 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any unrecognized tax liabilities or assets as defined by the FASB Codification is required. The Company does not have any unrecognized tax positions for which it is reasonably possible that the total amounts recognized will significantly change within the next 12 months. The Company remains subject to examination by Federal, Massachusetts and New Hampshire tax authorities for the tax periods ended December 31, 2006; December 31, 2007; and December 31, 2008. Income tax filings for the year ended December 31, 2008 have been filed with the Internal Revenue Service (IRS). In its Federal Income Tax return filings for the year ended December 31, 2008, the Company recognized net operating loss (NOL) carrybacks against its Federal Income Tax returns for the years ended December 31, 2006 and 2007 in the amounts of $5.0 million and $6.7 million, respectively. These NOL carrybacks resulted in a refund to the Company of $4.0 million which was received in November 2009. According to Internal Revenue Code rules, NOL refunds in excess of $2.0 million fall under the jurisdiction of the Joint

Committee of Congress (Joint Committee) and are subject to review by the IRS and attorneys of the Joint Committee. As a result, on December 30, 2009, the Company received notice that its Federal Income Tax return filings for the years ended December 31, 2006, December 31, 2007, and December 31, 2008 are under examination by the IRS. The Company classifies penalty and interest expense related to income tax liabilities as an income tax expense. There are no material interest and penalties recognized in the statement of earnings or accrued on the balance sheet.

Note 9: Retirement Benefit Plans

The Company sponsors the following retirement benefit plans to provide certain pension and postretirement benefits for its retirees and current employees as follows:

- The Unitil Corporation Retirement Plan (Pension Plan)—The Pension Plan is a defined benefit pension plan covering substantially all of its employees. Under the Pension Plan, retirement benefits are based upon an employee's level of compensation and length of service. In September 2009, the Company amended the Pension Plan as follows:
  - The Pension Plan will be closed to non-union employees who are hired on or after January 1, 2010.
  - All non-union employees hired before January 1, 2010 will have a choice of either:
    - Remaining in the Pension Plan with the current set of benefits.

    or

    - Electing to move to Unitil Corporation's enhanced Tax Deferred Savings and Investment Plan. Non-union employees who elect this option will receive a frozen benefit from the existing Pension Plan for all of the benefits that they have accrued to December 31, 2008. This frozen benefit will not grow with future salary increases or future service. Non-union employees who elect this option will receive an enhanced employer matching contribution as well as a Company contribution in the Unitil Corporation Tax Deferred Savings and Investment Plan.
    - Union employees were not affected by this amendment.
- The Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan)—The PBOP Plan provides health care and life insurance benefits to retirees. The Company has established Voluntary Employee Benefit Trusts (VEBT), into which it funds contributions to the PBOP Plan. In 2009, the Company made the following changes to the PBOP Plan.

Changes to Utility Workers Union of America Local 341 Benefits

A new Collective Bargaining Agreement ("Agreement") was entered into between Northern Utilities, Inc., Granite State Gas Transmission, Inc. and Utility Workers Union of America Local 341 ("UWUA") for the period April 1, 2009 through March 31, 2012. Included in the Agreement were changes to retiree medical benefits under the Plan. These changes are as follows:

- Retirees under sixty-five (65) years and their dependents will be covered by the medical benefits provided by the PBOP Plan. Early retirees will be responsible for contributing 20% of the premium for medical insurance for themselves and their dependents until age sixty-five (65).
- Retirees over sixty-five (65) years will be covered by a Supplement to Medicare Plan and will be responsible for a 20% premium cost sharing.
- For all employees hired on or after April 1, 2009, no post-65 retiree medical coverage will be provided.
- The Company is to determine post-65 drug coverage to be offered to all future retirees eligible for retiree medical.

These above-referenced retiree medical provisions were effective January 1, 2010.

Changes to Non-Union Employee Benefits

In September 2009, the Company announced the following PBOP Plan changes, effective January 1, 2010, for non-union employees:

- Employees who retire on or after January 1, 2010 will pay 20% of the cost of their retiree medical benefits.
- Employees who retire on or after January 1, 2010 will not receive any cash payments towards their Medicare premiums.
- Employees who are hired on or after January 1, 2010 will only be provided with company subsidized medical insurance until they reach age 65 and will not receive a Medicare supplement plan after age 65.

- The Unitil Corporation Supplemental Executive Retirement Plan (SERP)—The SERP is an unfunded retirement plan, with participation limited to executives selected by the Board of Directors.

Effective with the acquisitions of Northern Utilities and Granite State, the Company assumed the assets and obligations of the Northern Utilities and Granite State pension plans with respect to active union employees. All other active employees of Northern Utilities and Granite State effectively became members of the Company's Pension Plan as of the acquisitions closing date.

Certain employees of Northern Utilities qualified for participation in the Company's PBOP Plan effective with the acquisition closing date.

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

Used to Determine Plan costs for years ended December 31:	2009	2008	2007
Discount Rate [(1)]	**6.25%**	6.00%	5.50%
Rate of Compensation Increase	**3.50%**	3.50%	3.50%
Expected Long-term rate of return on plan assets	**8.50%**	8.50%	8.50%
Health Care Cost Trend Rate Assumed for Next Year	**8.00%**	8.50%	8.50%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%	4.00%
Year that Ultimate Health Care Cost Trend Rate is reached	**2017**	2017	2016
Effect of 1% Increase in Health Care Cost Trend Rate (000's)	**$ 735**	$ 675	$ 690
Effect of 1% Decrease in Health Care Cost Trend Rate (000's)	**$ (576)**	$ (531)	$ (539)

(1) As a result of the changes to the PBOP Plan in September 2009 discussed above, the Company was required to update the discount rate used in determining the PBOP Plan costs for the remainder of 2009. Based on the market rates for long-term bonds at that time, the Company assumed a discount rate of 5.50% for the PBOP Plan from September through December of 2009.

Used to Determine Benefit Obligations at December 31:			
Discount Rate	**5.75%**	6.25%	6.00%
Rate of Compensation Increase	**3.50%**	3.50%	3.50%
Health Care Cost Trend Rate Assumed for Next Year	**7.50%**	8.00%	8.50%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%	4.00%
Year that Ultimate Health care Cost Trend Rate is reached	**2017**	2017	2017
Effect of 1% Increase in Health Care Cost Trend Rate (000's)	**$ 5,887**	$ 6,084	$ 6,282
Effect of 1% Decrease in Health Care Cost Trend Rate (000's)	**$(4,704)**	$(4,890)	$(5,030)

The Discount Rate assumptions used in determining retirement plan costs and retirement plan obligations are based on a market average of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. For 2009, 2008 and 2007, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $300,000, $200,000 and $200,000, respectively, in the Net Periodic Benefit Cost (NPBC). The Rate of Compensation Increase assumption used for 2009, 2008 and 2007 was 3.50%, based on the expected long-term increase in compensation costs for personnel covered by the plans.

The following table provides the components of the Company's Retirement plan costs ($000's):

	Pension Plan			PBOP Plan			SERP		
	2009	**2008**	**2007**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Service Cost	**$ 2,282**	$ 1,979	$ 1,968	**$ 1,417**	$ 1,447	$ 1,431	**$217**	$150	$163
Interest Cost	**4,294**	3,800	3,336	**2,269**	2,212	2,057	**182**	126	118
Expected Return on Plan Assets	**(4,432)**	(4,390)	(4,195)	**(440)**	(325)	(245)	**—**	—	—
Prior Service Cost Amortization	**264**	119	106	**1,634**	1,390	1,360	**(2)**	(1)	(2)
Transition Obligation Amortization	**—**	—	—	**21**	21	21	**—**	—	—
Curtailment Loss	**32**	—	—	**—**	—	—	**—**	—	—
Actuarial Loss Amortization	**1,598**	1,274	1,345	**—**	—	70	**70**	24	44
Sub-total	4,038	2,782	2,560	4,901	4,745	4,694	467	299	323
Amounts Capitalized and Deferred	**(1,409)**	(893)	(873)	**(1,642)**	(1,872)	(2,033)	**—**	—	—
NPBC Recognized	**$ 2,629**	$ 1,889	$ 1,687	**$ 3,259**	$ 2,873	$ 2,661	**$467**	$299	$323

The estimated amortizations related to Actuarial Loss and Prior Service Cost included in the Company's Retirement plan costs over the next fiscal year is $2.7 million, $1.6 million and $0.1 million for the Pension, PBOP and SERP plans, respectively.

The Company bases the actuarial determination of pension expense on a market-related valuation of assets, which reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a three-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the fair value of assets. Since the market-related value of assets recognizes gains or losses over a three-year period, the future value of the market-related assets will be impacted as previously deferred gains or losses are recognized. The Company's pension expense for the years 2009, 2008 and 2007 before capitalization and deferral was $4.0 million, $2.8 million and $2.6 million, respectively. Had the Company used the fair value of assets instead of the market-related value, pension expense for the years 2009, 2008 and 2007 would have been $6.3 million, $2.9 million and $2.5 million respectively.

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

	Pension Plan		PBOP Plan		SERP	
Change in Plan Assets:	**2009**	**2008**	**2009**	**2008**	**2009**	**2008**
Plan Assets at Beginning of Year	**$ 39,124**	$ 52,162	**$ 4,361**	$ 4,144	**$ —**	$ —
Actual Return on Plan Assets	**8,017**	(15,542)	**874**	(784)	**—**	—
Employer Contributions	**4,227**	2,800	**2,800**	2,700	**53**	59
Participant Contributions	**—**	—	**2**	—	**—**	—
Acquired Plan Assets	**(544)**	2,500	**—**	—	**—**	—
Benefits Paid	**(3,742)**	(2,796)	**(1,731)**	(1,699)	**(53)**	(59)
Plan Assets at End of Year	**$ 47,082**	$ 39,124	**$ 6,306**	$ 4,361	**$ —**	$ —
Change in PBO:						
PBO at Beginning of Year	**$ 70,386**	$ 64,429	**$ 37,655**	$ 37,983	**$ 2,930**	$ 2,144
Service Cost	**2,282**	1,979	**1,417**	1,447	**217**	150
Interest Cost	**4,294**	3,800	**2,269**	2,212	**182**	126
Participant Contributions	**—**	—	**2**	—	**—**	—
Plan Amendments	**—**	—	**(2,382)**	—	**—**	—
Estimated Acquired Obligations	**—**	4,442	**—**	2,610	**—**	—
Curtailment Gain	**(599)**	—	**—**	—	**—**	—
Benefits Paid	**(3,742)**	(2,796)	**(1,731)**	(1,699)	**(53)**	(59)
Actuarial (Gain) or Loss	**6,667**	(1,468)	**(1,536)**	(4,898)	**703**	569
PBO at End of Year	**$ 79,288**	$ 70,386	**$ 35,694**	$ 37,655	**$ 3,979**	$ 2,930
Funded Status: Assets vs PBO	**$(32,206)**	$(31,262)	**$(29,388)**	$(33,294)	**$(3,979)**	$(2,930)

The Company has recorded on its balance sheets as a liability the underfunded status of their retirement benefit obligations based on the projected benefit obligation. The Company has recognized Regulatory Assets of $43.7 million and $45.5 million at December 31, 2009 and 2008, respectively, to recognize the future collection of these plan obligations in electric and gas rates.

The Accumulated Benefit Obligation (ABO) is required to be disclosed for all plans where the ABO is in excess of plan assets. The difference between the PBO and the ABO is that the PBO includes projected compensation increases. The ABO for the Pension Plan was $69.0 million and $61.1 million as of December 31, 2009 and 2008, respectively. The ABO for the SERP was $0.5 million and $0.5 million as of December 31, 2009 and 2008, respectively. For the PBOP Plan, the ABO and PBO are the same.

On August 17, 2006, the Pension Protection Act of 2006 (PPA) was signed into law. Included in the PPA were new minimum funding rules which went into effect for plan years beginning in 2008. The funding target was 100% of a plan's liability (as determined under the PPA) with any shortfall amortized over seven years, with lower (92% – 100%) funding targets available to well-funded plans during the transition period. Due to the significant declines in the valuation of capital markets during 2008, the Worker, Retiree, and Employer Recovery Act of 2008 (Recovery Act) was signed into law on December 23, 2008. Included in the Recovery Act are temporary modifications to the minimum funding rules set forth in the PPA such that all plans, except those that were subject to deficit reduction contribution requirements in 2007, are allowed to amortize any shortfall from the lower funding targets, rather than the 100% target, for the 2008 – 2010 plan years. This did not affect the Company's Pension Plan in 2009 as its Pension Plan was 94% funded under the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as of January 1, 2009 and met the exemption from the shortfall amortization. The Company expects to contribute approximately $4.0 million to fund its Pension Plan in 2010.

The following table represents employer contributions and benefit payments ($000's). There were no participant contributions.

	Pension Plan			PBOP Plan			SERP		
	2009	**2008**	**2007**	**2009**	**2008**	**2007**	**2009**	**2008**	**2007**
Employer Contributions	**$4,227**	$2,800	$2,800	**$2,800**	$2,700	$2,500	**$53**	$59	$72
Benefit Payments	**$3,742**	$2,796	$2,645	**$1,731**	$1,699	$1,497	**$53**	$59	$72

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

	Estimated Future Benefit Payments		
	Pension	**PBOP**	**SERP**
2010	$ 3,585	$ 1,309	$ 52
2011	3,685	1,431	51
2012	3,906	1,526	50
2013	4,138	1,610	363
2014	4,376	1,725	362
2015 - 2019	$25,369	$10,047	$1,782

The Expected Long-Term Rate of Return on Pension Plan assets assumption used by the Company is developed based on input from actuaries and investment managers. The Company's Expected Long-Term Rate of Return on Pension Plan assets is based on target investment allocation of 57% in common stock equities and 43% in fixed income securities. The Company's Expected Long-Term Rate of Return on PBOP Plan assets is based on target investment allocation of 55% in common stock equities and 45% in fixed income securities. The actual investment allocations are shown in the tables below.

Pension Plan	**Target Allocation 2010**	**Actual Allocation at December 31,**		
		2009	**2008**	**2007**
Equity Securities	57%	**59%**	54%	57%
Debt Securities	43%	**40%**	35%	43%
Other	0%	**1%**	11%	0%
Total		**100%**	100%	100%

PBOP Plan	**Target Allocation 2010**	**Actual Allocation at December 31,**		
		2009	**2008**	**2007**
Equity Securities	55%	**56%**	56%	0%
Debt Securities	45%	**44%**	44%	0%
Other (1)	0%	**0%**	0%	100%
Total		**100%**	100%	100%

(1) Represents investments in Money Market Funds.

The combination of these target allocations and expected returns resulted in the overall assumed long-term rate of return of 8.50% for 2009. The Company evaluates the actuarial assumptions, including the expected rate of return, at least annually. The desired investment objective is a long-term rate of return on assets that is approximately 5 – 6% greater than the assumed rate of inflation as measured by the Consumer Price Index. The target rate of return for the Plans has been based upon an analysis of historical returns supplemented with an economic and structural review for each asset class.

The FASB Codification defines fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the FASB Codfiication are described below:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived principally from market data.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

Valuation Techniques

There have been no changes in the valuation techniques used during the current period.

Assets measured at fair value on a recurring basis for the Pension Plan as of December 31, 2009 are as follows ($000's):

	Fair Value Measurements at Reporting Date Using			
Description	**Balance as of December 31, 2009**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Pension Plan Assets:				
Trading Securities	**$46,667**	$46,667	$—	$—
Escrow	**415**	415		
Total Assets	**$47,082**	$47,082	$—	$—

Assets measured at fair value on a recurring basis for the PBOP Plan as of December 31, 2009 are as follows ($000's):

	Fair Value Measurements at Reporting Date Using			
Description	**Balance as of December 31, 2009**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
PBOP Plan Assets:				
Trading Securities	**$6,306**	$6,306	$—	$—
Total Assets	**$6,306**	$6,306	$—	$—

Employee 401(k) Tax Deferred Savings Plan—The Company sponsors the Unitil Corporation Tax Deferred Savings and Investment Plan (the 401(k) Plan) under Section 401(k) of the Internal Revenue Code and covering substantially all of the Company's employees. Participants may elect to defer current compensation by contributing to the plan. Employees may direct, at their sole discretion, the investment of their savings plan balances (both the employer and employee portions) into a variety of investment options, including a Company common stock fund.

In September 2009, the Company amended the Plan as follows:

For current non-union employees who elect to stay with the Company's existing Pension Plan, there will be no changes in the 401(k) Plan. For those employees, the Company will continue to match contributions, with a maximum matching contribution of 3% of current compensation and those participants will be 100% vested in these company matching contributions once they have completed three years of service.

For non-union employees who are hired on or after January 1, 2010, and for non-union employees who elect to move from the Company's existing Pension Plan and accept a frozen pension benefit, the Company will provide the following enhancements to the 401(k) Plan:

- The Company will contribute 4% of base pay each year, regardless of whether or not the non-union employee elects to contribute to the 401(k) Plan.
- The Company will increase the matching contributions from 3% of base pay to 6% of base pay. This will be a 100% match of the first 6% of the non-union employee's contributions.
- All Company contributions will be 100% vested at all times.
- New non-union employees will be automatically enrolled in the 401(k) Plan following the completion of 1,000 hours of service, with the automatic employee contribution rate of 3%. This contribution rate will automatically increase by 1% on January 1st of each year until the non-union employee's contribution is 10% of pay. Non-union employees may elect to opt-out of the automatic enrollment and/or automatic increase features of the enhanced 401(k) Plan.

The Company's share of contributions to the 401(k) Plan was $671,000, $542,000 and $533,000 for the years ended December 31, 2009, 2008, and 2007, respectively.

Note 10: Segment Information

Unitil reports four segments: utility electric operations, utility gas operations, other, and non-regulated. Unitil's principal business is the local distribution of electricity in the southeastern seacoast and state capital regions of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine.

Granite State is an interstate natural gas transmission pipeline company, operating 87 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transmission services provided to Northern Utilities and, to a lesser extent, third-party marketers.

Unitil Resources is the Company's wholly owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to large commercial and industrial customers in the northeastern United States. Unitil Realty and Unitil Service provide centralized facilities, operations and administrative services to support the affiliated Unitil companies.

Unitil Realty, Unitil Service and the holding company are included in the “Other” column of the table below. Unitil Service provides centralized management and administrative services, including information systems management and financial record keeping. Unitil Realty owns certain real estate, principally the Company’s corporate headquarters. The earnings of the holding company are principally derived from income earned on short-term investments and real property owned for Unitil and its subsidiaries’ use. Unitil Resources and Usource are included in the Non-Regulated column below.

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 and preferred stock dividends. Expenses used to determine operating income before taxes are charged directly to each segment or are allocated based on cost allocation factors included in rate applications approved by the NHPUC, MDPU, and MPUC. Assets allocated to each 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, 2009, 2008 and 2007 (Millions):

Year Ended December 31, 2009	**Electric**	**Gas**	**Other**	**Non-Regulated**	**Total**
Revenues	**$209.9**	**$152.8**	**$ —**	**$ 4.3**	**$367.0**
Interest Income	**3.6**	**0.5**	**0.7**	**—**	**4.8**
Interest Expense	**9.1**	**9.7**	**1.8**	**—**	**20.6**
Depreciation & Amortization Expense	**14.0**	**12.8**	**0.6**	**—**	**27.4**
Income Tax Expense (Benefit)	**2.4**	**1.9**	**(0.1)**	**1.0**	**5.2**
Segment Profit (Loss)	**4.9**	**3.3**	**0.1**	**1.6**	**9.9**
Segment Assets	**347.9**	**367.4**	**7.3**	**2.6**	**725.2**
Capital Expenditures	**27.7**	**30.0**	**1.0**	**—**	**58.7**
Year Ended December 31, 2008					
Revenues	$227.5	$ 56.9	$ —	$ 3.8	$288.2
Interest Income	2.2	0.1	0.3	—	2.6
Interest Expense	8.7	2.3	2.1	—	13.1
Depreciation & Amortization Expense	13.1	5.2	0.8	—	19.1
Income Tax Expense (Benefit)	1.9	2.6	(0.3)	0.2	4.4
Segment Profit (Loss)	5.2	4.3	(0.2)	0.3	9.6
Segment Assets	359.2	363.9	9.1	1.0	733.2
Capital Expenditures	19.7	7.6	1.0	—	28.3
Year Ended December 31, 2007					
Revenues	$225.0	$ 34.2	$ —	$ 3.7	$262.9
Interest Income	2.8	0.1	0.5	—	3.4
Interest Expense	9.6	2.1	1.3	—	13.0
Depreciation & Amortization Expense	12.6	3.8	1.3	0.1	17.8
Income Tax Expense (Benefit)	3.8	0.4	0.1	0.2	4.5
Segment Profit (Loss)	7.3	1.0	—	0.3	8.6
Segment Assets	351.9	110.3	11.7	0.7	474.6
Capital Expenditures	26.2	6.1	0.2	—	32.5

Note 11: Quarterly Financial Information (unaudited; Millions, except per share data)

Quarterly earnings per share may not agree with the annual amounts due to rounding and the impact of additional commons share issuances. Basic and Diluted Earnings per Share are the same for the periods presented.

	Three Months Ended							
	March 31,		June 30,		September 30,		December 31,	
	2009	2008	2009	2008	2009	2008	2009	2008
Total Operating Revenues	**$135.6**	$ 71.9	**$ 71.5**	$ 59.4	**$ 70.4**	$ 69.1	**$ 89.5**	$ 87.8
Operating Income	**$ 13.9**	$ 6.0	**$ 4.2**	$ 4.2	**$ 3.4**	$ 3.9	**$ 4.6**	$ 6.4
Net Income (Loss) Applicable to Common	**$ 9.1**	$ 3.3	**$ 0.2**	$ 1.6	**$ (0.6)**	$ 1.5	**$ 1.2**	$ 3.2
	Per Share Data:							
Earnings Per Common Share	**$ 1.14**	$ 0.57	**$ 0.03**	$ 0.28	**$ (0.06)**	$ 0.27	**$ 0.11**	$ 0.53
Dividends Paid Per Common Share	**$0.345**	$0.345	**$0.345**	$0.345	**$0.345**	$0.345	**$0.345**	$0.345

Note 12: Unaudited Pro Forma Financial Data Related To Acquisitions

On December 1, 2008, the Company acquired Northern Utilities and Granite State, as discussed in Note 2. Had the results of operations for Northern Utilities and Granite State been combined with the Company as of the beginning of 2007, the Company's pro forma results for 2008 and 2007 would have been as follows:

	Year ended December 31,	
(Millions, except per share amounts) (Unaudited)	2008	2007
Revenues	**$395.5**	$396.2
Earnings Applicable to Common Shareholders	**$ 8.3**	$ 11.5
Earnings per Share		
Basic	**$ 0.77**	$ 1.08
Diluted	**$ 0.77**	$ 1.08

The Unaudited Pro Forma Financial Data includes non-recurring charges to operating expenses of $1.7 million, after tax, related to compliance violation penalties incurred by Northern Utilities in 2007 and $2.5 million, after tax, related to compliance violation penalties incurred by Northern Utilities in 2008.

The Unaudited Pro Forma Financial Data are presented for illustrative purposes only and do not indicate the financial results of the combined companies had the companies actually been combined and had the impact of possible revenue enhancements and expense efficiencies, among other factors, been considered, and is not intended to be a projection of future results.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2009. Based upon this evaluation, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of December 31, 2008 that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) are effective.

Management's Report on Internal Control over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f). In addition, management is required to report their assessment, including their evaluation criteria, on the design and operating effectiveness of the Company's internal control over financial reporting in this Form 10-K.

The Company's internal control over financial reporting is a process designed under the supervision of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer. The Company's internal control over financial reporting provides reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles. The Company's internal control over financial reporting includes policies and procedures which provide reasonable assurances that transactions are properly initiated, authorized, recorded, reported and disclosed, and provide reasonable assurances regarding prevention or timely detection of unauthorized acquisition, use or disposition of assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

During 2009, management conducted an assessment of the Company's internal control over financial reporting reflected in the financial statements, based upon criteria established in the "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Based on management's assessment, which included a comprehensive review of the design and operating effectiveness of the Company's internal control over financial reporting, management believes the Company's internal control over financial reporting is designed and operating effectively as of December 31, 2009.

The effectiveness of our internal control over financial reporting as of December 31, 2009 has been audited by Caturano and Company, an independent registered public accounting firm. Their report appears in Item 8.

Changes in Internal Control over Financial Reporting

There have been no changes in our internal controls over financial reporting (as defined in Rule 13a-15(f) under the Securities Exchange Act of 1934) during the fiscal quarter ended December 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information

On December 18, 2009, both Unitil Energy and Northern Utilities priced long-term financings scheduled to close in the first quarter of 2010:

(iii) Unitil Energy priced $15,000,000 of First Mortgage Bonds, through a private placement marketing process to institutional investors. The First Mortgage Bonds were priced at a coupon rate of 5.24% and have a final maturity of ten years. Unitil Energy plans to use the net proceeds from this long-term financing to repay short-term debt and for general corporate purposes. Unitil Energy anticipates closing this long-term financing in March 2010.

(iv) Northern Utilities priced $25,000,000 of Senior Unsecured Notes, through a private placement marketing process to institutional investors. The Senior Unsecured Notes were priced at a coupon rate of 5.29% and have a final maturity of ten years. Northern Utilities plans to use the net proceeds from this long-term financing to repay short-term debt and for general corporate purposes. Northern Utilities anticipates closing this long-term financing in March 2010.

The Unitil Energy and Northern Utilities securities offered will not be, and have not been, registered under the Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this Item is set forth in Part I, Item 1 of this Form 10-K. Information regarding the Company's Code of Ethics is set forth in the "Corporate Governance and Policies of the Board" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 15, 2010.

Item 11. Executive Compensation

Information required by this Item is set forth in the "Compensation Discussion and Analysis" and "Compensation of Named Executive Officers" sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 15, 2010.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this Item is set forth in the "Beneficial Ownership" and "As to the Election of Directors" sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 15, 2010, as well as the Equity Compensation Plan Benefit Information table in Part II, Item 5 of this Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this Item is set forth in the "Transactions with Related Persons" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 15, 2010.

Item 14. Principal Accountant Fees and Services

Information required by this Item is set forth in the "Principal Accountant Fees and Services" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 15, 2010.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) and (2) – **LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES**

The following financial statements are included herein under Part II, Item 8, Financial Statements and Supplementary Data:

- Report of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets—December 31, 2009 and 2008
- Consolidated Statements of Earnings for the years ended December 31, 2009, 2008, and 2007
- Consolidated Statements of Cash Flows for the years ended December 31, 2009, 2008, and 2007
- Consolidated Statements of Changes in Common Stock Equity for the years ended December 31, 2009, 2008, and 2007
- Notes to Consolidated Financial Statements

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions, are not applicable, or information required is included in the financial statements or notes thereto and, therefore, have been omitted.

(3) – **LIST OF EXHIBITS**

Exhibit Number	Description of Exhibit	Reference*
3.1	Articles of Incorporation of the Company.	Exhibit 3.1 to Form S-14 Registration Statement 2-93769
3.2	Articles of Amendment to the Articles of Incorporation Filed on March 4, 1992.	Exhibit 3.2 to Form 10-K for 1991
3.3	Articles of Amendment to the Articles of Incorporation Filed on September 23, 2008.	Exhibit 3.3 to Form S-3/A dated November 25, 2008
3.4	By-laws of the Company.	Exhibit 4 to Form S-8 Registration Statement 333-73327
3.5	Articles of Exchange of Concord Electric Company (CECo), Exeter & Hampton Electric Company (E&H) and the Company.	Exhibit 3.3 to 10-K for 1984
3.6	Articles of Exchange of CECo, E&H, and the Company - Stipulation of the Parties Relative to Recordation and Effective Date.	Exhibit 3.4 to Form 10-K for 1984
3.7	The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg Gas and Electric Light Company (Fitchburg) and UMC Electric Co., Inc. (UMC).	Exhibit 25(b) to Form 8-K dated March 1, 1989
3.8	Amendment No. 1 to The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg and UMC.	Exhibit 28(b) to Form 8-K dated December 14, 1989

Exhibit Number	Description of Exhibit	Reference*
4.1	Twelfth Supplemental Indenture of Unitil Energy Systems, Inc., successor to Concord Electric Company, dated as of December 2, 2002, amending and restating the Concord Electric Company Indenture of Mortgage and Deed of Trust dated as of July 15, 1958.	Exhibit 4.1 to Form 10-K for 2002
4.2	Fitchburg Note Agreement dated November 30, 1993 for the 6.75% Notes due November 23, 2023.	Exhibit 4.18 to Form 10-K for 1993
4.3	Fitchburg Note Agreement dated January 26, 1999 for the 7.37% Notes due January 15, 2028.	Exhibit 4.25 to Form 10-K for 1999
4.4	Fitchburg Note Agreement dated June 1, 2001 for the 7.98% Notes due June 1, 2031.	Exhibit 4.6 to Form 10-Q for June 30, 2001
4.5	Unitil Realty Corp. Note Purchase Agreement dated July 1, 1997 for the 8.00% Senior Secured Notes due August 1, 2017.	Exhibit 4.22 to Form 10-K for 1997
4.6	Fitchburg Note Agreement dated October 15, 2003 for the 6.79% Notes due October 15, 2025.	Exhibit 4.7 to Form 10-K for 2003
4.7	Fitchburg Note Agreement dated December 21, 2005 for the 5.90% Notes due December 15, 2030.	**
4.8	Thirteenth Supplemental Indenture of Unitil Energy Systems, Inc., dated as of September 26, 2006.	**
4.9	Unitil Corporation Note Purchase Agreement, dated as of May 2, 2007, for the 6.33% Senior Notes due May 1, 2022.	**
4.10	Northern Utilities Note Purchase Agreement, dated as of December 3, 2008, for the 6.95% Senior Notes, Series A due December 3, 2018 and the 7.72% Senior Notes, Series B due December 3, 2038.	Exhibit 4.1 to Form 8-K dated December 3, 2008
4.11	Granite State Note Purchase Agreement, dated as of December 15, 2008, for the 7.15% Senior Notes due December 15, 2018	Exhibit 99.1 to Form 8-K dated December 15, 2008
10.1	Unitil System Agreement dated June 19, 1986 providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.9 to Form 10-K for 1986
10.2	Supplement No. 1 to Unitil System Agreement providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.8 to Form 10-K for 1987
10.3	Transmission Agreement between Unitil Power Corp. and Public Service Company of New Hampshire, effective November 11, 1992.	Exhibit 10.6 to Form 10-K for 1993
10.4***	Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.	Exhibit 10.2 to Form 8-K dated June 19, 2008
10.5***	Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.	Exhibit 10.3 to Form 8-K dated June 19, 2008
10.6***	Amended and Restated Unitil Corporation Supplemental Executive Retirement Plan effective as of December 31, 2007.	Exhibit 10.4 to Form 8-K dated June 19, 2008

Exhibit Number	Description of Exhibit	Reference*
10.7***	Unitil Corporation 1998 Stock Option Plan.	Exhibit 10.12 to Form 10-K for 1998
10.8***	Amended and Restated Unitil Corporation Management Incentive Plan effective as of June 19, 2008 as further amended on December 1, 2008.	Exhibit 10.8 to Form 10-K for 2008
10.9	Entitlement Sale and Administrative Service Agreement with Select Energy.	Exhibit 10.14 to Form 10-K for 1999
10.10***	Unitil Corporation 2003 Restricted Stock Plan.	Exhibit 10.16 to Form 10-K for 2002
10.11	Portfolio Sale and Assignment and Transition Service and Default Service Supply Agreement By and Among Unitil Power Corp., Unitil Energy Systems, Inc. and Mirant Americas Energy Marketing, LP.	Exhibit 10.17 to Form 10-K for 2002
10.12	Unitil Corporation Tax Deferred Savings and Investment Plan—Trust Agreement.	Exhibit 10.1 to Form 10-Q for September 30, 2004
10.13***	Amended and Restated Employment Agreement effective as of November 1, 2009 by and between Unitil Corporation and Robert G. Schoenberger.	Exhibit 10.1 to Form 8-K dated September 23, 2009
10.14	Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008	Exhibit 10.1 to Form 8-K dated November 26, 2008
10.15	Amendment Agreement dated as of January 2, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008	Exhibit 10.1 to Form 8-K dated January 2, 2009
10.16	Amendment Agreement dated as of October 13, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008	Exhibit 10.1 to Form 8-K dated October 13, 2009
10.17	Credit Agreement between Unitil Corporation and Royal Bank of Canada dated December 1, 2008	Exhibit 10.2 to Form 8-K dated November 26, 2008
10.18	Transition Services Agreement between Unitil Corporation and NiSource, Inc. dated December 1, 2008	Exhibit 10.3 to Form 8-K dated November 26, 2008
10.19	Parent Guaranty of Unitil Corporation for the Granite State 7.15% Senior Notes due December 15, 2018	Exhibit 10.1 to Form 8-K dated December 15, 2008
11.1	Statement Re: Computation in Support of Earnings per Share For the Company.	Filed herewith
12.1	Statement Re: Computation in Support of Ratio of Earnings to Fixed Charges for the Company.	Filed herewith
21.1	Statement Re: Subsidiaries of Registrant.	Filed herewith
23.1	Consent of Independent Registered Public Accounting Firm.	Filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith

Exhibit Number	Description of Exhibit	Reference*
31.3	Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith

* The exhibits referred to in this column by specific designations and dates have heretofore been filed with the Securities and Exchange Commission under such designations and are hereby incorporated by reference.

** In accordance with Item 601(b)(4)(iii)(A) of Federal Securities Regulation S-K, the instrument defining the debt of the Registrant and its subsidiary, described above, has been omitted but will be furnished to the Commission upon request.

*** These exhibits represent a management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITIL CORPORATION

Date February 10, 2010

By /s/ ROBERT G. SCHOENBERGER
Robert G. Schoenberger
Chairman of the Board of Directors,
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ ROBERT G. SCHOENBERGER **Robert G. Schoenberger**	Principal Executive Officer; Director	February 10, 2010
/s/ MARK H. COLLIN **Mark H. Collin**	Principal Financial Officer	February 10, 2010
/s/ LAURENCE M. BROCK **Laurence M. Brock**	Principal Accounting Officer	February 10, 2010
/s/ MICHAEL J. DALTON **Michael J. Dalton**	Director	February 10, 2010
/s/ ALBERT H. ELFNER, III **Albert H. Elfner, III**	Director	February 10, 2010
/s/ M. BRIAN O'SHAUGHNESSY **M. Brian O'Shaughnessy**	Director	February 10, 2010
/s/ WILLIAM D. ADAMS **William D. Adams**	Director	February 10, 2010
/s/ DR. SARAH P. VOLL **Dr. Sarah P. Voll**	Director	February 10, 2010
/s/ EBEN S. MOULTON **Eben S. Moulton**	Director	February 10, 2010
/s/ DAVID P. BROWNELL **David P. Brownell**	Director	February 10, 2010
/s/ EDWARD F. GODFREY **Edward F. Godfrey**	Director	February 10, 2010
/s/ MICHAEL B. GREEN **Michael B. Green**	Director	February 10, 2010
/s/ DR. ROBERT V. ANTONUCCI **Dr. Robert V. Antonucci**	Director	February 10, 2010

Exhibit 11.1

UNITIL CORPORATION

COMPUTATION IN SUPPORT OF EARNINGS PER SHARE

	Year Ended December 31,		
	2009	2008	2007
EARNINGS PER SHARE (000's, except per share data)			
Net Income	**$10,049**	$9,735	$8,746
Less: Dividend Requirements on Preferred Stock	**134**	135	136
Net Income Applicable to Common Stock	**$ 9,915**	$9,600	$8,610
Average Number of Common Shares Outstanding—Basic	**9,647**	5,830	5,659
Dilutive Effect of Stock Options and Restricted Stock	**—**	—	13
Average Number of Common Shares Outstanding—Diluted	**9,647**	5,830	5,672
Earnings Per Share—Basic	**$ 1.03**	$ 1.65	$ 1.52
Earnings Per Share—Diluted	**$ 1.03**	$ 1.65	$ 1.52

Exhibit 12.1

UNITIL CORPORATION

COMPUTATION IN SUPPORT OF RATIO OF EARNINGS TO FIXED CHARGES

(000's, except ratios)	Year Ended December 31, 2009	2008	2007	2006	2005
Earnings:					
Net Income, per Consolidated Statements of Earnings	**$10,049**	$ 9,735	$ 8,746	$ 8,033	$ 8,553
Federal and State Income Taxes included in Operations	**5,220**	4,450	4,482	4,266	4,275
Interest on Long-Term Debt	**17,961**	11,795	10,919	9,404	8,319
Amortization of Debt Discount Expense	**233**	151	136	112	104
Other Interest	**2,474**	1,156	1,949	1,675	1,046
Total	**$35,937**	$27,287	$26,232	$23,490	$22,297
Fixed Charges:					
Interest on Long-Term Debt	**$17,961**	$11,795	$10,919	$ 9,404	$ 8,319
Amortization of Debt Discount Expense	**233**	151	136	112	104
Other Interest	**2,474**	1,156	1,949	1,675	1,046
Pre-tax Preferred Stock Dividend Requirements	**208**	199	213	208	234
Total	**$20,876**	$13,301	$13,217	$11,399	$ 9,703
Ratio of Earnings to Fixed Charges	**1.72**	2.05	1.98	2.06	2.30

Exhibit 21.1

Subsidiaries of Registrant

The Company or the registrant has eight wholly-owned subsidiaries, seven of which are corporations organized under the laws of the State of New Hampshire: Unitil Energy Systems, Inc., Northern Utilities, Inc., Granite State Gas Transmission, Inc., Unitil Power Corp., Unitil Realty Corp., Unitil Resources, Inc. and Unitil Service Corp. The eighth, Fitchburg Gas and Electric Light Company, is organized under the laws of the State of Massachusetts. Usource, Inc., which is a corporation organized under the laws of the State of Delaware, is a wholly-owned subsidiary of Unitil Resources, Inc. Usource, Inc. is the sole member of Usource L.L.C., which is a corporation organized under the laws of the State of Delaware.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of Unitil Corporation and subsidiaries on Form S-3 (File No. 333-158537 effective April 29, 2009), Form S-3 (File No. 333-152823 effective December 5, 2008), Form S-8 (File No. 333-114978 effective April 29, 2004), Form S-3 (File No. 333-42264 effective July 26, 2000) and on Form S-8 (File No. 333-42266 effective July 26, 2000) of our report dated February 10, 2010, relating to the consolidated financial statements of Unitil Corporation and subsidiaries (the Company) as of December 31, 2009 and 2008 and the three years ending December 31, 2009 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2009, appearing in the Annual Report of the Company on Form 10-K for the year ended December 31, 2009.

Caturano and Company P.C.

Boston, Massachusetts
February 10, 2010

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Schoenberger, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2010

/s/ Robert G. Schoenberger
Robert G. Schoenberger
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark H. Collin, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2010

/s/ Mark H. Collin
Mark H. Collin
Chief Financial Officer

Exhibit 31.3

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurence M. Brock, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 10, 2010

/s/ Laurence M. Brock
Laurence M. Brock
Chief Accounting Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Unitil Corporation (the "Company") on Form 10-K for the year ending December 31, 2009 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Robert G. Schoenberger, Chief Executive Officer and President, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Chief Accounting Officer, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Signature	Capacity	Date
/s/ Robert G. Schoenberger Robert G. Schoenberger	Chief Executive Officer and President	February 10, 2010
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	February 10, 2010
/s/ Laurence M. Brock Laurence M. Brock	Chief Accounting Officer	February 10, 2010

INFORMATION

2010 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, 2010, at 10:30 a.m.

Investor Information

The Company's Transfer Agent, Computershare Trust Company, N.A. ("Computershare"), is responsible for all shareholder records, including stock transfer and the distribution of dividends, tax documents and annual meeting materials to registered holders. Shareholder requests regarding these and other matters can be addressed by corresponding directly with Computershare at:

Mail: PO Box 43078
Providence, RI 02940-3078

Telephone: 800-736-3001

Web site: www.computershare.com

For information about the Company and your investment, you may also call the Company directly, toll-free, at: 800-999-6501 and ask for the Shareholder Representative; or visit the Investor Relations page at www.unitil.com; or contact us at InvestorRelations@unitil.com.

PROGRAMS and PLANS

Dividend Reinvestment Plan

A Dividend Reinvestment and Stock Purchase Plan is available to registered holders of the Company's Common Stock. This Plan provides shareholders with an economical means to increase their investment in the Company each quarter by reinvesting their dividends without broker fees. For additional information or enrollment, please contact the Company or Computershare.

Dividend Direct Deposit

Dividend Direct Deposit Service is available without charge to shareholders of record of the Company's Common Stock. For further information or enrollment in this service, please contact the Company or Computershare.

Direct Registration

The Company's Common Stock is eligible for Direct Registration or "DRS", which is available without charge to shareholders of record. DRS is a service within the securities industry that allows shares to be held and tracked electronically, without having to retain a physical stock certificate. For additional information, please contact Computershare at:

Mail: PO Box 43084
Providence, RI 02940-3084

Telephone: 800-736-3001

Web site: www.computershare.com

Unitil Corporation • 6 Liberty Lane West • Hampton, NH 03842-1720

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energy for life.

a new way to describe our long history of commitment

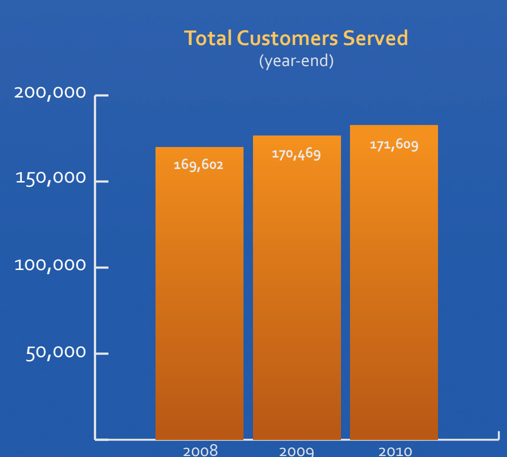
Unitil
2010 Annual Report

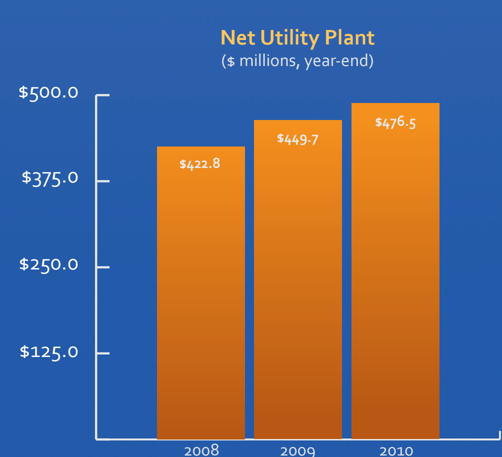
Rick Ahlin
Supervisor, Gas Systems Operations
18 years of service

ABOUT UNITIL

Unitil Corporation provides for the necessities of life, safely and reliably delivering natural gas and electricity throughout New England. We are committed to the communities we serve and to developing people, business practices, and technologies that lead to dependable, more efficient energy. Unitil Corporation is a public utility holding company with affiliates that include Unitil Energy Systems, Inc., Fitchburg Gas and Electric Light Company, Northern Utilities, Inc., and Granite State Gas Transmission, Inc. Together, Unitil Corporation's operating utilities serve approximately 100,900 electric customers and 70,800 natural gas customers. Other subsidiaries include Unitil Service Corp. and its non-regulated business segment doing business as Usource. For more information about our people, technologies, and community involvement please visit www.unitil.com.

FINANCIAL HIGHLIGHTS	2010	2009	2008
Financial Data (Millions)			
Total Operating Revenues	$358.4	$367.0	$288.2
Total Operating Income	$28.0	$26.1	$20.5
Capital Expenditures	$49.6	$58.7	$28.3
Earnings Applicable to Common	$9.5	$9.9	$9.6
Net Utility Plant	$476.5	$449.7	$422.8
Common Share Data			
Diluted Earnings per Share	$.88	$1.03	$1.65
Dividends Paid Per Common Share	$1.38	$1.38	$1.38
Book Value Per Share (Year-End)	$17.35	$17.83	$17.90
Market Price (Year-end)	$22.74	$22.98	$20.65
Average Common Shares Outstanding (000's)	10,824	9,647	5,830
Operating Data			
Electric Distribution Sales (Millions of kWh)	1,691.1	1,618.8	1,695.9
Firm Gas Distribution Sales (Millions of Therms)	172.9	178.7	47.2
Customers Served (Year-End)	171,609	170,469	169,602
Electric Customers Served (Year-End)	100,858	100,498	100,324
Gas Customers Served (Year-End)	70,751	69,971	69,278



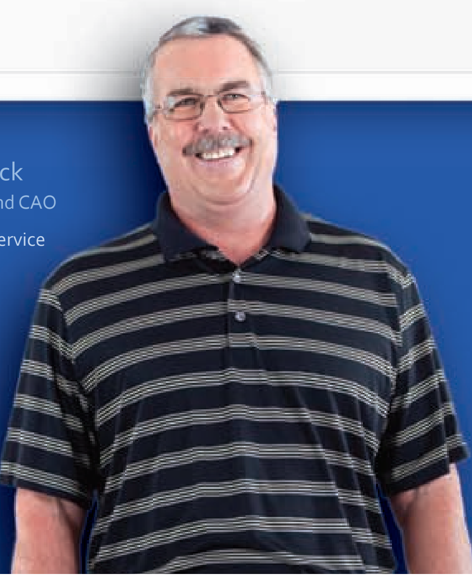


"We are in the business of providing for the necessities of life, safely and reliably delivering natural gas and electricity throughout New England. We adhere to a set of core principles that has guided, and will continue to guide, the way we do business and interact with all stakeholders in the future."

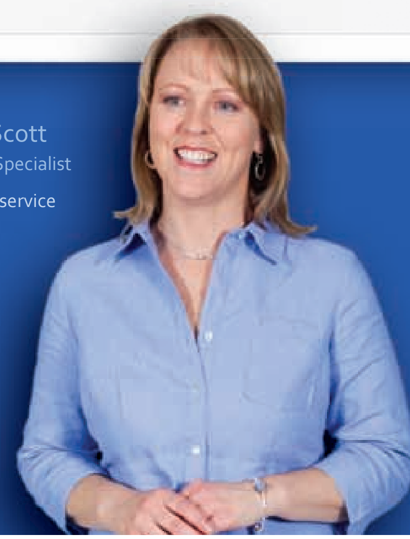
Robert G. Schoenberger
Chairman of the Board of Directors,
President and Chief Executive Officer

TO OUR SHAREHOLDERS

2010 was a challenging year for our company. We earned $0.88 per share compared to $1.03 per share in 2009. Our 2010 financial results reflect a warmer than normal heating season, a slow economic recovery and higher operating expenses. But the year also marked a turnaround towards improving financial performance as we initiated our regulatory agenda to reset rates in all of our regulatory jurisdictions. As we complete these rate cases, we expect to show marked improvement in earnings and overall financial strength. I will go into the details of our financial and regulatory plan later in this letter, but first I would like to discuss some examples of our accomplishments in the last year and how they help to describe who we are and how we do business.



Larry Brock
Controller and CAO
15 years of service



Becky Scott
Program Specialist
3 years of service

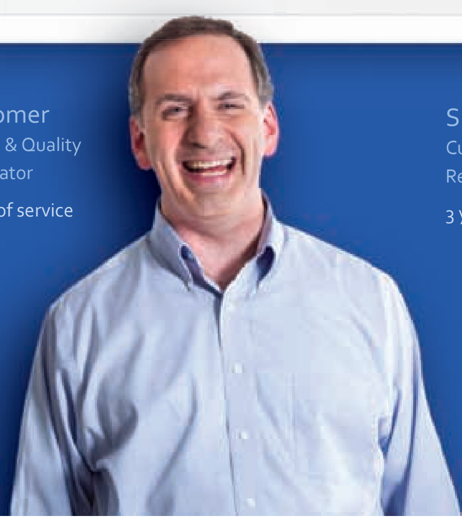
We are in the business of providing for the necessities of life, safely and reliably delivering natural gas and electricity to our customers. We adhere to a set of core principles that has guided, and will continue to guide, the way we do business and interact with our customers and other stakeholders. Over the past two years, we spent a considerable amount of time and resources modernizing our emergency preparedness procedures and operational performance. We adopted the National Incident Management System, which is used by both federal and state governments as the standard model for emergency response. We also added personnel and trained all of our employees to respond to an emergency of any size.

In February of 2010, we had an opportunity to test the effectiveness of our new emergency preparedness procedures and operations in response to a devastating wind storm. The storm, which carried hurricane-force winds, ranked as the second worst storm in New Hampshire state history in terms of power interruptions. At the peak, more than 360,000 customers in New Hampshire were without power, second only to the December 2008 ice storm when 430,000 customers were interrupted. Over 80% of our electric customers in New Hampshire (the most in history) lost power, worse than the 2008 ice storm. In the end, we restored power to all our customers within three and a half days, an outstanding achievement by all measures given the destruction and devastation caused by this late winter storm. Our quick and efficient response received praise from our customers, government officials, local fire and police departments and the media.

Safety is our top priority for our employees and the communities we serve. Our dedication to safety was honored by the Northeast Gas Association (NGA) where we were the recipient of the NGA's first ever "Excellence in Safety and Health" award for a new program where all of our first responders were trained and outfitted with state-of-the-art safety equipment. Another aspect of our safety program involves on-the-job training with local fire and police departments to improve coordination in the event of an emergency. A good working relationship with local emergency responders is vital for maintaining a safe working environment for our employees and customers.

In 2010, we continued to invest in technological improvements in our utility infrastructure to enhance our operational performance. In 2010, we launched new outage management systems to monitor our electric and gas distribution infrastructure. These systems are used to centralize critical planning processes, which facilitates safe and efficient restoration of gas and electric service to customers following an interruption.

Jim Pomer
Training & Quality Coordinator
2 years of service



Sue Porter
Customer Relations Representative
3 years of service

In a constantly changing environment, what continues to drive and fuel our company is the dedication of our employees and the capital improvements in which we invest. One area where this comes into play is our cast iron replacement program in Maine. This plan seeks to replace 113 miles of natural gas pipeline throughout Portland and Westbrook, Maine, with the support of our state regulators and other stakeholders. We are updating our distribution system to state-of-the-art plastics that will enable Unitil to safely grow and meet the demand of these communities. This program benefits our customers by improving the safety and reliability of our natural gas distribution system and providing a cost-effective opportunity to switch to natural gas. The University of Southern Maine (USM) in Portland, Maine, will be switching to natural gas during the 2011 heating season. The conversion from oil to natural gas will save USM an estimated $315,000 next year in energy costs.

We also implemented several pilot programs throughout 2010 to test innovative clean energy-saving ideas. For example, in Exeter, New Hampshire, we worked with a local entrepreneur who installed 500 solar panels at Exeter High School, which are designed to generate enough power to meet 5 to 10 percent of the school's energy needs and to save approximately $20,000 a year in energy costs.

Energy for Life is our new positioning statement launched in 2010 that speaks to the communities and neighborhoods that we serve about who we are and how we do business. We back up this statement with support for events and organizations that energize our communities and benefit our neighbors. One of our most popular employee benefits is paid time off to volunteer at a charity of the employee's choice – a benefit that provides value to our customers and motivates our employees. To help coordinate this effort, we have partnered with the United Way for their Day of Caring events where there is always a strong turnout from our employees. We are constantly looking for opportunities to contribute in other ways as well, and between corporate donations and our employee-driven local donation committees, we gave over $250,000 in 2010 across our service territories to important non-profit organizations and causes.

Looking forward, we will continue to look for ways to enhance our community service and partnerships. One of the areas we have highlighted is education. In 2011, in addition to continuing our energy education and energy efficiency programs for all our customers, we will establish scholarships in each of our service territories for graduating high school seniors to encourage careers in engineering, math and the sciences. We have also finalized a partnership with the American Red Cross that focuses on reciprocal training, joint safety-messaging during emergencies, volunteer opportunities, and other community-driven initiatives.

2010 Financial Results and Regulatory Plan

In 2010, we reported earnings of $9.5 million, or $0.88 per share, compared to earnings of $9.9 million, or $1.03 per share, in 2009. As I noted in last year's letter, we recorded a non-recurring accounting charge of $4.9 million for a gas refund in the fourth quarter of 2009 which negatively impacted earnings by ($0.30) per share in that quarter. Our 2010 full year results were adversely impacted by lower natural gas sales due to a warm winter heating season to start the year. An increase in electric sales year over year, as well as higher gas sales in the fourth quarter of 2010 are welcome signs that the regional economy is improving and with it our sales growth.

The increase in sales combined with the resetting of rates in all of our operating utilities by the end of 2011 will strengthen our financial position to the benefit of our customers and shareholders.

Our non-regulated energy brokering subsidiary, Usource, reported segment earnings of $1.5 million, or $0.14 per share, on revenues of $4.6 million in 2010. Usource also had a forward book of approximately $8 million in revenues at the end of the year. Usource serves 1,200 customers in 18 states and had a 98% retention rate last year. With natural gas prices remaining favorable compared to oil, we expect continued strong demand for Usource's services.

On a weather-normalized basis, electric unit sales in 2010 increased approximately 1.6% year-over-year, and 2.9% in the fourth quarter compared to 2009. Weather-normalized natural gas therm sales for the full year of 2010 were essentially flat with therm sales in 2009, and, importantly, increased approximately 2% in the fourth quarter. As you can see, our 2010 sales, especially in the fourth quarter, reflected solid growth for both our electric and gas operations.

To unlock the full earnings power of our distribution utilities, our regulatory strategy entails base rate case proceedings for all of our utility operating companies through the end of 2011. During this process, we expect to reset our base distribution rates that should allow our distribution utilities to recover their cost of service and earn a compensatory return.

On July 1, 2010, we obtained a temporary rate increase of $5.2 million per year at our New Hampshire electric distribution subsidiary. We are currently in settlement discussions regarding the permanent rate level and a long-term rate plan, which will include future rate "step" adjustments to track capital spending, without the need for a full rate case proceeding. A final hearing has been scheduled, and permanent rates will go into effect May 1, 2011, but will be reconciled back to the date of temporary rates (July 1, 2010).

Our interstate natural gas transmission pipeline recently received approval from the Federal Energy Regulatory Commission of an uncontested rate settlement. The rate settlement resolved all matters in the rate proceeding, and provides for an increase of approximately $1.7 million in annual revenue, based on new gas transportation rates effective as of January 1, 2011.

In January 2011, we filed base rate cases for our Massachusetts gas and electric distribution utility. We requested $7.1 million of rate relief for our electric division and $4.4 million of base rate relief for our natural gas division. In the electric division rate case, we included a proposal to lower our existing Transition Charge and extend the recovery of industry restructuring related costs to completely offset the requested increase in electric base revenue, so that our electric customers will see no increase in their total bill. We are also seeking approval of a revenue decoupling proposal for both the electric and gas divisions, similar to those already approved for other utilities in Massachusetts. Our revenue decoupling proposal is intended to facilitate the achievement of important public policy objectives of fostering energy efficiency, conservation, and security, as well as protecting the environment. We expect to obtain a final rate order in this proceeding for new rates effective in August 2011.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2010

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-8858

UNITIL CORPORATION
(Exact name of registrant as specified in its charter)

New Hampshire (State or other jurisdiction of incorporation or organization)	**02-0381573** (I.R.S. Employer Identification No.)
6 Liberty Lane West, Hampton, New Hampshire (Address of principal executive offices)	**03842-1720** (Zip Code)

Registrant's telephone number, including area code: (603) 772-0775

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, No Par Value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Based on the closing price of June 30, 2010, the aggregate market value of common stock held by non-affiliates of the registrant was $224,000,571.

The number of common shares outstanding of the registrant was 10,891,621 as of February 1, 2011.

Documents Incorporated by Reference:

Portions of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 21, 2011 are incorporated by reference into Part III of this Report

UNITIL CORPORATION
FORM 10-K
For the Fiscal Year Ended December 31, 2010
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PART I

Item 1. Business

UNITIL CORPORATION

Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil was incorporated under the laws of the State of New Hampshire in 1984. The following companies are wholly-owned subsidiaries of Unitil:

Company Name	State and Year of Organization	Principal Business
Unitil Energy Systems, Inc. (Unitil Energy)	NH - 1901	Electric Distribution Utility
Fitchburg Gas and Electric Light Company (Fitchburg)	MA - 1852	Electric & Gas Distribution Utility
Northern Utilities, Inc. (Northern Utilities)	NH - 1979	Natural Gas Distribution Utility
Granite State Gas Transmission, Inc. (Granite State)	NH - 1955	Natural Gas Transmission Pipeline
Unitil Power Corp. (Unitil Power)	NH - 1984	Wholesale Electric Power Utility
Unitil Service Corp. (Unitil Service)	NH - 1984	Utility Service Company
Unitil Realty Corp. (Unitil Realty)	NH - 1986	Real Estate Management
Unitil Resources, Inc. (Unitil Resources)	NH - 1993	Non-regulated Energy Services
Usource Inc. and Usource L.L.C. (Usource)	DE - 2000	Energy Brokering Services

Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005.

Unitil's principal business is the local distribution of electricity and natural gas throughout its service territories in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities: i) Unitil Energy, which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the capital city of Concord, ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts, and iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland, which is the largest city in northern New England. In addition, Unitil is the parent company of Granite State, an interstate natural gas transmission pipeline company that provides interstate natural gas pipeline access and transportation services to Northern Utilities in its New Hampshire and Maine service territory. Together, Unitil's three distribution utilities serve approximately 100,900 electric customers and 70,800 natural gas customers.

Unitil's distribution utilities had an investment in Net Utility Plant of $476.5 million at December 31, 2010. Unitil's total operating revenue was $358.4 million in 2010. Substantially all of Unitil's operating revenue is derived from regulated distribution utility operations.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy in 2003 and divested of substantially all of its long-term power supply contracts through the sale of the entitlements to the electricity associated with those contracts.

Unitil also has three other wholly-owned subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology and energy supply management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are indirect subsidiaries that are wholly-owned by Unitil Resources. Usource provides energy brokering and advisory services to large commercial and industrial customers primarily in the northeastern United States.

OPERATIONS

Gas Operations

Unitil's Gas Operations include gas distribution utility operations and interstate gas transmission pipeline operations, discussed below. Revenue from Unitil's gas operations was $150.1 million for 2010, which represent about 42% of Unitil's total operating revenue. In 2008, the Company significantly expanded its gas operations by acquiring Northern Utilities and Granite State.

On December 1, 2008, the Company purchased: (i) all of the outstanding capital stock of Northern Utilities, a natural gas distribution utility serving customers in Maine and New Hampshire, from Bay State Gas Company (Bay State) and (ii) all of the outstanding capital stock of Granite State, an interstate natural gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource Inc. (NiSource) pursuant to the Stock Purchase Agreement (the Acquisitions). Bay State is a wholly-owned subsidiary of NiSource. The aggregate purchase price for the Acquisitions was $160 million in cash, plus an additional working capital adjustment of $49.2 million, including approximately $30.0 million of natural gas storage inventory. To finance the Acquisitions and recapitalize Northern Utilities and Granite State, the Company issued additional equity and debt (see "Liquidity, Commitments and Capital Requirements" section in Part II, Item 7 below). The regulatory process in both New Hampshire and Maine, in connection with those states' approvals of the Acquisitions, included the negotiation and filing of settlement agreements reflecting commitments by Unitil with respect to Northern Utilities' rates, customer service and operations. The settlement agreements were separately negotiated and filed in each state but reflect a number of common features (See Note 6 to the accompanying Consolidated Financial Statements for additional information on these settlement agreements).

Gas Distribution Utility Operations

Unitil's natural gas distribution operations are conducted through two of the Company's operating utilities, Northern Utilities and Fitchburg. The primary business of Unitil's natural gas utility operations is the local distribution of natural gas to customers in its service territory in New Hampshire, Massachusetts and Maine. As a result of a restructuring of the gas utility industry in New Hampshire, Massachusetts and Maine, Fitchburg's residential and commercial and industrial (C&I) customers and Northern Utilities' C&I customers have the opportunity to purchase their natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through Northern Utilities and Fitchburg under regulated rates and tariffs. Northern Utilities and Fitchburg purchase natural gas from unaffiliated wholesale suppliers and recover the actual costs of these supplies on a pass-through basis through reconciling rate mechanisms that are periodically adjusted.

Natural gas is supplied and distributed by Northern Utilities to approximately 55,500 customers in 44 New Hampshire and southern Maine communities, from Plaistow, New Hampshire in the south to the city of Portland, Maine and then extending to Lewiston-Auburn, Maine in the north. Northern Utilities has a diversified customer base both in Maine and New Hampshire. Commercial businesses include healthcare, education, government and retail. Northern Utilities' industrial base includes manufacturers in the industries of auto, housing, rubber, printing, textile, pharmaceutical, electronics, wires and food production as well as a military installation. Northern Utilities' 2010 gas operating revenue was $116.2 million, of which approximately 39.0% was derived from residential firm sales and 61.0% from commercial/industrial firm sales.

Natural gas is supplied and distributed by Fitchburg to approximately 15,300 customers in the communities of Fitchburg, Lunenburg, Townsend, Ashby, Gardner and Westminster, all located in Massachusetts. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries. Fitchburg's 2010 gas operating revenue was $29.9 million, of which approximately 51% was derived from residential firm sales and 49.0% from commercial/industrial firm sales.

Gas Transmission Pipeline Operations

Granite State is an interstate natural gas transmission pipeline company, operating 87 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State had operating revenue of $4.0 million for 2010. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and to third-party marketers.

Electric Distribution Utility Operations

Unitil's electric distribution operations are conducted through two of the Company's utilities, Unitil Energy and Fitchburg. Revenue from Unitil's electric utility operations was $203.7 million for 2010, which represents about 57% of Unitil's total operating revenue.

The primary business of Unitil's electric utility operations is the local distribution of electricity to customers in its service territory in New Hampshire and Massachusetts. As a result of the implementation of choice in New Hampshire and Massachusetts, Unitil's customers are free to contract for their supply of electricity with third-party suppliers. The distribution utilities continue to deliver that supply of electricity over their distribution systems. Both Unitil Energy and Fitchburg supply electricity to those customers who do not obtain their supply from third-party suppliers, with the approved costs associated with electricity supplied by the distribution utilities being recovered on a pass-through basis under periodically-adjusted rates.

Unitil Energy distributes electricity to approximately 72,700 customers in New Hampshire in the capital city of Concord as well as parts of 12 surrounding towns and all or part of 18 towns in the southeastern and seacoast regions of New Hampshire, including the towns of Hampton, Exeter, Atkinson and Plaistow. Unitil Energy's service territory consists of approximately 408 square miles. In addition, Unitil Energy's service territory encompasses retail trading and recreation centers for the central and southeastern parts and includes the Hampton Beach recreational area. These areas serve diversified commercial and industrial businesses, including manufacturing firms engaged in the production of electronic components, wires and plastics, healthcare and education. Unitil Energy's 2010 electric operating revenue was $140.7 million, of which approximately 54.0% was derived from residential sales and 46.0% from commercial/industrial sales.

Fitchburg is engaged in the distribution of both electricity and natural gas in the greater Fitchburg area of north central Massachusetts. Fitchburg's service territory encompasses approximately 170 square miles. Electricity is supplied and distributed by Fitchburg to approximately 28,200 customers in the communities of Fitchburg, Ashby, Townsend and Lunenburg. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries and education. Fitchburg's 2010 electric operating revenue was $63.0 million, of which approximately 53.0% was derived from residential sales and 47.0% from commercial/industrial sales.

Seasonality

As a result of the acquisitions of Northern Utilities and Granite State in 2008, consolidated results for the Company in the current period may not be directly comparable to prior period results until such time as the acquisitions are fully reflected in all reporting periods presented. In particular, the Company's results will reflect the seasonal nature of the natural gas distribution business. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher due to heating-related requirements, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Electric sales in New England are far less seasonal than natural gas sales; however, the highest usage typically occurs in both the summer months due to air conditioning demand and the winter months due to heating-related requirements and shorter daylight hours. Unitil Energy, Fitchburg and Northern Utilities are not dependent on a single customer or a few customers for their electric and natural gas sales.

Non-regulated and Other Non-Utility Operations

Unitil's non-regulated operations are conducted through Usource, a subsidiary of Unitil Resources. Usource provides energy brokering and advisory services to large commercial and industrial customers in the northeastern United States. Revenue from Unitil's non-regulated operations was $4.6 million in 2010.

The results of Unitil's other non-utility subsidiaries, Unitil Service and Unitil Realty, and the holding company are included in the Company's consolidated results of operations. The results of these non-utility operations are principally derived from income earned on short-term investments and real property owned for Unitil's and its subsidiaries' use and are reported, after intercompany eliminations, in Other segment income (for segment information, see Part II, Item 8, Note 9 herein).

(For details on Unitil's Results of Operations, see Part II, Item 7 herein.)

RATES AND REGULATION

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to its rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers have the opportunity to purchase their electricity or natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through the distribution utilities under regulated energy rates and tariffs. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual approved costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

Rate Case Activity

On April 15, 2010, Unitil Energy filed for a distribution base rate increase of $10.1 million. The Company's filing also included a proposed long-term rate plan establishing step adjustments for future utility plant investments and enhanced reliability and vegetation management programs. On June 29, 2010, the NHPUC issued an order approving a temporary rate increase for Unitil Energy of $5.2 million effective July 1, 2010. Once permanent rates are approved by the NHPUC, they will be reconciled to the date temporary rates were ordered. The Company is currently engaged in settlement proceedings regarding the permanent rate level and a long-term rate plan. A hearing in this matter is scheduled for early February 2011.

On November 30, 2010 the Company's interstate natural gas transmission pipeline, Granite State, filed a rate settlement agreement, which provides for an increase of approximately $1.7 million in annual revenue effective January 1, 2011. This settlement agreement was approved by the FERC on January 31, 2011.

On January 14, 2011, the Company's Massachusetts operating utility, Fitchburg, filed a comprehensive revenue decoupling proposal and a request for distribution rate increases of $7.1 million for its electric division and $4.4 million of its gas division. The Company's filing also includes a rate-impact mitigation alternative for the electric division that would offset the distribution revenue increase through a corresponding decrease in Fitchburg's Transition Charge. The Transition Charge is the means by which Fitchburg recovers its power supply-related stranded costs and other restructuring-related regulatory assets. Any offsetting decrease in the Transition Charge would allow for the recovery of the restructuring related stranded costs over an extended term. The Company's revenue decoupling proposal is modeled closely on decoupling proposals already approved by the MDPU for other utilities operating in the Commonwealth of Massachusetts and is intended to align the Company's interests with important public policy objectives concerning energy efficiency, energy reliability, national energy security and protecting the environment. The MDPU issued an order suspending and deferring the use of the rates until August 2, 2011, pending an investigation and analysis of the Company's filing.

Northern Utilities, the Company's gas distribution utility operating in New Hampshire and Maine, is currently planning to file base rate cases for both its New Hampshire and Maine divisions in the second quarter of 2011. The Company will announce the amount of the requested rate increases and other related information after the filing of the distribution base rate cases.

Also see Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Regulatory Matters and Note 6 to the accompanying Consolidated Financial Statements for additional information on Rates and Regulation.

NATURAL GAS SUPPLY

Unitil manages gas supply for customers served by Northern Utilities in Maine and New Hampshire as well as customers served by Fitchburg in Massachusetts.

Fitchburg's residential and C&I customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors. Many large and some medium C&I customers purchase their supplies from third-party suppliers, while most of Fitchburg's residential and small C&I customers continue to purchase their supplies at regulated rates from Fitchburg. Northern Utilities' C&I natural gas customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors, and third-party supply is prevalent among Northern Utilities' larger C&I customers. Most small C&I customers, as well as all residential customers, purchase their gas supply from Northern Utilities under regulated rates and tariffs. The approved costs associated with the acquisition of such wholesale natural gas supplies for customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically-adjusted rates and are included in Purchased Gas in the Consolidated Statements of Earnings.

Regulated Natural Gas Supply

Fitchburg purchases natural gas under contracts of one year or less, as well as from producers and marketers on the spot market. Fitchburg arranges for gas delivery to its system through its own long-term contracts with Tennessee Gas Pipeline, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to each storage facility within Fitchburg's service territory.

Fitchburg has available under firm contract 14,057 MMbtu per day of year-round and seasonal transportation and underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Northern Utilities purchases a majority of its natural gas from U.S. domestic and Canadian suppliers under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern Utilities arranges for gas delivery to its system through its own long-term contracts with various interstate pipeline and storage facilities, through peaking supply contracts delivered to its system, or in the case of LNG, to truck supplies to each storage facility within Northern Utilities' service territory.

Northern Utilities has available under firm contract 100,000 MMbtu per day of year-round and seasonal transportation capacity to its distribution facilities, and 3.4 Bcf of underground storage. As a supplement to pipeline natural gas, Northern Utilities owns an LNG storage and vaporization facility. This plant is used principally during peak load periods to augment the supply of pipeline natural gas.

ELECTRIC POWER SUPPLY

The restructuring of the utility industry in New Hampshire required the divestiture of Unitil's power supply arrangements and the procurement of replacement supplies, which provided the flexibility for migration of customers to and from utility energy service. Fitchburg, Unitil Energy, and Unitil Power each are members of the New England Power Pool (NEPOOL) and participate in the ISO New England, Inc. (ISO-NE) markets for the purpose of facilitating these wholesale electric power supply transactions, which are necessary to serve Unitil's customers.

As a result of restructuring of the electric utility industry in Massachusetts and New Hampshire, Unitil's customers in both New Hampshire and Massachusetts have the opportunity to purchase their electric supply from competitive third-party energy suppliers. As of December 2010, 104 or 70% of Unitil's largest New Hampshire customers, representing 24% of total New Hampshire electric energy sales, and 26 or 87% of Unitil's largest Massachusetts customers, representing 36% of total Massachusetts electric energy sales, are purchasing their electric power supply in the competitive market. However, most residential and small commercial customers continue to purchase their electric supply through Unitil's distribution utilities under regulated energy rates and tariffs. The concentration of the competitive retail market on higher use customers has been a common experience throughout the New England electricity market.

Regulated Electric Power Supply

In order to provide regulated electric supply service to their customers, Unitil's distribution utilities enter into load-following wholesale electric power supply contracts with various wholesale suppliers.

Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service energy supply. MDPU policy dictates the pricing structure and duration of each of these contracts. Currently, all Basic Service power supply contracts for large general accounts are three months in duration and provide 100% of supply requirements. Basic Service power supply contracts for residential, small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements.

Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. Unitil Energy procures Default Service supply for its large general service accounts through competitive solicitations for power contracts of three months in duration for 100% of supply requirements. Unitil Energy procures Default Service supply for its other customers through a series of two one-year contracts and two two-year contracts, each providing 25% of the total supply requirements of the group.

The NHPUC and MDPU regularly investigate alternatives to their procurement policy, which may lead to future changes in this regulated power supply procurement structure.

Regional Electric Transmission and Power Markets

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economic manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England is performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated power system operation in a reliable manner and a supportive business environment for the development of competitive electric markets.

Electric Power Supply Divestiture

In connection with the restructuring of the electric industry, Unitil Power, Unitil Energy and Fitchburg divested and sold substantially their power supply portfolios consisting of long-term power supply contracts and ownership interests in generation assets. Unitil Power, Unitil Energy and Fitchburg recover in their rates all the costs associated with this divestiture and sale and have secured regulatory approval from the FERC, NHPUC and MDPU, respectively, for the recovery of stranded costs, including long term contract buyout agreements, and other restructuring-related regulatory assets. The companies have a continuing obligation to submit regulatory filings that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

ENVIRONMENTAL MATTERS

Unitil's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2010, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed. Also, see Note 6 to the accompanying consolidated financial statements.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. In addition, Fitchburg has filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and expects to receive these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Northern Utilities' Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Also, see Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Environmental Matters and Note 6 to the accompanying Consolidated Financial Statements for additional information on Environmental Matters.

EMPLOYEES

As of December 31, 2010, the Company and its subsidiaries had 437 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of December 31, 2010, 150 of the Company's employees were represented by labor unions. These employees are covered by four separate collective bargaining agreements which expire on March 31, 2012, May 31, 2012, May 31, 2013 and June 5, 2014. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

AVAILABLE INFORMATION

The Company's Internet address is www.unitil.com. There, the Company makes available, free of charge, its SEC fillings, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports, as well as amendments to those reports. These reports are made available through the Investors section of Unitil's website via a direct link to the section of the SEC's website which contains Unitil's SEC filings.

The Company's current Code of Ethics was approved by Unitil's Board of Directors on January 15, 2004. This Code of Ethics, along with any amendments or waivers, is also available on Unitil's website.

Unitil's common stock is listed on the New York Stock Exchange under the ticker symbol "UTL."

DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table provides information about our directors and senior management as of February 3, 2011:

Name	Age	Position
Robert G. Schoenberger	60	Chairman of the Board, Chief Executive Officer and President
Mark H. Collin	51	Senior Vice President, Chief Financial Officer and Treasurer
Thomas P. Meissner, Jr.	48	Senior Vice President and Chief Operating Officer
Laurence M. Brock	57	Controller and Chief Accounting Officer
Todd R. Black	46	Senior Vice President, External Affairs and Customer Relations, Unitil Service
George R. Gantz	59	Senior Vice President, Distributed Energy Resources, Unitil Service
George E. Long, Jr.	54	Vice President, Administration, Unitil Service
Sandra L. Whitney	47	Corporate Secretary
William D. Adams	63	Director
Dr. Robert V. Antonucci	65	Director
David P. Brownell	67	Director
Michael J. Dalton	70	Director
Albert H. Elfner, III	66	Director
Edward F. Godfrey	61	Director
Michael B. Green	61	Director
Eben S. Moulton	64	Director
M. Brian O'Shaughnessy	67	Director
Dr. Sarah P. Voll	68	Director

Robert G. Schoenberger has been Unitil's Chairman of the Board of Directors and Chief Executive Officer since 1997, as well as President since 2003. Prior to his employment with Unitil, Mr. Schoenberger was president and chief operating officer of the New York Power Authority (a state-owned utility) from 1993 until 1997. Mr. Schoenberger has also served as a director of Satcon Technology Corporation, Boston, Massachusetts (a company that develops innovative power conversion solutions for the renewable power industry) since 2007. Mr. Schoenberger also serves as chairman of the Tocqueville Society of the Greater Seacoast (New Hampshire) United Way. Mr. Schoenberger formerly served as chairman and trustee of Exeter Health Resources, Exeter, New Hampshire, from 1998 until 2009, and as a director of the Southwest Power Pool from 2003 until 2005.

Mark H. Collin has been Unitil's Senior Vice President and Chief Financial Officer since February 2003. Mr. Collin has also served as Treasurer since 1998. Mr. Collin joined Unitil in 1988, and served as Vice President of Finance from 1995 until 2003.

Thomas P. Meissner, Jr. has been Unitil's Senior Vice President and Chief Operating Officer since June 2005. Mr. Meissner served as Senior Vice President, Operations, from February 2003 until June 2005. Mr. Meissner joined Unitil in 1994 and served as Director of Engineering from 1998 until 2003.

George R. Gantz has been Unitil's Senior Vice President, Distributed Energy Resources, Unitil Service, since September 2009. Mr. Gantz joined Unitil in 1983 and served as Senior Vice President, Communication and Regulation from 1994 until 2003, and Senior Vice President, Customer Services and Communications from 2003 until 2009.

Todd R. Black has been Unitil's Senior Vice President, External Affairs and Customer Relations, Unitil Service, since September 2009. Mr. Black joined Unitil in 1998 and served as Vice President, Sales and Marketing, for Usource from 1998 until 2003, and President of Usource from 2003 until 2009.

Laurence M. Brock has been Unitil's Controller and Chief Accounting Officer since June 2005. Mr. Brock joined Unitil in 1995 as Vice President and Controller, and is a certified public accountant in the state of New Hampshire.

George E. Long, Jr. has been Unitil's Vice President, Administration, Unitil Service, since February 2003. Mr. Long joined Unitil in 1994 and was Director, Human Resources, from 1998 until 2003.

Sandra L. Whitney has been Unitil's Corporate Secretary and secretary of our Board of Directors since February 2003. Ms. Whitney joined Unitil in 1990 and also serves as the Corporate Secretary of Unitil's subsidiary companies.

William D. Adams has been a member of Unitil's Board of Directors since 2009. Mr. Adams has been the president of Colby College in Waterville, Maine, since 2000. Mr. Adams also serves on the board of trustees of Colby College. Prior to going to Colby, Mr. Adams served as president of Bucknell University in Pennsylvania from 1995 until 2000. Prior to leading Bucknell, he served as vice president and secretary of Wesleyan University in Connecticut. Mr. Adams also served as coordinator of the Great Works in Western Culture program at Stanford University and taught political philosophy at the University of North Carolina at Chapel Hill and Santa Clara University. Mr. Adams has served on the board of directors of Wittenberg University since 2007, and Maine Public Broadcasting Corporation since 2002. Mr. Adams was also a director of Maine General Health from 2002 to 2010.

Dr. Robert V. Antonucci has been a member of Unitil's Board of Directors since 2004. Dr. Antonucci has been the president of Fitchburg State University (FSU) in Fitchburg, Massachusetts, since 2003. Prior to his employment with FSU, Dr. Antonucci was president of the School Group of Riverdeep, Inc., San Francisco, California, from 2001 until 2003 and president and chief executive officer of Harcourt Learning Direct and Harcourt Online College, Chestnut Hill, Massachusetts from 1998 until 2001. Dr. Antonucci also served as the commissioner of education for the Commonwealth of Massachusetts from 1992 until 1998. In addition, Dr. Antonucci has served as a trustee of Eastern Bank since 1988. Dr. Antonucci also serves as a director of the North Central Massachusetts Chamber of Commerce and a director of the North Central Massachusetts United Way.

David P. Brownell has been a member of Unitil's Board of Directors since 2001. Mr. Brownell has been a retired senior vice president of Tyco International Ltd. (Tyco) (a diversified global manufacturing and service company), Portsmouth, New Hampshire, since 2003. Mr. Brownell had been with Tyco since 1984. Mr. Brownell was also interim president of the University of New Hampshire (UNH) Foundation, former vice chairman of the board of UNH Foundation, former volunteer board president of the United Way of the Greater Seacoast, and a former board member of the New Hampshire Junior Achievement Advisory Council.

Michael J. Dalton has been a member of Unitil's Board of Directors since 1984. Mr. Dalton retired as President and Chief Operating Officer of Unitil in 2003. Mr. Dalton is a member of the Industrial Advisory Council of the UNH College of Engineering and Physical Science and Vice President of the Alumni Society of the College of Engineering and Physical Science. In addition, Mr. Dalton also serves as a mentor with the UNH Pathways Mentorship Program. Mr. Dalton was formerly a director of the New England Gas Association, the Electric Council of New England, the UNH Foundation, the UNH Alumni Association, and the UNH President's Council.

Albert H. Elfner, III has been a member of Unitil's Board of Directors since 1999. Mr. Elfner was the chairman of Evergreen Investment Management Company, Boston, Massachusetts, from 1994 until 1999 and its chief executive officer from 1995 until 1999. Mr. Elfner is also a director of Main Street America Insurance Company (Main Street), Jacksonville, Florida, as well as chairman of the Main Street finance committee.

Edward F. Godfrey has been a member of Unitil's Board of Directors since 2002. Mr. Godfrey was the executive vice president and chief operating officer of Keystone Investments, Incorporated (Keystone), Boston, Massachusetts, from 1997 until 1998. Mr. Godfrey was senior vice president, chief financial officer and treasurer of Keystone from 1988 until 1996. Mr. Godfrey is also a director of Vector Fleet Management, LLC, Charlotte, North Carolina, since 2006.

Michael B. Green has been a member of Unitil's Board of Directors since 2001. Mr. Green has been the president and chief executive officer of Capital Region Health Care and Concord Hospital, Concord, New Hampshire, since 1992. Mr. Green is also a member of the adjunct faculty, Dartmouth Medical School, Dartmouth College, Hanover, New Hampshire. In addition, Mr. Green currently serves on the board of the Foundation for Healthy Communities, is a director of the New Hampshire Hospital Association, a director of Concord General Mutual Insurance Company, and a director of Merrimack County Savings Bank (Merrimack), including membership on Merrimack's investment and audit committees.

Eben S. Moulton has been a member of Unitil's Board of Directors since 2000. Mr. Moulton has been the managing partner of Seacoast Capital Corporation, Danvers, Massachusetts, (a private investment company) since 1995. Mr. Moulton is also a director of IEC Electronics Corp. (a company that provides electronic manufacturing services to advanced technology companies), Newark, New York, and a director of six private companies.

M. Brian O'Shaughnessy has been a member of Unitil's Board of Directors since 1998. Mr. O'Shaughnessy has been the chairman of the board of Revere Copper Products, Inc. (Revere), Rome, New York, since 1988. Mr. O'Shaughnessy also served as chief executive officer and president of Revere from 1988 until 2007. Mr. O'Shaughnessy also serves on the Board of Directors and as the chief co-chair of the Coalition for a Prosperous America, three copper industry trade associations, three manufacturing associations in New York State regarding energy-related issues, and the Economic Development Growth Enterprise of Mohawk Valley.

Dr. Sarah P. Voll has been a member of Unitil's Board of Directors since 2003. Dr. Voll retired in 2007 as vice president from National Economic Research Associates, Inc. (NERA), Washington, District of Columbia, a firm of consulting economists specializing in industrial and financial economics, and currently serves as a special consultant to NERA. Dr. Voll had been with NERA in the position of vice president since 1999, and in the position of senior consultant from 1996 until 1999. Prior to her employment with NERA, Dr. Voll was a staff member at the NHPUC from 1980 until 1996.

INVESTOR INFORMATION

Annual Meeting

The annual meeting of shareholders is scheduled to be held at the offices of the Company, 6 Liberty Lane West, Hampton, New Hampshire, on Thursday, April 21, 2011, at 10:30 a.m.

Transfer Agent

The Company's transfer agent, Computershare, is responsible for shareholder records, issuance of common stock, administration of the Dividend Reinvestment and Stock Purchase Plan, and the distribution of Unitil's dividends and IRS Form 1099-DIV. Shareholders may contact Computershare at:

Computershare
P.O. Box 43078
Providence, RI 02940-3078
Telephone: 800-736-3001
www.computershare.com

Investor Relations

For information about the Company, you may call the Company directly, toll-free, at: 800-999-6501 and ask for the Investor Relations Representative; visit the Investors page at *www.unitil.com*; or contact the transfer agent, Computershare, at the number listed above.

Special Services & Shareholder Programs Available to Holders of Record

If a shareholder's shares of common stock are registered directly in the shareholder's name with the Company's transfer agent, the shareholder is considered a holder of record of the shares. The following services and programs are available to shareholders of record:

- Internet Account Access is available at *www.computershare.com*.
- Dividend Reinvestment and Stock Purchase Plan:

  To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Dividend Direct Deposit Service:

  To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Direct Registration:

  For information, please contact Computershare at 800-935-9330 or the Company's Investor Relations Representative at 800-999-6501.

Item 1A. Risk Factors

Risks Relating to Our Business

The Company is subject to comprehensive regulation, which could impact the rates it is able to charge, its authorized rate of return and its ability to recover costs. This could adversely affect the Company's financial condition or results of operations. In addition, certain regulatory authorities have the power to impose finance penalties and other sanctions on the Company, which could adversely affect the Company's financial condition or results of operations.

The Company is subject to comprehensive regulation by federal regulatory authorities (including the FERC) and state regulatory authorities (including the NHPUC, MDPU and MPUC). These authorities regulate many aspects of the Company's operations, including the rates that the Company can charge customers, the Company's authorized rates of return, the Company's ability to recover costs from its customers, construction and maintenance of the Company's facilities, the Company's safety protocols and procedures, the Company's ability to issue securities, the Company's accounting matters, and transactions between the Company and its affiliates. The Company is unable to predict the impact on its financial condition or results of operations from the regulatory activities of any of these regulatory authorities. Also, changes in regulations or the imposition of additional regulations could adversely affect the Company's financial condition or results of operations.

The Company's ability to obtain rate adjustments to maintain its current authorized rates of return depends upon action by regulatory authorities under applicable statutes, rules and regulations. These regulatory authorities are authorized to leave the Company's rates unchanged, to grant increases in such rates or to order decreases in such rates. The Company may be unable to obtain favorable rate adjustments or to maintain its current authorized rates of return, which could adversely affect its financial condition or results of operations.

Regulatory authorities also have authority with respect to the Company's ability to recover its electricity and natural gas supply costs, as incurred by Unitil Power, Unitil Energy, Fitchburg, and Northern Utilities. If the Company is unable to recover a significant amount of these costs, or if the Company's recovery of these costs is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

In addition, certain regulatory authorities have the power to impose financial penalties and other sanctions on the Company if the Company is found to have violated statutes, rules or regulations governing its utility operations. This could adversely affect the Company's financial condition or results of operations. Please see (i) the section entitled *Regulatory Matters—Fitchburg—Gas Operations* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and (ii) the section entitled *Regulatory Matters—Fitchburg—Gas* Operations in Note 6 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements.

Severe storms have struck, and may strike, the New England region, causing extensive damage to the Company's utility operations and the loss of service to significant numbers of the Company's customers. If the Company is unable to recover a significant amount of storm costs in its rates, or if the Company's recovery of storm costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

Please see (i) the sections entitled *Regulatory Matters—Major Wind Storm* and *Regulatory Matters—Major Ice Storm* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and (ii) the sections entitled *Regulatory Matters—Major Wind Storm* and *Regulatory Matters—Major Ice Storm* in Note 6 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements.

As a result of electric industry restructuring, the Company has a significant amount of stranded electric generation and power supply related supply costs. If the Company is unable to recover a significant amount of stranded costs in its rates, or if the Company's recovery of stranded costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

The stranded electric generation and power supply related supply costs resulting from the implementation of electric industry restructuring mandated by the states of New Hampshire and Massachusetts are recovered by the Company on a pass-through basis through periodically reconciled rates. Any unrecovered balance of stranded costs is deferred for future recovery as a regulatory asset. Such regulatory assets are subject to periodic regulatory review and approval for recovery in future periods.

Substantially all of the Company's stranded costs relate to (i) Unitil Power's long-term power purchase agreements (which Unitil Power divested under long-term contract buyout agreements) and (ii) Fitchburg's formerly owned generation assets and purchase power agreements (which Fitchburg divested under a long-term contract buy-out agreement). Unitil Power made the final payment on its long-term contract buyout agreements in October 2010, which ended its obligations in the underlying purchase power contracts. As a result, in accordance with its retail stranded cost recovery rates, substantially all of Unitil Energy's stranded costs are projected to be fully recovered by July 31, 2011. Because Fitchburg continues to remain ultimately responsible for purchase power payments underlying its long-term buyout agreements, Fitchburg could incur additional stranded costs were they required to resell such divested entitlements prior to the end of their term for amounts less than the amounts agreed to under the existing long-term buyout agreements. The Company expects that any such additional stranded costs would be recovered from its customers, however such recovery would require approval from the MDPU, the receipt of which cannot be assured. If the Company is unable to recover a significant amount of such stranded costs in its rates, or if the Company's recovery of such stranded costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected. Please see (i) the section entitled *Regulatory Matters—Overview (Unitil Energy, Fitchburg, and Northern Utilities)* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and (ii) the section entitled *Regulatory Matters—Overview (Unitil Energy, Fitchburg, and Northern Utilities)* in Note 6 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements.

The Company's electric and natural gas sales and revenues are highly correlated with the economy, and national, regional and local economic conditions may adversely affect the Company's customers and correspondingly the Company's financial condition or results of operations.

The Company's business is influenced by the economic activity within its service territory. The level of economic activity in the Company's electric and natural gas distribution service territory directly affects the Company's business. As a result, adverse changes in the economy may adversely affect the Company's financial condition or results or operations.

The Company may not be able to obtain financing, or may not be able to obtain financing on acceptable terms, which could adversely affect the Company's financial condition or results of operations.

The Company requires capital to fund utility plant additions, working capital and other utility expenditures. While the Company derives the capital necessary to meet these requirements primarily from internally-generated funds, the Company supplements internally generated funds by incurring short-term debt under its current credit facility, as needed. If the lending counterparties under the Company's current credit facility are unwilling or unable to meet their funding obligations, then the Company may be unable to, or limited in its ability to, incur short-term debt under its credit facility. This could hinder or prevent the Company from meeting its current and future capital needs, which could correspondingly adversely affect the Company's financial condition or results or operations.

Also, from time to time, the Company repays portions of its short-term debt with the proceeds it receives from long-term debt financings or equity financings. General economic conditions and the Company's operating and financial performance could negatively affect the Company's ability to obtain such financings and the terms of such financings, which could correspondingly adversely affect the Company's financial condition or results or operations.

Declines in the valuation of capital markets could require the Company to make substantial cash contributions to cover its pension obligations. If the Company is unable to recover a significant amount of pension obligation costs in its rates, or if the Company's recovery of pension obligation costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

Please see (i) the section entitled *Critical Accounting Policies—Pension Benefit Obligations* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and (ii) Note 10 (Retirement Benefit Plans) to the accompanying Consolidated Financial Statements.

Increases in interest rates could increase the Company's interest expense and adversely affect the Company's financial condition or results of operations.

The Company and its utility subsidiaries have ongoing capital expenditure and cash funding requirements, which they frequently fund by issuing short-term debt and long-term debt.

The Company's short-term debt revolving credit facility typically has variable interest rates. Therefore, an increase or decrease in interest rates will increase or decrease the Company's interest expense associated with its revolving credit facility. An increase in the Company's interest expense could adversely affect the Company's financial condition or results of operations. As of December 31, 2010, the Company had approximately $66.8 million in short-term debt outstanding under its revolving credit facility.

The Company's long-term debt typically has fixed interest rates. Therefore, changes in interest rates will not affect the Company's interest expense associated with its presently outstanding fixed rate long-term debt. However, an increase or decrease in interest rates may increase or decrease the Company's interest expense associated with any new fixed rate long-term debt issued by the Company, which could adversely affect the Company's financial condition or results of operations. See Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity, Commitments and Capital Requirements section and Note 4 to the accompanying Consolidated Financial Statements.

In addition, the Company may need to use a significant portion of its cash flow to repay its short-term debt and long-term debt, which would limit the amount of cash it has available for working capital, capital expenditures and other general corporate purposes and could adversely affect its financial condition or results of operations.

The terms of the Company's and its subsidiaries' indebtedness restrict the Company's business operations (including their ability to incur material amounts of additional indebtedness), which could adversely affect the Company's financial condition or results or operations.

See Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity, Commitments and Capital Requirements section and Note 4 to the accompanying Consolidated Financial Statements.

A significant amount of the Company's sales are temperature sensitive. Because of this, mild winter and summer temperatures could decrease the Company's sales, which could adversely affect the Company's financial condition or results or operations. Also, the Company's sales may vary from year to year depending on weather conditions, and the Company's results of operations generally reflect seasonality.

The Company estimates that approximately 50% of its annual natural gas sales are temperature sensitive. Therefore, mild winter temperatures could decrease the amount of natural gas sold by the Company, which could adversely affect the Company's financial condition or results of operations. The Company's electric sales also are temperature sensitive, but less so than its natural gas sales. The highest usage of electricity typically occurs in the summer months (due to air conditioning demand) and the winter months (due to heating-related and lighting requirements). Therefore, mild summer temperatures and mild winter temperatures could decrease the amount of electricity sold by the Company, which could adversely affect the Company's financial condition and results of operations. Also, because of this temperature sensitivity, sales by the Company's distribution utilities vary from year to year, depending on weather conditions.

In addition, the Company's results of operations generally reflect seasonality. In particular, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher (due to heating-related requirements), and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Long-term global climate change could adversely affect customer demand or cause extreme weather events that could disrupt the Company's electric and natural gas distribution services.

Milder winter and summer temperatures due to long-term global climate change may cause a decrease in the amount of natural gas and electricity sold by the Company, which could correspondingly adversely affect the Company's financial condition and results or operations. Conversely, colder winter temperatures and warmer summer temperatures due to long-term global climate change may cause an increase in the amount of natural gas and electricity sold by the Company.

In addition, extreme weather events (such as hurricanes and severe winter storms) related to long-term global climate change may damage facilities or result in increased service interruptions and outages and increase the Company's operations and maintenance costs. If the Company is unable to recover a significant amount of such costs in its rates, or if the Company's recovery of such costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

The Company is unable to predict the impacts on its financial condition and results or operations due to changes in weather related to long-term global climate change.

Unitil is a public utility holding company and has no operating income of its own. The Company's ability to pay dividends on its common stock is dependent on dividends and other payments received from its subsidiaries and on factors directly affecting Unitil, the parent corporation. The Company cannot assure you that its current annual dividend will be paid in the future.

The ability of the Company's subsidiaries to pay dividends or make distributions to Unitil depends on, among other things:

- the actual and projected earnings and cash flow, capital requirements and general financial condition of the Company's subsidiaries;
- the prior rights of holders of existing and future preferred stock, mortgage bonds, long-term notes and other debt issued by the Company's subsidiaries;
- the restrictions on the payment of dividends contained in the existing loan agreements of the Company's subsidiaries and that may be contained in future debt agreements of the Company's subsidiaries, if any; and
- limitations that may be imposed by New Hampshire, Massachusetts and Maine state regulatory agencies.

In addition, before the Company can pay dividends on its common stock, it has to satisfy its debt obligations and comply with any statutory or contractual limitations.

The Company's current annual dividend is $1.38 per share of common stock, payable quarterly. However, the Company's Board of Directors reviews Unitil's dividend policy periodically in light of the factors referred to above, and the Company cannot assure the amount of dividends, if any, that may be paid in the future.

The Company's electric and natural gas distribution activities (including storing natural gas and supplemental gas supplies) involve numerous hazards and operating risks that may result in accidents and other operating risks and costs. Any such accident or costs could adversely affect the Company's financial position and results of operations.

Inherent in the Company's electric and natural gas distribution activities are a variety of hazards and operating risks, including leaks, explosions, electrocutions and mechanical problems. These hazards and risks could result in loss of human life, significant damage to property, environmental pollution, damage to natural resources and impairment of the Company's operations, which could adversely affect the Company's financial position and results of operations.

The Company maintains insurance against some, but not all, of these risks and losses in accordance with customary industry practice. The location of pipelines, storage facilities and electric distribution equipment near populated areas (including residential areas, commercial business centers and industrial sites) could increase the level of damages associated with these risks. The occurrence of any of these events could adversely affect the Company's financial position or results of operations.

The Company's business is subject to environmental regulation in all jurisdictions in which it operates and its costs of compliance are significant. New or changes to existing environmental regulation, including related to climate change or greenhouse gas emissions, and the incurrence of environmental liabilities could adversely affect the Company's financial condition or results of operations.

The Company's utility operations are generally subject to extensive federal, state and local environmental laws and regulations relating to air quality, water quality, waste management, natural resources, and the health and safety of the Company's employees. The Company's utility operations also may be subject to new and emerging federal, state and local legislative and regulatory initiatives related to climate change or greenhouse gas emissions including the U.S. Environmental Protection Agency's mandatory greenhouse gas reporting rule. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties and other sanctions; imposition of remedial requirements; and issuance of injunctions to ensure future compliance. Liability under certain environmental laws and regulations is strict, joint and several in nature. Although the Company believes it is in material compliance with all applicable environmental and safety laws and regulations, there can be no assurance that the Company will not incur significant costs and liabilities in the future. Moreover, it is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations, including those related to climate change or greenhouse gas emissions, could result in increased environmental compliance costs.

Catastrophic events could adversely affect the Company's financial condition or results of operations.

The electric and natural gas utility industries are from time to time affected by catastrophic events, such as unusually severe weather and significant and widespread failures of plant and equipment. Other catastrophic occurrences, such as terrorist attacks on utility facilities, may occur in the future. Such events could inhibit the Company's ability to provide electric or natural gas distribution services to its customers for an extended period, which could adversely affect the Company's financial condition and results of operations.

The Company's business could be adversely affected if it is unable to retain its existing customers or attract new customers.

The success of the Company's business depends, in part, on its ability to maintain and increase its customer base. The Company's failure to maintain or increase its customer base could adversely affect its financial condition and results of operations.

The Company's energy brokering customers may default in their performance under multi-year energy brokering contracts, which could adversely affect the Company's financial condition and results of operations.

The Company's non-regulated energy brokering business provides energy brokering and consulting services to large commercial and industrial customers in the northeastern United States. Revenues from this business are primarily derived from brokering fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts. The Company's customers may default in their performance under multi-year energy brokering contracts, which could adversely affect the Company's financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2010, Unitil owned, through its distribution utilities, three utility operation centers, approximately 2,181 pole miles of local transmission and distribution overhead electric lines and 549 cable miles of underground electric distribution lines, along with 49 electric substations, including four mobile electric substations. Our natural gas operations property includes two liquid propane gas plants, two liquid natural gas plants and 1,280 miles of underground gas mains. In addition, our real estate subsidiary, Unitil Realty, owns our corporate headquarters building and the 12 acres of land on which it is located.

Unitil Energy owns and maintains distribution operations centers in Concord, New Hampshire and Kensington, New Hampshire. Unitil Energy's 30 electric distribution substations, including a 5,000 kilovolt ampere (kVA) and a 10,500 kVA mobile substation, constitute 219,002 kVA of capacity, which excludes capacity of spare transformers, for the transformation of electric power from the 34.5 kV subtransmission voltage to other primary distribution voltage levels. The electric substations are located on land owned by Unitil Energy or land occupied by Unitil Energy pursuant to perpetual easements.

Unitil Energy has a total of approximately 1,619 pole miles of local transmission and distribution overhead electric lines and a total of 368 cable miles of underground electric distribution lines. The electric distribution lines are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by Unitil Energy without objection by the owners. In the case of certain distribution lines, Unitil Energy owns only a part interest in the poles upon which its wires are installed, the remaining interest being owned by telephone companies.

The physical utility properties of Unitil Energy, with certain exceptions, and its franchises are subject to its indenture of mortgage and deed of trust under which the respective series of first mortgage bonds of Unitil Energy are outstanding.

Fitchburg's electric properties consist principally of 562 pole miles of local transmission and distribution overhead electric lines, 181 cable miles of underground electric distribution lines and 19 transmission and distribution stations (including two mobile electric substations). The capacity of these substations totals 441,650 kVA, which excludes capacity of spare transformers.

Fitchburg owns a liquid propane gas plant and a liquid natural gas plant, both of which are located on land owned by Fitchburg. Fitchburg also has 263 miles of underground steel, cast iron and plastic gas mains.

Fitchburg's electric substations, with minor exceptions, are located on land owned by Fitchburg or occupied by Fitchburg pursuant to perpetual easements. Fitchburg's electric distribution lines and gas mains are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by Fitchburg without objection by the owners. Fitchburg leases its distribution operations center located in Fitchburg, Massachusetts.

Northern Utilities' distribution system is comprised of 1,017 miles of gas mains and 38,450 service pipes. The gas mains are primarily made up of polyethylene plastic (69%), coated and wrapped cathodically protected steel (19%), cast/wrought iron (7%), and unprotected bare and coated steel (5%).

Northern Utilities' New Hampshire division serving 21 communities has 499 miles of distribution gas mains and 20,844 service pipes. Northern Utilities' Maine division serving 23 communities has 518 miles of distribution and 17,606 service pipes. Northern Utilities also owns a liquid propane gas plant and a LNG storage and vaporization facility.

Granite State is a natural gas transmission pipeline, regulated by the FERC, operating 87 miles of underground gas transmission pipeline located primarily in Maine and New Hampshire.

The Company believes that its facilities are currently adequate for their intended uses.

Item 3. Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Belleman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 Ice Storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in the fall of 2011. The Company continues to believe the suit is without merit and will defend itself vigorously.

Item 4. Submission of Matters to a Vote of Security Holders

None.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

The Registrant's common stock is listed on the New York Stock Exchange under the symbol "UTL". As of December 31, 2010, there were 1,597 shareholders of record.

Common Stock Data

Dividends per Common Share	2010	2009
1st Quarter	**$0.345**	$0.345
2nd Quarter	**0.345**	0.345
3rd Quarter	**0.345**	0.345
4th Quarter	**0.345**	0.345
Total for Year	**$ 1.38**	$ 1.38

	2010		2009	
Price Range of Common Stock	High/Ask	Low/Bid	High/Ask	Low/Bid
1st Quarter	**$24.40**	**$20.46**	$20.75	$17.50
2nd Quarter	**$24.36**	**$19.28**	$22.83	$18.76
3rd Quarter	**$22.99**	**$20.55**	$23.26	$20.19
4th Quarter	**$23.49**	**$21.22**	$23.67	$19.31

Information regarding Securities Authorized for Issuance Under Equity Compensation Plans is set forth in the table below.

Equity Compensation Plan Benefit Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders			
Restricted Stock Plan (1)	—	N/A	62,790
Equity compensation plans not approved by security holders			
1998 Option Plan (2)	33,000	$25.88	—
Total	33,000	$25.88	62,790

NOTES: (also see Note 3 to the accompanying Consolidated Financial Statements)

(1) The Restricted Stock Plan (the Plan) was approved by shareholders in April 2003. 10,600 shares of restricted stock were awarded to Plan participants in May 2003; 10,700 shares of restricted stock were awarded to Plan participants in April 2004; 10,900 shares of restricted stock were awarded to Plan participants in March 2005; 14,375 shares of restricted stock were awarded to Plan participants in February 2006; 9,020 shares of restricted stock were awarded to Plan participants in February 2007; 15,540 shares of restricted stock were awarded to Plan participants in February 2008; 32,260 shares of restricted stock were awarded to Plan participants in February 2009. 12,520 shares of restricted stock were awarded to Plan participants in February 2010.

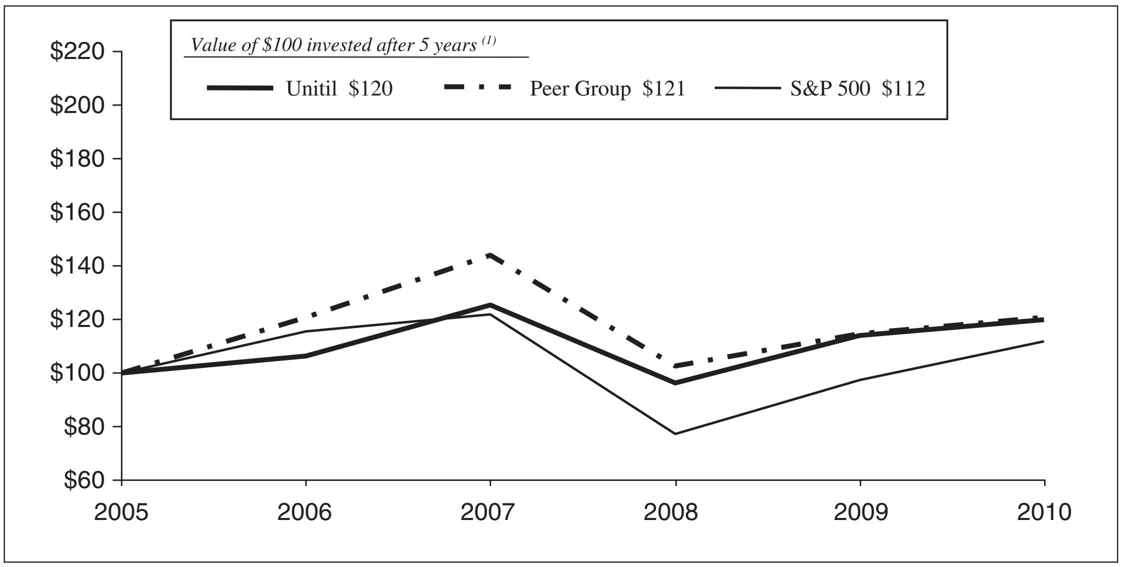
(2) The 1998 Option Plan was adopted by the Board of Directors of the Company in December 1998. At the time of adoption, the 1998 Option Plan was not required, under American Stock Exchange (the exchange upon which the Company was then listed) rules, to obtain shareholder approval. Options were granted in March 1999, January 2000, and January 2001. On January 16, 2003, the Board of Directors terminated the 1998 Option Plan upon the recommendation of the Compensation Committee. In April 2004, the 177,500 remaining registered and ungranted shares in the 1998 Option Plan were

deregistered with the Securities and Exchange Commission. Since the plan's termination by Board of Directors, no further grants of options were made thereunder. The remaining 33,000 options expired on January 16, 2011 without being exercised.

Stock Performance Graph

The following graph compares Unitil Corporation's cumulative stockholder return since December 31, 2005 with the Peer Group index, comprised of the S&P Utility Index, and the S&P 500 index. The graph assumes that the value of the investment in the Company's common stock and each index (including reinvestment of dividends) was $100 on December 31, 2005.

Comparative Five-Year Total Returns



NOTE:

(1) The graph above assumes $100 invested on December 31, 2005, in each category and the reinvestment of all dividends during the five-year period. The Peer Group is comprised of the S&P Utility Index.

Unregistered Sales of Equity Securities and Uses of Proceeds

There were no sales of unregistered equity securities by the Company for the fiscal period ended December 31, 2010.

Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on March 25, 2010, the Company will periodically repurchase shares of its Common Stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer. There is no pool or maximum number of shares related to these purchases; however, the trading plan will automatically terminate when $80,700 in value of shares have been purchased, or, if sooner, on March 25, 2011.

The Company may suspend or terminate this trading plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, or other applicable securities laws.

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs
10/1/10 – 10/31/10	—	—	—
11/1/10 – 11/30/10	—	—	—
12/1/10 – 12/31/10	2,497	$22.98	2,497
Total	2,497	$22.98	2,497

Item 6. Selected Financial Data

For the Years Ended December 31,	2010	2009	2008	2007	2006
(all data in millions except shares, % and per share data) [1]					
Consolidated Statements of Earnings:					
Operating Revenue	**$ 358.4**	$ 367.0	$ 288.2	$ 262.9	$ 260.9
Operating Income	**28.0**	26.1	20.5	18.5	15.8
Other Non-operating Expense	**0.3**	0.3	0.3	0.2	—
Income Before Interest Expense	**27.7**	25.8	20.2	18.3	15.8
Interest Expense, net	**18.1**	15.8	10.5	9.6	7.8
Net Income	**9.6**	10.0	9.7	8.7	8.0
Dividends on Preferred Stock	**0.1**	0.1	0.1	0.1	0.1
Earnings Applicable to Common Shareholders	**$ 9.5**	$ 9.9	$ 9.6	$ 8.6	$ 7.9
Balance Sheet Data:					
Utility Plant (Original Cost)	**$ 728.4**	$ 682.7	$ 641.4	$ 380.5	$ 353.0
Total Assets	**$ 759.6**	$ 725.2	$ 733.2	$ 474.6	$ 483.4
Capitalization:					
Common Stock Equity	**$ 189.0**	$ 193.1	$ 139.5	$ 100.4	$ 97.8
Preferred Stock	**2.0**	2.0	2.0	2.1	2.1
Long-Term Debt, less current portion	**288.3**	248.9	249.3	159.6	140.0
Total Capitalization	**$ 479.3**	$ 444.0	$ 390.8	$ 262.1	$ 239.9
Current Portion of Long-Term Debt	**$ 0.5**	$ 0.4	$ 0.4	$ 0.4	$ 0.3
Short-term Debt	**$ 66.8**	$ 64.5	$ 74.1	$ 18.8	$ 26.0
Capital Structure Ratios:					
Common Stock Equity	**39%**	43%	36%	38%	41%
Preferred Stock	**1%**	1%	1%	1%	1%
Long-Term Debt	**60%**	56%	63%	61%	58%
Earnings Per Share Data:					
Earnings Per Average Share	**$ 0.88**	$ 1.03	$ 1.65	$ 1.52	$ 1.41
Common Stock Data:					
Shares of Common Stock—(Diluted Average Outstanding, 000's)	**10,824**	9,647	5,830	5,672	5,612
Dividends Paid Per Share	**$ 1.38**	$ 1.38	$ 1.38	$ 1.38	$ 1.38
Book Value Per Share (Year-End)	**$ 17.35**	$ 17.83	$ 17.90	$ 17.50	$ 17.30
Electric and Gas Sales:					
Electric Distribution Sales (Millions kWh)	**1,691.1**	1,618.8	1,695.9	1,743.0	1,751.5
Firm Natural Gas Distribution Sales (Millions Therms)	**172.9**	178.7	47.2	28.4	26.4

(1) As a result of the acquisitions of Northern Utilities and Granite State on December 1, 2008, consolidated results for the Company in the current period may not be directly comparable to prior period results until such time as the acquisitions are fully reflected in all reporting periods.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) (Note references are to Notes to the Consolidated Financial Statements in Item 8.)

OVERVIEW

Unitil is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005. On December 1, 2008, the Company purchased: (i) all of the outstanding capital stock of Northern Utilities, a natural gas distribution utility serving customers in New Hampshire and Maine, from Bay State and (ii) all of the outstanding capital stock of Granite State, an interstate gas transmission pipeline company from NiSource.

Unitil's principal business is the local distribution of electricity and natural gas throughout its service territory in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

i) Unitil Energy, which provides electric service in southeastern seacoast and state capital regions of New Hampshire;

ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and

iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland and the Lewiston-Auburn area.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the "distribution utilities." Together, the distribution utilities serve approximately 100,900 electric customers and 70,800 natural gas customers in their service territory.

In addition, Unitil is the parent company of Granite State, a natural gas transmission pipeline, regulated by the FERC, operating 87 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to North American pipeline supplies.

The distribution utilities are local "pipes and wires" operating companies and Unitil had an investment in Net Utility Plant of $476.5 million at December 31, 2010. Unitil's total revenue was $358.4 million in 2010, which includes revenue to recover the approved cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company's earnings are not affected by changes in the cost of purchased electricity and natural gas. Earnings from Unitil's utility operations are derived from the return on investment in the three distribution utilities and Granite State.

Unitil also conducts non-regulated operations principally through Usource, which is wholly-owned by Unitil Resources. Usource provides energy brokering and consulting services to large commercial and industrial customers in the northeastern United States. Usource's total revenues were $4.6 million in 2010. The Company's other subsidiaries include Unitil Service, which provides, at cost, a variety of administrative and professional services to Unitil's affiliated companies, and Unitil Realty, which owns and manages Unitil's corporate office building and property located in Hampton, New Hampshire. Unitil's consolidated net income includes the earnings of the holding company and these subsidiaries.

CAUTIONARY STATEMENT

This report and the documents we incorporate by reference into this report contain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company's future operations, are forward-looking statements.

These statements include declarations regarding the Company's beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Item 1A (Risk Factors) and the following:

- the Company's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters), which could impact the rates the Company is able to charge, the Company's authorized rate of return and the Company's ability to recover costs in its rates;
- fluctuations in the supply of, demand for, transmission capacity and the prices of energy commodities and the Company's ability to recover energy commodity costs in its rates;
- customers' preferences on energy sources;
- severe storms and the Company's ability to recover storm costs in its rates;
- the Company's stranded electric generation and generation-related supply costs and the Company's ability to recover stranded costs in its rates;
- declines in the valuation of capital markets, which could require the Company to make substantial cash contributions to cover its pension obligations, and the Company's ability to recover pension obligation costs in its rates;
- general economic conditions, which could adversely affect (i) the Company's customers and, consequently, the demand for the Company's distribution services, (ii) the availability of credit and liquidity resources and (iii) certain of the Company's counterparty's obligations (including those of its insurers and lenders);
- the Company's ability to obtain debt or equity financing on acceptable terms;
- increases in interest rates, which could increase the Company's interest expense;
- restrictive covenants contained in the terms of the Company's and its subsidiaries' indebtedness, which restrict certain aspects of the Company's business operations;
- variations in weather, which could decrease demand for the Company's distribution services;
- long-term global climate change, which could adversely affect customer demand or cause extreme weather events that could disrupt the Company's electric and natural gas distribution services;
- numerous hazards and operating risks relating to the Company's electric and natural gas distribution activities, which could result in accidents and other operating risks and costs;
- catastrophic events;
- the Company's ability to retain its existing customers and attract new customers;
- the Company's energy brokering customers' performance under multi-year energy brokering contracts; and
- increased competition.

Many of these risks are beyond the Company's control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

See also Item 1A Risk Factors.

RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the accompanying Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements included in Item 8 of this report.

Between December 2008 and June 2009 the Company issued 5.0 million common shares to complete the financing associated with the Acquisitions. As a result of the Acquisitions and the issuance of new common shares, consolidated results for the Company in the current period may not be directly comparable to prior period results until such time as the Acquisitions and stock issuance is fully reflected in both reporting periods. Also, the Company's results are expected to reflect the seasonal nature of the acquired natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher (due to heating-related requirements), and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Net Income and EPS Overview

2010 Compared to 2009—The Company's Earnings Applicable to Common Shareholders (Earnings) were $9.5 million, or $0.88 per share, for the full year of 2010. This compares to Earnings of $9.9 million, or $1.03 per share in 2009.

The Company's Earnings were $5.2 million, or $0.48 per share, for the fourth quarter of 2010, compared to Earnings of $1.2 million, or $0.11 per share in the fourth quarter of 2009. The results for 2009 include a non-recurring accounting charge in the fourth quarter for a regulatory order in Massachusetts requiring the refund $4.9 million of natural gas supply costs. The Company has appealed this order to the Massachusetts Supreme Judicial Court and anticipates a ruling in late 2011.

Electric sales margin increased $4.8 million in 2010 compared to 2009. The increase in electric sales margin reflects higher electric kilowatt-hour (kWh) sales and an electric rate increase implemented in July 2010 for Unitil Energy, the Company's New Hampshire electric operating utility. The increase in electric sales reflects higher than average summer temperatures in the Company's utility service territories in 2010 coupled with an improving regional economy. According to ISO-New England, the electric transmission grid operator for the New England region, July of 2010 was the second-hottest July in New England since 1960 and New England's all-time electricity consumption for one month was recorded in that month. On a weather-normalized basis, kWh sales in 2010 increased approximately 1.6% compared to 2009.

Natural gas sales margin increased $2.3 million in 2010 compared to 2009, reflecting the effect of the ordered refund of $4.9 million of natural gas supply costs recorded in 2009, discussed above. Absent the effect of this refund, natural gas sales margin decreased $2.6 million in 2010 compared to 2009, principally due to the milder winter heating season in the early part of 2010 compared to 2009. Heating Degree Days in 2010 were 9% fewer than in the prior year. On a weather-normalized basis, natural gas therm sales for the full year of 2010 were essentially flat with therm sales in 2009.

Total Operation & Maintenance (O&M) expenses increased $4.1 million in 2010 compared to 2009. The changes in O&M expenses reflect higher utility operating costs. O&M expenses in 2010 also reflect the full integration of Northern Utilities and Granite State into the Company's consolidated operating results. In 2009, the Company recognized professional fees of approximately $3.0 million related to regulatory and legal matters concerning the Company's preparation and response to the severe ice storm that struck the New England region in December 2008.

Depreciation and Amortization expense increased $1.5 million in 2010 compared to 2009, reflecting higher depreciation on normal utility plant additions partially offset by lower amortization expense in the current year.

Interest Expense, net increased $2.3 million in 2010 compared to 2009. The increase is primarily due to the issuance of $40 million of long-term notes by Unitil Energy and Northern Utilities in March 2010.

Federal and State Income Taxes decreased by $0.9 million in 2010 due to lower pre-tax income in 2010 compared to 2009.

All other expenses increased $0.8 million in 2010 compared to 2009, primarily reflecting higher property taxes and payroll taxes.

Usource, our non-regulated energy brokering business, recorded revenues of $4.6 million in 2010, an increase of $0.3 million compared to 2009.

In 2010, Unitil's annual common dividend was $1.38, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2011 meeting, the Unitil Board of Directors declared a quarterly dividend on the Company's common stock of $0.345 per share.

2009 Compared to 2008—The Company's Earnings Applicable to Common Shareholders was $9.9 million for 2009, compared to $9.6 million for 2008. Earnings per common share were $1.03 for 2009, ($0.62) per share lower than earnings of $1.65 in 2008. The lower earnings per common share primarily reflect higher regulatory and legal expenses in 2009 associated with the severe ice storm that struck New England in December 2008 and other significant non-recurring regulatory matters.

A more detailed discussion of the Company's 2010 and 2009 results of operations and a year-to-year comparison of changes in financial position are presented below.

Gas Sales, Revenues and Margin

Therm Sales—Unitil's total therm sales of natural gas decreased 3.2% in 2010 compared to 2009. Lower gas therm sales in the Company's utility service territories reflect the effect of milder winter temperatures in the early part of 2010 compared to 2009. Heating Degree Days in 2010 were 9% fewer than in the prior year. On a weather-normalized basis, natural gas therm sales in 2010 were essentially flat compared to 2009.

Unitil's total therm sales of natural gas increased 278.6% in 2009 compared to 2008, reflecting the contribution to sales by Northern Utilities. Excluding the contribution to sales by Northern Utilities, total therm sales of natural gas decreased 0.7% in 2009 compared to 2008, reflecting a decrease of 2.0% in sales to residential customers and flat year over year sales to C&I customers. The decrease in sales to residential customers reflects lower average usage by our customers, due to a slowing economy and energy conservation, partially offset by a colder winter heating season in the first quarter of 2009.

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

Therm Sales (millions)				**Change**			
				2010 vs. 2009		**2009 vs. 2008**	
	2010	**2009**	**2008**	**Therms**	**%**	**Therms**	**%**
Residential	**35.1**	36.7	13.3	(1.6)	(4.4%)	23.4	175.9%
Commercial / Industrial	**137.8**	142.0	33.9	(4.2)	(3.0%)	108.1	318.9%
Total	**172.9**	178.7	47.2	(5.8)	(3.2%)	131.5	278.6%

Gas Operating Revenues and Sales Margin—The following table details total Gas Operating Revenue and Margin for the last three years by major customer class:

Gas Operating Revenues and Sales Margin (millions)

				Change			
				2010 vs. 2009		2009 vs. 2008	
	2010	2009	2008	$	%[1]	$	%[1]
Gas Operating Revenue:							
Residential	**$ 61.5**	$ 62.0	$27.5	$(0.5)	(0.3%)	$34.5	60.6%
Commercial / Industrial	**88.6**	90.8	29.4	(2.2)	(1.4%)	61.4	107.9%
Total Gas Operating Revenue	**$150.1**	$152.8	$56.9	$(2.7)	(1.7%)	$95.9	168.5%
Cost of Gas Sales:							
Purchased Gas	**$ 90.5**	$ 96.4	$37.3	$(5.9)	(3.8%)	$59.1	103.9%
Conservation & Load Management	**2.8**	1.9	0.2	0.9	0.6%	1.7	2.9%
Total Cost of Gas Sales	**$ 93.3**	$ 98.3	$37.5	$(5.0)	(3.2%)	$60.8	106.8%
Gas Sales Margin	**$ 56.8**	$ 54.5	$19.4	$ 2.3	1.5%	$35.1	61.7%

(1) Represents change as a percent of Total Gas Operating Revenue.

Total Gas Operating Revenues decreased $2.7 million, or 1.7%, in 2010 compared to 2009. Total Gas Operating Revenues include the recovery of the approved cost of sales, which are recorded as Purchased Gas and Conservation and Load Management (C&LM) in Operating Expenses. The decrease in Total Gas Operating Revenues in 2010 reflects lower Purchased Gas costs of $5.9 million partially offset by higher C&LM revenues of $0.9 million and higher sales margin of $2.3 million.

Purchased Gas and C&LM revenues decreased $5.0 million, or 3.2%, of Total Gas Operating Revenues in 2010 compared to 2009, primarily reflecting the effect of the ordered refund of $4.9 million of natural gas supply costs recorded in 2009, discussed above, and lower sales of natural gas. Purchased Gas revenues include the recovery of the approved cost of gas supply as well as the other energy supply related costs. C&LM revenues include the recovery of the cost of energy efficiency and conservation programs. The Company recovers the approved cost of Purchased Gas and C&LM in its rates at cost on a pass through basis.

Natural gas sales margin increased $2.3 million in 2010 compared to 2009, reflecting the effect of the ordered refund of $4.9 million of natural gas supply costs recorded in 2009, discussed above. Absent the effect of this refund, natural gas sales margin decreased $2.6 million in 2010 compared to 2009, principally due to lower sales of natural gas, which reflect the effect of the milder winter heating season in the early part of 2010 compared to 2009.

Total Gas Operating Revenues increased $95.9 million, or 168.5%, in 2009 compared to 2008, reflecting the inclusion of Northern Utilities and Granite State for the full year in 2009. Total Gas Operating Revenues include the recovery of the approved cost of sales, which are recorded as Purchased Gas and C&LM in Operating Expenses. The increase in Total Gas Operating Revenues in 2009 reflects higher Purchased Gas costs of $59.1 million, higher C&LM revenues of $1.7 million and higher sales margin of $35.1 million.

Natural gas sales margin increased $35.1 million in 2009 compared to 2008, reflecting the contribution to natural gas sales by Northern Utilities and Granite State. Natural gas sales margin also includes the unfavorable effect of the ordered refund of $4.9 million of natural gas supply costs recorded in 2009.

Electric Sales, Revenues and Margin

Kilowatt-hour Sales—Unitil's total electric kWh sales increased 4.5% in 2010 compared to 2009. Electric kWh sales to residential customers and C&I customers increased 5.5% and 3.8%, respectively, in 2010 compared to 2009. The increased sales reflect higher than average summer temperatures in the Company's utility service territories in 2010 where there were approximately 61% more Cooling Degree

Days in the three month period ended September 30, 2010, compared to the prior year, coupled with an improving regional economy. According to ISO-New England, the grid operator for the New England region, July of 2010 was the second-hottest July in New England since 1960 and New England's all-time electricity consumption for one month was recorded in that month. On a weather-normalized basis, kWh sales in 2010 increased 1.6% compared to 2009.

Unitil's total electric kWh sales decreased 4.5% in 2009 compared to 2008. Electric kWh sales to residential customers and C&I customers decreased 2.2% and 6.1%, respectively, in 2009 compared to 2008. The lower electric kWh sales in 2009 compared to 2008 reflect lower average usage by our customers due to the continued regional economic slowdown and milder summer weather in 2009. Average summer temperatures in the Company's electric service territories, as measured by cooling degree days, were 31% cooler in 2009 compared to the same period in 2008 and were 26% cooler than normal.

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

kWh Sales (millions)				Change			
				2010 vs. 2009		2009 vs. 2008	
	2010	2009	2008	kWh	%	kWh	%
Residential	**681.2**	645.9	660.2	35.3	5.5%	(14.3)	(2.2%)
Commercial / Industrial	**1,009.9**	972.9	1,035.7	37.0	3.8%	(62.8)	(6.1%)
Total	**1,691.1**	1,618.8	1,695.9	72.3	4.5%	(77.1)	(4.5%)

Electric Operating Revenues and Sales Margin—The following table details Total Electric Operating Revenue and Sales Margin for the last three years by major customer class:

Electric Operating Revenues (millions)				Change			
				2010 vs. 2009		2009 vs. 2008	
	2010	2009	2008	$	%(1)	$	%(1)
Electric Operating Revenue:							
Residential	**$108.5**	$108.9	$114.5	$ (0.4)	(0.2%)	$ (5.6)	(2.5%)
Commercial / Industrial	**95.2**	101.0	113.0	(5.8)	(2.7%)	(12.0)	(5.2%)
Total Electric Operating Revenue	**$203.7**	$209.9	$227.5	$ (6.2)	(2.9%)	$(17.6)	(7.7%)
Cost of Electric Sales:							
Purchased Electricity	**$137.7**	$151.6	$170.1	$(13.9)	(6.6%)	$(18.5)	(8.1%)
Conservation & Load Management	**6.0**	3.1	2.6	2.9	1.4%	0.5	0.2%
Total Cost of Electric Sales	**$143.7**	$154.7	$172.7	$(11.0)	(5.2%)	$(18.0)	(7.9%)
Electric Sales Margin	**$ 60.0**	$ 55.2	$ 54.8	$ 4.8	2.3%	$ 0.4	0.2%

(1) Represents change as a percent of Total Electric Operating Revenue.

Total Electric Operating Revenues decreased by $6.2 million, or 2.9%, in 2010 compared to 2009. Total Electric Operating Revenues include the recovery of approved costs of electric sales, which are recorded as Purchased Electricity and C&LM in Operating Expenses. The net decrease in Total Electric Operating Revenues in 2010 reflects lower Purchased Electricity costs of $13.9 million offset by higher C&LM revenues of $2.9 million and higher sales margin of $4.8 million.

Purchased Electricity and C&LM revenues decreased $11.0 million, or 5.2%, of Total Electric Operating Revenues in 2010 compared to 2009, reflecting an increase in the amount of electricity purchased by customers directly from third-party suppliers and lower electric commodity costs, partially offset by higher spending on energy efficiency and conservation programs. Purchased Electricity revenues include the recovery of the cost of electric supply as well as other energy supply related restructuring costs, including long-term power supply contract buyout costs. C&LM revenues include the recovery of the approved cost of energy efficiency and conservation programs. The Company recovers the approved cost of Purchased Electricity and C&LM in its rates at cost on a pass through basis.

Electric sales margin increased $4.8 million in 2010 compared to 2009. The increase in electric sales margin reflects higher electric kWh sales and an electric rate increase, implemented in July 2010 for the Company's New Hampshire electric distribution utility.

Total Electric Operating Revenues decreased by $17.6 million, or 7.7%, in 2009 compared to 2008. Total Electric Operating Revenues include the recovery of approved costs of electric sales, which are recorded as Purchased Electricity and C&LM in Operating Expenses. The net decrease in Total Electric Operating Revenues in 2009 reflects lower Purchased Electricity costs of $18.5 million offset by higher C&LM revenues of $0.5 million and higher sales margin of $0.4 million.

Electric sales margin increased $0.4 million in 2009 compared to 2008. The increase in electric sales margin reflects higher rates offset by lower sales volumes. Total electric sales decreased 4.5% in 2009 compared to 2008, reflecting lower average usage by our customers due to the continued economic slowdown and milder summer weather in 2009.

Operating Revenue—Other

Total Other Revenue increased $0.3 million in 2010 compared to 2009 and $0.5 million in 2009 compared to 2008. These increases were the result of growth in revenues from the Company's non-regulated energy brokering business, Usource. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

The following table details total Other Revenue for the last three years:

Other Revenue (millions)

				Change			
				2010 vs. 2009		2009 vs. 2008	
	2010	2009	2008	$	%	$	%
Usource	**$4.6**	$4.3	$3.8	$0.3	7.0%	$0.5	13.2%
Total Other Revenue	**$4.6**	$4.3	$3.8	$0.3	7.0%	$0.5	13.2%

Operating Expenses

Purchased Gas—Purchased Gas includes the cost of natural gas purchased and manufactured to supply the Company's total gas supply requirements. Purchased Gas decreased $5.9 million, or 6.1%, in 2010 compared to 2009. This increase reflects the effect of the ordered refund of $4.9 million of natural gas supply costs recorded in 2009, discussed above. Absent the effect of this refund, Purchased Gas decreased $1.0 million in 2010 compared to 2009, principally due to lower sales of natural gas, which reflect the effect of the milder winter heating season in the early part of 2010 compared to 2009, partially offset by higher natural gas commodity prices in 2010. The Company recovers the approved costs of Purchased Gas in its rates at cost on a pass through basis and therefore changes in approved expenses do not affect earnings.

In 2009, Purchased Gas increased $59.1 million, or 158.4%, compared to 2008. This increase primarily reflects the inclusion of Northern Utilities for the full year in 2009.

Purchased Electricity—Purchased Electricity includes the cost of electric supply as well as other energy supply related restructuring costs, including power supply buyout costs. Purchased Electricity decreased $13.9 million, or 9.2%, in 2010 compared to 2009. This decrease reflects an increase in the amount of electricity purchased by customers directly from third-party suppliers and lower electric commodity costs, partially offset by increased sales. The Company recovers the approved costs of Purchased Electricity in its rates at cost and therefore changes in approved expenses do not affect earnings.

In 2009, Purchased Electricity expenses decreased $18.5 million, or 10.9%, compared to 2008, reflecting lower sales volumes and lower electric commodity prices.

Operation and Maintenance (O&M)—O&M expense includes electric and gas utility operating costs, and the operating costs of the Company's non-regulated business activities. Total O&M expenses increased $4.1 million, or 9.2%, in 2010 compared to 2009. The changes in O&M expenses reflect higher compensation and retiree employee benefit expenses of $2.7 million and higher utility operating costs of $1.4 million. Utility operating costs primarily consist of utility distribution and transmission system maintenance costs, bad debt expenses, office expenses and insurance costs. O&M expenses in 2010 reflect the full integration of Northern Utilities and Granite State into the Company's consolidated operating results.

In 2009, total O&M expense increased $17.2 million, or 62.5%, compared to 2008. The inclusion of Northern Utilities and Granite State for the full year in 2009 accounted for $8.8 million of the increase. In addition, higher compensation and retiree and employee benefit expenses of $2.2 million and net other utility operating costs of $0.4 million contributed to the increase in O&M expenses year over year. In 2009 the Company expensed professional fees of approximately $3.0 million related to regulatory and legal matters concerning the December 2008 ice storm. The increase in O&M expenses in 2009 over 2008 also reflects lower O&M recorded in 2008 due to the receipt of a $2.8 million insurance settlement in that year.

Conservation & Load Management—C&LM expenses are expenses associated with the development, management, and delivery of the Company's energy efficiency programs. Energy efficiency programs are designed, in conformity to state regulatory requirements, to help consumers use natural gas and electricity more efficiently and thereby decrease their energy costs. Programs are tailored to residential, small business and large business customer groups and provide educational materials, technical assistance, and rebates that contribute toward the cost of purchasing and installing approved measures. Approximately 65% of these costs are related to electric operations and 35% to gas operations.

Total Conservation & Load Management expenses increased by $3.8 million, in 2010 compared to 2009. These costs are collected from customers on a fully reconciling basis and therefore, fluctuations in program costs do not affect earnings.

Total Conservation & Load Management expenses increased by $2.2 million in 2009 compared to 2008.

Depreciation and Amortization—Depreciation and Amortization expense increased $1.5 million, or 5.5% in 2010 compared to 2009. This increase reflects higher depreciation on normal utility plant additions partially offset by lower amortization expense in the current year.

In 2009, Depreciation and Amortization expense increased $8.3 million, or 43.5%, compared to 2008. This increase primarily reflects the inclusion of Northern Utilities and Granite State for the full year in 2009 and higher depreciation on normal utility plant additions.

Local Property and Other Taxes—Local Property and Other Taxes increased $0.8 million, or 7.7%, in 2010 compared to 2009. This increase reflects higher local property tax rates on higher levels of utility plant in service and higher payroll taxes on higher compensation expenses.

In 2009, Local Property and Other Taxes increased by $4.1 million, or 65.1%, compared to 2008. This increase primarily reflects the inclusion of Northern Utilities and Granite State for the full year in 2009, and higher local property tax rates on higher levels of utility plant in service.

Federal and State Income Taxes—Federal and State Income Taxes decreased by $0.9 million in 2010 compared to 2009 due to lower pre-tax operating income in 2010 compared to 2009 (See Note 8 to the accompanying Consolidated Financial Statements).

Federal and State Income Taxes increased by $0.8 million in 2009 compared to 2008 due to higher pre-tax operating income in 2009 compared to 2008 (See Note 8 to the accompanying Consolidated Financial Statements).

Other Non-operating Expenses (Income)—Other Non-operating Expenses (Income) was flat in 2010 compared to 2009 and in 2009 compared to 2008.

Interest Expense, net

Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. Certain reconciling rate mechanisms used by the Company's distribution utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated (See Note 4 to the accompanying Consolidated Financial Statements).

Interest Expense, net increased $2.3 million in 2010 compared to 2009. In March 2010, Unitil Energy and Northern Utilities collectively issued $40 million of long-term debt which is contributing to the higher interest expense in 2010.

In 2009, Total Interest Expense, net increased by $5.3 million compared to 2008. The increase was primarily due to the issuance of $90 million of long-term notes issued by Northern Utilities and Granite State in December 2008 to partially finance the acquisition and higher average borrowings during 2009, partially offset by increases in interest income on regulatory assets and Allowance for Funds Used During Construction (AFUDC) in 2009.

LIQUIDITY, COMMITMENTS AND CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent and future periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities. The Company initially supplements internally generated funds through bank borrowings, as needed, under unsecured short-term credit facilities. Periodically, the Company replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets. The Company's utility operations are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows.

On March 2, 2010, both Unitil Energy and Northern Utilities closed long-term financings:

(i) Unitil Energy closed $15,000,000 of First Mortgage Bonds, through a private placement to institutional investors. The First Mortgage Bonds have a coupon rate of 5.24% and have a final maturity of ten years. Unitil Energy used the net proceeds from this long-term financing to repay short-term debt and for general corporate purposes.

(ii) Northern Utilities closed $25,000,000 of Senior Unsecured Notes, through a private placement to institutional investors. The Senior Unsecured Notes have a coupon rate of 5.29% and have a final maturity of ten years. Northern Utilities used the net proceeds from this long-term financing to repay short-term debt and for general corporate purposes.

The Company, along with its subsidiaries, are individually and collectively members of the Unitil Cash Pool (the Cash Pool). The Cash Pool is the financing vehicle for day-to-day cash borrowing and investing. The Cash Pool allows for an efficient exchange of cash among the Company and its subsidiaries. The interest rates charged to the subsidiaries for borrowing from the Cash Pool are based on actual interest costs from lenders under the Company's revolving credit facility. At December 31, 2010 and 2009, all of the Company's subsidiaries were in compliance with the regulatory requirements to participate in the Cash Pool.

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. The borrowing limit under the revolving credit facility is $80.0 million. There was $66.8 million and $64.5 million in short-term debt outstanding through bank borrowings under the revolving credit facility at December 31, 2010 and 2009, respectively. The total amount of credit available under the Company's revolving credit facility was $13.2 million and $15.5 million at December 31, 2010 and 2009, respectively. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of December 31, 2010 and 2009, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

The continued availability of various methods of financing, as well as the choice of a specific form of security, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of earnings, cash flows, financial position; and the competitive pricing offered by financing sources.

Contractual Obligations

The table below lists the Company's significant contractual obligations as of December 31, 2010.

		Payments Due by Period			
Significant Contractual Obligations (millions) as of December 31, 2010	**Total**	**2011**	**2012-2013**	**2014-2015**	**2016 & Beyond**
Long-term Debt	$288.8	$ 0.5	$ 1.0	$ 6.5	$280.8
Interest on Long-term Debt	284.1	20.0	39.9	39.6	184.6
Gas Supply Contracts	276.0	43.5	74.0	68.0	90.5
Power Supply Contract Obligations	21.8	9.1	9.6	1.4	1.7
Other	5.6	2.0	2.4	0.9	0.3
Total Contractual Cash Obligations	$876.3	$75.1	$126.9	$116.4	$557.9

The Company and its subsidiaries have material energy supply commitments that are discussed in Note 6 to the accompanying Consolidated Financial Statements. Cash outlays for the purchase of electricity and natural gas to serve customers are subject to reconciling recovery through periodic changes in rates, with carrying charges on deferred balances. From year to year, there are likely to be timing differences associated with the cash recovery of such costs, creating under- or over-recovery situations at any point in time. Rate recovery mechanisms are typically designed to collect the under-recovered cash or refund the over-collected cash over subsequent periods of less than a year.

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit these guarantees to two years or less. As of December 31, 2010, there were approximately $36.3 million of guarantees outstanding and the longest term guarantee extends through December 31, 2012. Of this amount, $12.0 million is related to Unitil's guarantee of payment for the term of the Northern Utilities' gas storage management agreement, discussed below.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $11.7 million and $10.0 million outstanding at December 31, 2010 and 2009, respectively, related to these asset management agreements. The amount of natural gas inventory released in December 2010, which is payable in January 2011, is $3.9 million and recorded in Accounts Payable at December 31, 2010.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of December 31, 2010, the principal amount outstanding for the 8% Unitil Realty notes was $3.8 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

Benefit Plan Funding

The Company, along with its subsidiaries, made cash contributions to its Pension Plan in the amount of $4.3 million and $4.2 million in 2010 and 2009, respectively. The Company, along with its subsidiaries, contributed $3.5 million and $2.8 million to Voluntary Employee Benefit Trusts (VEBT) in 2010 and 2009, respectively. The Company, along with its subsidiaries, expects to continue to make contributions to its

Pension Plan and the VEBT's in 2011 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these other postretirement benefit costs. (See Note 10 to the accompanying Consolidated Financial Statements.)

Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements. (See Note 4 to the accompanying Consolidated Financial Statements.)

Cash Flows

Unitil's utility operations, taken as a whole, are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash for 2010 and 2009.

(millions)	2010	2009
Cash Provided by Operating Activities	**$25.9**	$50.9

Cash Provided by Operating Activities—Cash Provided by Operating Activities was $25.9 million in 2010, a decrease of ($25.0) million over the comparable period in 2009. Cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes, was $49.0 million in 2010 compared to $44.5 million in 2009, representing an increase of $4.5 million. Working capital changes in Current Assets and Liabilities resulted in a ($12.1) million net use of cash in 2010, compared to a $29.4 million net source of cash in 2009, representing a net increased use of cash of ($41.5) million primarily due to increased uses of cash in Accounts Receivable ($9.6) million, Accrued Revenue ($15.6) million, Refundable Taxes ($7.3) million, and Gas Inventory ($13.6 million). Deferred Regulatory and Other Charges resulted in a ($7.9) million use of cash in 2010, compared to a ($24.6) million use of cash in 2009. In 2010, Deferred Regulatory and Other Charges include an approximately ($7.4) million use of cash related to the funding of non-recurring deferred regulated charges related to the 2010 wind storm. In 2009, Deferred Regulatory and Other Charges include an approximately ($14.0) million use of cash related to the funding of non-recurring deferred regulated charges related to the 2008 Ice Storm. All Other, net operating activities resulted in a use of cash of ($3.1) million in 2010 compared to a source of cash of $1.6 million in 2009.

(millions)	2010	2009
Cash (Used in) Investing Activities	**$(49.6)**	$(65.6)

Cash (Used in) Investing Activities—Cash Used in Investing Activities was ($49.6) million for 2010 compared to ($65.6) million in 2009. Capital expenditures for property, plant and equipment additions were ($49.6) million in 2010 compared to ($58.7) million in 2009, representing a decreased use of cash of $9.1 million. Cash Used in Investing Activities in 2009 included ($6.9) million related to the Company's acquisition of Northern Utilities and Granite State. Capital expenditures are projected to be approximately ($57) million in 2011, primarily reflecting normal electric and gas utility system additions.

(millions)	2010	2009
Cash Provided by Financing Activities	**$24.9**	$10.9

Cash Provided by Financing Activities—Cash Provided by Financing Activities was $24.9 million in 2010 compared to $10.9 million in 2009. In 2010, sources of cash from financing activities included proceeds from issuance of long-term debt, net of $39.5 million, discussed above, proceeds from issuance of short-term debt of $2.3 million and the issuance of common stock of $0.9 million. Uses of cash included regular quarterly dividend payments on common and preferred stock of ($15.0) million, a decrease in gas inventory financing of ($2.2) million and all other financing activities which resulted in a use of ($0.6) million.

FINANCIAL COVENANTS AND RESTRICTIONS

The agreements under which the Company's and its subsidiaries' long-term debt were issued contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions and business combinations and covenants restricting the ability to (i) pay dividends, (ii) incur indebtedness and liens, (iii) merge or consolidate with another entity or (iv) sell, lease or otherwise dispose of all or substantially all assets. (See Note 4 to the accompanying Consolidated Financial Statements.)

The long-term debt and preferred stock of Unitil, Unitil Energy, Fitchburg, Northern Utilities, Granite State and Unitil Realty are privately held, and the Company does not issue commercial paper. For these reasons, the debt securities of Unitil and its subsidiaries are not publicly rated.

The Company's revolving credit facility contains customary terms and conditions for credit facilities of this type, including certain financial covenants, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter.

The Company and its subsidiaries are currently in compliance with all such covenants in these debt instruments.

DIVIDENDS

Unitil's annualized common dividend was $1.38 per common share in 2010, 2009 and 2008. Unitil's dividend policy is reviewed periodically by the Board of Directors. Unitil has maintained an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2011 meeting, the Unitil Board of Directors declared a quarterly dividend on the Company's common stock of $0.345 per share. The amount and timing of all dividend payments are subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors.

LEGAL PROCEEDINGS

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Belterman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 Ice Storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in the fall of 2011. The Company continues to believe the suit is without merit and will defend itself vigorously.

REGULATORY MATTERS

Overview (Unitil Energy, Fitchburg, and Northern Utilities)—Unitil's distribution utilities deliver electricity and/or natural gas to customers in the Company's service territories at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil Energy, Fitchburg, and Northern

Utilities recover the cost of providing distribution service to their customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. As a result of the restructuring of the utility industry in New Hampshire, Massachusetts and Maine, most Unitil customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers have the opportunity to purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers, however, continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

In connection with the implementation of retail choice, Unitil Power and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next one to four years, is $46.8 million as of December 31, 2010 including $13.3 million recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Fitchburg—Base Rate Case Filings—On January 14, 2011, Fitchburg filed a petition with the MDPU requesting approval of a comprehensive revenue decoupling proposals and for an increase in its electric and gas distribution rates. The Company's revenue decoupling proposal is modeled closely on proposals already approved by the Department for other gas and electric utilities operating in the Commonwealth of Massachusetts and is intended to facilitate the achievement of important public policy objectives of fostering energy efficiency, conservation and protecting the environment. The proposed rates are scheduled to change in conjunction with the implementation of revenue decoupling and are subject to the review and approval of the MDPU.

In its rate filing the Company made a request for an increase of $7.1 million in its electric distribution rates, including the recovery of deferred emergency storm restoration costs. The Company also proposed a rate-impact mitigation alternative offset, in whole, the electric distribution rate increase with a corresponding decrease in its Transition Charge. The Transition Charge is the means by which Fitchburg recovers its power supply-related stranded costs and other restructuring-related regulatory assets, discussed above. Any offsetting decrease in the Transition Charge would allow for the recovery of the restructuring related stranded costs over an extended term. The Company's filing included a request for an increase of $4.4 million in its gas distribution rates. The MDPU issued an order suspending and deferring the use of the rates until August 2, 2011, pending an investigation and analysis of the Company's filing.

Granite State Gas Transmission, Inc.—Base Rate Case Filing—On June 29, 2010, Granite State filed a base transportation rate increase of $2.3 million in annual revenue with the FERC, which is Granite State's first request for a rate change since its last general rate case in 1997. On July 30, 2010, the FERC ordered the rate increase to be effective on January 1, 2011, subject to refund and hearing and settlement procedures. On November 30, 2010, a settlement was filed on behalf of Granite State and all intervenors in the proceeding, resolving all issues in the docket. The settlement provides for an increase of approximately $1.7 million in annual revenue, based on new gas transportation rates to be effective January 1, 2011. The settlement was approved by the FERC on January 31, 2011.

Unitil Energy Rate Case Filing—On April 15, 2010, Unitil Energy filed a proposed base rate increase of $10.1 million, an increase of 6.5 percent above present rates. In addition, Unitil Energy's filing also included a proposed long-term rate plan establishing future rate step adjustments for utility plant investments and enhanced reliability and vegetation management program expenditures. On June 29, 2010, the NHPUC issued an order approving a temporary rate increase for Unitil Energy of $5.2 million (annual) effective July 1, 2010 which is being collected by a uniform per kilowatt-hour (kWh) surcharge of $0.00438 on each of Unitil Energy's current rate schedules. Once permanent rates are approved by the NHPUC, they will be reconciled to the date temporary rates were ordered, July 1, 2010. The Company is currently engaged in settlement proceedings regarding the permanent rate level and a long-term rate plan. A hearing in this matter is scheduled for early February 2011.

Major Wind Storm—On February 25, 2010, a significant wind storm struck portions of the New England region, causing extensive damage to electric facilities and loss of service to significant numbers of customers of several utilities. An estimated one million electric customers in the region were affected, including approximately 85% of the Unitil Energy's customers. The Company spent approximately $7.4 million for the repair and replacement of electric distribution systems damaged during the storm, including $1.5 million related to capital construction and $5.9 million which has been deferred as a regulatory asset. Unitil Energy, in its base rate case filing discussed above, has requested recovery in rates for the costs associated with the emergency repair of its electric distribution system for damage caused by this storm.

Major Ice Storm—On December 11 and 12, 2008, a severe ice storm (December 2008 Ice Storm) struck the New England region. The Company spent approximately $24.0 million for the repair and replacement of electric distribution systems damaged during the storm, including $8.6 million related to capital construction and $15.4 million which has been deferred as a regulatory asset, based on orders issued by the MDPU and NHPUC, discussed below. Also, the Company expensed $3.0 million for professional fees related to the ice storm, in addition to normal anticipated expenditures related to emergency storm preparedness. If the Company is unable to recover a significant amount of these deferred storm costs, or if the Company's recovery of these costs is significantly delayed, then the Company's financial condition or results of operations could be adversely affected.

On January 8, 2010, the NHPUC opened a docket to consider Unitil Energy's response to the December 2008 Ice Storm, including the timing of its response, its restoration priorities and strategies and the procurement and allocation of its resources in New Hampshire and Massachusetts. On September 24, 2010, the NHPUC issued its final order in this matter and closed its investigation, accepting the NHPUC Staff's report finding that Unitil Energy had acted reasonably.

On November 9, 2009, the NHPUC granted Unitil Energy's petition to defer and record as a regulatory asset costs associated with electric distribution system damage from the December 2008 Ice Storm until such time as the Commission issues a final order in Unitil Energy's pending base rate case. The order clarified that the issues of the appropriate amount of the storm related expenses to be recovered, the timing and manner of recovery, and what, if any, return should be applied to the unrecovered balance are to be reviewed in the rate case. As of December 31, 2010, Unitil Energy has deferred approximately $2.2 million associated with the repair of its electric distribution system for future recovery in rates.

On December 30, 2009, the MDPU approved Fitchburg's petition to defer and record as a regulatory asset costs associated with the repair of its electric distribution system from damage caused by the December 2008 Ice Storm for future recovery in rates. The order of approval made no findings as to whether the subject expenses were reasonable or whether they can be recovered from ratepayers, and confirmed that the MDPU will consider the subsequent ratemaking treatment of the expense as part of Fitchburg's next rate case. As of December 31, 2010, Fitchburg has deferred approximately $13.2 million associated with the repair of its electric distribution system for future recovery in rates.

The MDPU conducted an investigation of Fitchburg's preparation for, and response to, the December 2008 Ice Storm during the first half of 2009. On November 2, 2009, the MDPU issued its order with respect to its investigation, finding that Fitchburg's preparation for, and response to, the December 2008 Ice Storm constituted a failure of the Company to meet its public service obligation to provide safe and reliable service, and ordered several remedial actions. First, the MDPU ordered a comprehensive independent management audit of Fitchburg's management practices. The management audit, which is being performed by Jacobs Consultancy, Inc., began in the fourth quarter of 2010. Second, the MDPU directed Fitchburg to implement a series of operational and capital improvements which had been identified and recommended through the Company's self-assessment review. All of these operational and capital improvements have either been completed or are being implemented, and remain subject to MDPU review. Finally, the MDPU noted that the costs incurred by Fitchburg for the December 2008 Ice Storm would be subject to review in Fitchburg's next electric rate case, along with Fitchburg's rate of return.

Fitchburg—Electric Operations—On November 24, 2010, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan (the Annual Reconciliation Filing). In addition, the Standard Offer Service and Default Service Costs incurred during the seven year Standard Offer Service period that ended February 28, 2005 have been combined and recovery continues through a Transition Charge Surcharge of $0.00400 per kWh. Changes to the Pension/PBOP Adjustment, Residential Assistance Adjustment Factor, and Net Metering Recovery Surcharge were proposed in other proceedings. The rates were approved effective January 1, 2011, subject to reconciliation pending investigation by the MDPU. This matter remains pending. A final order on Fitchburg's 2009 Annual Reconciliation Filing also remains pending.

On November 12, 2009, the Governor of Massachusetts signed House Bill 4329. The bill (i) requires the MDPU to establish regulations for utilities to respond to emergencies, (ii) requires utilities to file with the MDPU annual emergency response plans, (iii) authorizes the MDPU to impose penalties for a utility's failure to comply with the MDPU's regulations, and (iv) allows the chair of the MDPU to issue operational and management directives during an emergency. The bill also authorizes the Massachusetts Attorney General to bring a court action for receivership of a small investor-owned utility where an emergency exists and the utility has materially violated the MDPU's standards for responding to emergencies. On February 2, 2010, the MDPU issued an order adopting regulations concerning the items required by House Bill 4329. On July 30, 2010, the MDPU approved Fitchburg's electric and gas Emergency Response Plans.

Fitchburg—Gas Operations—On November 2, 2009 the MDPU issued an order finding that Fitchburg engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's gas purchasing practices were imprudent. As a result, the MDPU required Fitchburg to refund $4.6 million of natural gas costs, plus an appropriate carrying charge based on the prime lending rate, to its gas customers. The Company recorded a pre-tax charge of $4.9 million in the fourth quarter of 2009 based on the MDPU's order. On November 30, 2009, the MDPU approved Fitchburg's proposal to amortize its refund of natural gas costs to customers over a five-year period. Fitchburg has appealed the gas procurement order to the Massachusetts Supreme Judicial Court (SJC). Fitchburg believes that its gas-procurement practices were consistent with those of other Massachusetts natural gas distribution companies and all relevant MDPU rules and orders and Massachusetts law. The Company filed its Initial brief in this matter on January 10, 2011. This appeal remains pending before the Massachusetts SJC.

Fitchburg—Other—On February 11, 2009, the Massachusetts SJC issued its decision in the Attorney General's (AG) appeal of the MDPU orders relating to Fitchburg's recovery of bad debt expense. The Massachusetts SJC agreed with the AG that the MDPU was required to hold hearings regarding changes in Fitchburg's tariff and rates, and on that basis vacated the MDPU orders. The Massachusetts SJC, however, declined to rule on an appropriate remedy, and remanded the cases back to the MDPU for consideration of that issue. This matter remains pending before the MDPU.

On July 2, 2008, the Governor of Massachusetts singed into law "The Green Communities Act" (the GC Act), an energy policy statute designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, special tariffs to allow the net metering of customer-owned renewable generation, and terms and conditions for purchasing supplier receivables. Three year energy efficiency investment plans, plans to establish smart grid pilot programs, and net metering tariffs have been approved by the MDPU. Proposals to purchase long-term contracts for renewable energy and terms and conditions for purchasing supplier receivables are under review in a separately designated docket.

On March 1, 2010, Fitchburg submitted its annual filing to the MDPU of the 2009 Service Quality Reports for both its gas and electric divisions. On October 20, 2010, the MDPU issued its order with respect to Fitchburg's gas division's Report and noted that Fitchburg met or exceeded its established benchmarks in all Service Quality measures, that Fitchburg's performance was consistent with the MDPU's Service

Quality Guidelines and Fitchburg's Service Quality plan. An order on Fitchburg's electric division's Service Quality plan has not yet been issued and the matter remains pending.

Unitil Energy—Other—In July 2008, the State of New Hampshire enacted legislation that allows electric utilities to make investments in distributed energy resources, including energy efficiency and demand reduction technologies, as well as clean cogeneration and renewable generation. On August 5, 2009 Unitil Energy filed a plan for approval of investment in and rate recovery for Distributed Energy Resources (DER). An order approving a settlement agreement for a time-of-use pilot program was issued on February 26, 2010. On June 11, 2010, the NHPUC issued an order on the remaining two proposed projects and cost recovery. The NHPUC denied one of the two projects, citing that the costs outweighed the benefits but found the other project to be in the public interest. On November 1, 2010 Unitil Energy filed adjustments to base distribution rates to collect actual costs associated with authorized DER projects. This matter remains pending.

On June 17, 2010, Unitil Energy made its annual reconciliation and rate filing with the NHPUC under its restructuring plan, for rates effective August 1, 2010, including reconciliation of prior year costs and revenues. On July 30, 2010, the NHPUC approved the rate filing and reconciliation.

Northern Utilities—On November 21, 2008, the MPUC issued an order approving a settlement agreement resolving a number of Notices of Probable Violation (NOPVs) of certain safety related procedures and rules by Northern Utilities. Under the Settlement, Northern Utilities will incur total expenditures of approximately $3.8 million for safety related improvements to Northern Utilities' distribution system to ensure compliance with the relevant state and federal gas safety laws, for which no rate recovery will be allowed. These compliance costs were accrued by Northern Utilities prior to the acquisition date and the remaining amount on the Company's consolidated balance sheet at December 31, 2010 was $0.7 million.

On June 27, 2008 the MPUC opened an investigation of Northern Utilities' cast iron pipe replacement activities and the benefits of an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. In an order issued on July 30, 2010, the MPUC approved a Settlement Agreement resolving this matter, filed on behalf of Northern Utilities, the Maine Office of the Public Advocate, and several state legislator intervenors, which was filed with the MPUC on July 6, 2010. Under the Agreement, Northern Utilities will proceed with a comprehensive upgrade and replacement program (the Program), which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The Agreement establishes the objective of completing the Program by the end of the 2024 construction season. Under the Agreement, the parties agreed to support a cost recovery mechanism that will provide for the timely recovery of prudently-incurred costs of the Program. The features of this cost recovery mechanism will be finalized during Northern Utilities' next base rate case proceeding, which is anticipated to be filed in early 2011.

ENVIRONMENTAL MATTERS

Unitil's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2010, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed. Also, see Note 6 to the accompanying consolidated financial statements.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. In addition, Fitchburg has filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and expects to receive these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Northern Utilities' Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Also, see Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Environmental Matters and Note 6 to the accompanying Consolidated Financial Statements for additional information on Environmental Matters.

EMPLOYEES AND EMPLOYEE RELATIONS

As of December 31, 2010, the Company and its subsidiaries had 437 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of December 31, 2010, 150 of the Company's employees were represented by labor unions. These employees are covered by four separate collective bargaining agreements which expire on March 31, 2012, May 31, 2012, May 31, 2013 and June 5, 2014. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. In making those estimates and assumptions, the Company is sometimes required to make difficult, subjective and/or complex judgments about the impact of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. The following is a summary of the Company's most critical accounting policies, which are defined as those policies where judgments or uncertainties could materially affect the application of those policies. For a complete discussion of the Company's significant accounting policies, refer to the financial statements and Note 1: Summary of Significant Accounting Policies.

Regulatory Accounting—The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the Financial Accounting Standards Board Accounting Standards Codification (FASB Codification). In accordance with the FASB Codification, the Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

The FASB Codification specifies the economic effects that result from the cause and effect relationship of costs and revenues in the rate-regulated environment and how these effects are to be accounted for by a regulated enterprise. Revenues intended to cover some costs may be recorded either before or after the costs are incurred. If regulation provides assurance that incurred costs will be recovered in the future, these costs would be recorded as deferred charges or "regulatory assets." If revenues are recorded for costs that are expected to be incurred in the future, these revenues would be recorded as deferred credits or "regulatory liabilities."

The Company's principal regulatory assets and liabilities are included on the Company's Consolidated Balance Sheet and a summary of the Company's Regulatory Assets is provided in Note 1 thereto. The Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements.

The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Utility Revenue Recognition—Regulated utility revenues are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

Allowance for Doubtful Accounts—The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

Retirement Benefit Obligations—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The FASB Codification requires companies to record on their balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates.

The Company's RBO and reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO are affected by actual employee demographics, the level of contributions made to the plans, earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs. If these assumptions were changed, the resultant change in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material impact on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on a market average of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. For the years ended December 31, 2010 and 2009, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $300,000 and $300,000, respectively, in the Net Periodic Benefit Cost for the Pension Plan. For the years ended December 31, 2010 and 2009, a 1.0% increase in the assumption of health care cost trend rates would have resulted in increases in the Net Periodic Benefit Cost for the PBOP Plan of $728,000 and $735,000, respectively. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for those same time periods would have resulted in decreases in the Net Periodic Benefit Cost for the PBOP Plan of $565,000 and $576,000, respectively. (See Note 10 to the accompanying Consolidated Financial Statements).

Income Taxes—The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's consolidated balance sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Depreciation—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements.

Commitments and Contingencies—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2010, the Company is not aware of any material commitments or contingencies other than those disclosed in the Significant Contractual Obligations table in the Contractual Obligations section above and the Commitments and Contingencies footnote to the Company's consolidated financial statements below.

Refer to "Recently Issued Accounting Pronouncements" in Note 1 of the Notes of Consolidated Financial Statements for information regarding recently issued accounting standards.

For further information regarding these types of activities, see Note 1, "Summary of Significant Accounting Policies," Note 8, "Income Taxes," Note 5, "Energy Supply," Note 10, "Retirement Benefit Plans," and Note 6, "Commitment and Contingencies," to the consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Please also refer to Item 1A. "Risk Factors".

INTEREST RATE RISK

As discussed above, Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of debt outstanding represents long-term notes bearing fixed rates of interest. Changes in market interest rates do not affect interest expense resulting from these outstanding long-term debt securities. However, the Company periodically repays its short-term debt borrowings through the issuance of new long-term debt securities. Changes in market interest rates may affect the interest rate and corresponding interest expense on any new issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was $25 million for the period of one year, a change in interest rates of 1% would result in a change in annual interest expense of approximately $250,000. The average interest rate on short-term borrowings was 2.3%, 3.4%, and 3.8% during 2010, 2009, and 2008, respectively.

MARKET RISK

Although Unitil's three distribution utilities 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 electric power and natural gas supply costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed above and below in Regulatory Matters, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Unitil Corporation and subsidiaries:

We have audited the accompanying consolidated balance sheet of Unitil Corporation and subsidiaries (the Company) as of December 31, 2010, and the related consolidated statements of earnings, cash flows and changes in common stock equity for the year then ended. We also have audited Unitil Corporation and subsidiaries' internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audit of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that *(a)* pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; *(b)* provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and *(c)* provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Unitil Corporation and subsidiaries as of December 31, 2010, and the consolidated results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, Unitil Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ McGladrey & Pullen, LLP
Boston, Massachusetts
February 3, 2011

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Unitil Corporation and subsidiaries:

We have audited the accompanying consolidated balance sheet of Unitil Corporation and subsidiaries (the Company) as of December 31, 2009 and the related consolidated statements of earnings, cash flows and changes in common stock equity for each of the years ended December 31, 2009 and 2008. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that 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, 2009, and the consolidated results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.

/s/ Caturano and Company, Inc.
Boston, Massachusetts
February 10, 2010

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CONSOLIDATED STATEMENTS OF EARNINGS

(Millions, except common shares and per share data)

Year Ended December 31,	2010	2009	2008
Operating Revenues:			
Gas	**$ 150.1**	$152.8	$ 56.9
Electric	**203.7**	209.9	227.5
Other	**4.6**	4.3	3.8
Total Operating Revenues	**358.4**	367.0	288.2
Operating Expenses:			
Purchased Gas	**90.5**	96.4	37.3
Purchased Electricity	**137.7**	151.6	170.1
Operation and Maintenance	**48.8**	44.7	27.5
Conservation & Load Management	**8.8**	5.0	2.8
Depreciation and Amortization	**28.9**	27.4	19.1
Provisions for Taxes:			
Local Property and Other	**11.2**	10.4	6.3
Federal and State Income	**4.5**	5.4	4.6
Total Operating Expenses	**330.4**	340.9	267.7
Operating Income	**28.0**	26.1	20.5
Other Non-Operating Expenses	**0.3**	0.3	0.3
Income Before Interest Expense	**27.7**	25.8	20.2
Interest Expense, net	**18.1**	15.8	10.5
Net Income	**9.6**	10.0	9.7
Less Dividends on Preferred Stock	**0.1**	0.1	0.1
Earnings Applicable to Common Shareholders	**$ 9.5**	$ 9.9	$ 9.6
Average Common Shares Outstanding (000's)—Basic	**10,823**	9,647	5,830
Average Common Shares Outstanding (000's)—Diluted	**10,824**	9,647	5,830
Earnings per Common Share—Basic and Diluted	**$ 0.88**	$ 1.03	$ 1.65

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

CONSOLIDATED BALANCE SHEETS *(Millions)*

ASSETS

December 31,	**2010**	**2009**
Utility Plant:		
Electric	**$321.5**	$302.3
Gas	**360.1**	325.5
Common	**30.2**	28.9
Construction Work in Progress	**16.6**	26.0
Utility Plant	**728.4**	682.7
Less: Accumulated Depreciation	**251.9**	233.0
Net Utility Plant	**476.5**	449.7
Current Assets:		
Cash	**8.9**	7.7
Accounts Receivable, net	**36.9**	33.5
Accrued Revenue	**46.7**	44.0
Refundable Taxes	**7.5**	1.7
Gas Inventory	**10.6**	14.3
Material and Supplies	**2.9**	2.6
Prepayments and Other	**3.6**	3.0
Total Current Assets	**117.1**	106.8
Noncurrent Assets:		
Regulatory Assets	**143.0**	144.5
Other Noncurrent Assets	**23.0**	24.2
Total Noncurrent Assets	**166.0**	168.7
TOTAL ASSETS	**$759.6**	$725.2

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

CONSOLIDATED BALANCE SHEETS (cont.) *(Millions)*

CAPITALIZATION AND LIABILITIES

December 31,	2010	2009
Capitalization:		
Common Stock Equity	**$189.0**	$193.1
Preferred Stock	**2.0**	2.0
Long-Term Debt, Less Current Portion	**288.3**	248.9
Total Capitalization	**479.3**	444.0
Current Liabilities:		
Long-Term Debt, Current Portion	**0.5**	0.4
Accounts Payable	**26.5**	25.1
Short-Term Debt	**66.8**	64.5
Energy Supply Contract Obligations	**17.0**	23.1
Other Current Liabilities	**16.1**	16.6
Total Current Liabilities	**126.9**	129.7
Deferred Income Taxes	**43.8**	39.8
Noncurrent Liabilities:		
Energy Supply Contract Obligations	**12.6**	21.7
Retirement Benefit Obligations	**74.0**	65.5
Environmental Obligations	**14.5**	14.3
Other Noncurrent Liabilities	**8.5**	10.2
Total Noncurrent Liabilities	**109.6**	111.7
TOTAL CAPITALIZATION AND LIABILITIES	**$759.6**	$725.2

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

CONSOLIDATED STATEMENTS OF CASH FLOWS *(Millions)*

Year Ended December 31,	2010	2009	2008
Operating Activities:			
Net Income	**$ 9.6**	$ 10.0	$ 9.7
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:			
Depreciation and Amortization	**28.9**	27.4	19.1
Deferred Taxes Provision	**10.5**	7.1	7.4
Changes in Working Capital Items:			
Accounts Receivable	**(3.4)**	6.2	(6.4)
Accrued Revenue	**(2.7)**	12.9	(10.3)
Refundable Taxes	**(5.8)**	1.5	(2.5)
Gas Inventory	**3.7**	17.3	—
Accounts Payable	**1.4**	(3.4)	11.4
Other Changes in Working Capital Items	**(5.3)**	(5.1)	7.1
Deferred Regulatory and Other Charges	**(7.9)**	(24.6)	2.6
Other, net	**(3.1)**	1.6	9.2
Cash Provided by Operating Activities	**25.9**	50.9	47.3
Investing Activities:			
Property, Plant and Equipment Additions	**(49.6)**	(58.7)	(28.3)
Acquisitions, net (See Note 2)	**—**	(6.9)	(209.9)
Cash (Used In) Investing Activities	**(49.6)**	(65.6)	(238.2)
Financing Activities:			
Proceeds from (Repayment of) Short-Term Debt, net	**2.3**	(9.6)	55.3
Proceeds from Issuance (Repayment) of Long-Term Debt, net	**39.5**	(0.4)	89.6
Net Increase (Decrease) in Gas Inventory Financing	**(2.2)**	(21.8)	24.0
Dividends Paid	**(15.0)**	(13.2)	(8.0)
Proceeds from Issuance of Common Stock	**0.9**	56.4	37.4
Other, net	**(0.6)**	(0.5)	(0.5)
Cash Provided by Financing Activities	**24.9**	10.9	197.8
Net Increase (Decrease) in Cash	**1.2**	(3.8)	6.9
Cash at Beginning of Year	**7.7**	11.5	4.6
Cash at End of Year	**$ 8.9**	$ 7.7	$ 11.5
Supplemental Information:			
Interest Paid	**$ 20.5**	$ 19.3	$ 12.5
Income Taxes Paid (Refunded)	**$ 2.3**	$ (3.8)	$ (0.5)

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

CONSOLIDATED STATEMENTS OF
CHANGES IN COMMON STOCK EQUITY

(Millions)

	Common Equity	Retained Earnings	Total
Balance at January 1, 2008	$ 65.3	$ 35.1	**$100.4**
Net Income for 2008		9.7	**9.7**
Dividends		(8.0)	**(8.0)**
Shares Issued Under Stock Plans	0.4		**0.4**
Issuance of 32,754 Common Shares	0.8		**0.8**
Issuance of 2,000,000 Common Shares (See Note 3)	36.2		**36.2**
Balance at December 31, 2008	102.7	36.8	**139.5**
Net Income for 2009		10.0	**10.0**
Dividends		(13.2)	**(13.2)**
Shares Issued Under Stock Plans	0.4		**0.4**
Issuance of 43,615 Common Shares	0.9		**0.9**
Issuance of 2,970,000 Common Shares (See Note 3)	55.5		**55.5**
Balance at December 31, 2009	159.5	33.6	**193.1**
Net Income for 2010		9.6	**9.6**
Dividends		(15.0)	**(15.0)**
Shares Issued Under Stock Plans	0.4		**0.4**
Issuance of 41,455 Common Shares	0.9		**0.9**
Balance at December 31, 2010	$160.8	$ 28.2	**$189.0**

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

Note 1: Summary of Significant Accounting Policies

Nature of Operations—Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite State), Unitil Power Corp. (Unitil Power), Unitil Realty Corp. (Unitil Realty), Unitil Service Corp. (Unitil Service) and its non-regulated business unit Unitil Resources, Inc. (Unitil Resources). Usource, Inc. and Usource L.L.C. are subsidiaries of Unitil Resources.

On December 1, 2008, the Company purchased: (i) all of the outstanding capital stock of Northern Utilities, a natural gas distribution utility serving customers in Maine and New Hampshire, from Bay State Gas Company (Bay State) and (ii) all of the outstanding capital stock of Granite State, an interstate gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource, Inc. (NiSource). Bay State is a wholly-owned subsidiary of NiSource.

As a result of the acquisitions of Northern Utilities and Granite State, consolidated results for the Company in the current period may not be directly comparable to prior period results until such time as the acquisitions are fully reflected in all reporting periods. In particular, the Company expects that consolidated results of operations in future reporting periods will reflect to a greater degree the seasonal nature of natural gas sales by the acquired operating utilities. Accordingly, the Company expects that as a result of the acquisitions, consolidated results of operations will be positively affected during the first and fourth quarters, and negatively affected during the second and third quarters of future reporting years.

Unitil's principal business is the local distribution of electricity in the southeastern seacoast and capital city areas of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the "distribution utilities").

Granite State is an interstate natural gas transmission pipeline company, operating 87 miles of underground gas transmission pipeline primarily located in Maine, New Hampshire and Massachusetts. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third-party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy's customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly-owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to large commercial and industrial customers in the northeastern United States.

Basis of Presentation

Principles of Consolidation—The Company's consolidated financial statements include the accounts of Unitil and all of its wholly-owned subsidiaries and all intercompany transactions are eliminated in consolidation. The operations of Northern Utilities and Granite State are included in the Company's consolidated financial statements from December 1, 2008 through December 31, 2010.

Regulatory Accounting—The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the Massachusetts Department of Public Utilities (MDPU), Unitil Energy is regulated by the New Hampshire Public Utilities Commission (NHPUC) and Northern Utilities is regulated by the Maine Public Utilities Commission (MPUC) and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the Financial Accounting Standards Board Accounting Standards Codification (FASB Codification). The Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

	December 31,	
Regulatory Assets consist of the following (millions)	**2010**	**2009**
Energy Supply Contract Obligations	**$ 21.7**	$ 34.7
Deferred Restructuring Costs	**25.0**	28.3
Subtotal—Restructuring Related Items	**46.7**	63.0
Retirement Benefit Obligations	**47.1**	43.7
Income Taxes	**12.7**	14.5
Environmental Obligations	**20.3**	22.7
Deferred Storm Charges	**21.0**	14.6
Other	**10.9**	7.9
Total Regulatory Assets	**$158.7**	$166.4
Less: Current Portion of Regulatory Assets (1)	**15.7**	21.9
Regulatory Assets—noncurrent	**$143.0**	$144.5

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

The Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Cash—Cash includes all cash and cash equivalents to which the Company has legal title. Cash equivalents include short-term investments with original maturities of three months or less and interest bearing deposits. The Company's cash and cash equivalents are held at financial institutions and at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Under the Independent System Operator—New England (ISO-NE) Financial Assurance Policy (Policy), Unitil's affiliates Unitil Energy, Fitchburg and Unitil Power are required to provide assurance of their ability to satisfy their obligations to ISO-NE. Under this Policy, Unitil's affiliates provide cash deposits covering approximately 2-1/2 months of outstanding obligations. On December 31, 2010 and 2009, the Unitil affiliates had deposited $7.0 million and

$4.5 million, respectively to satisfy their ISO-NE obligations. In addition, Northern Utilities has cash margin deposits to satisfy requirements for its natural gas hedging program. On December 31, 2010 and 2009, there was $1.5 million and $2.9 million, respectively, deposited for this purpose.

Goodwill and Intangible Assets—As a result of the acquisitions of Northern Utilities and Granite State, the Company recognized a bargain purchase adjustment as a reduction to Utility Plant, to be amortized over a ten year period, beginning with the date of the Acquisitions, as authorized by regulators. (See Note 2).

Off-Balance Sheet Arrangements—As of December 31, 2010, the Company does not have any significant arrangements that would be classified as Off-Balance Sheet Arrangements. In the ordinary course of business, the Company does contract for certain office equipment, vehicles and other equipment under operating leases (See Note 4).

Derivatives—The Company has a regulatory approved hedging program for Northern Utilities designed to fix a portion of its gas supply costs for the coming year of service. In order to fix these costs, the Company purchases natural gas futures contracts on the New York Mercantile Exchange (NYMEX) that correspond to the associated delivery month. Any gains or losses resulting from the change in the fair value of these derivatives are passed through to ratepayers directly through a regulatory commission approved recovery mechanism. The fair value of these derivatives is determined using Level 2 inputs (valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived principally from market data), specifically based on the NYMEX closing prices for outstanding contracts as of the balance sheet date. As a result of the ratemaking process, the Company records gains and losses resulting from the change in fair value of the derivatives as regulatory liabilities or assets, then reclassifies these gains or losses into Purchased Gas when the gains and losses are passed through to customers in accordance with rate reconciling mechanisms.

As of December 31, 2010 and December 31, 2009, the Company had 1.3 billion and 1.9 billion cubic feet (BCF), respectively, outstanding in natural gas purchase contracts under its hedging program.

The tables below show derivatives, which are part of the regulatory approved hedging program, that are not designated as hedging instruments, under FASB ASC 815-20. As discussed above, the change in fair value related to these derivatives is recorded initially as a Regulatory Asset then reclassified to Purchased Gas in accordance with the recovery mechanism. The tables below include disclosure of the Regulatory Asset and reclassifications from the Regulatory Asset into Purchased Gas.

Fair Value Amount (millions) Offset in Regulatory Assets [1], as of:

		Fair Value	
Description	**Balance Sheet Location**	**December 31, 2010**	**December 31, 2009**
Natural Gas Futures Contracts	Other Current Liabilities	$0.8	$2.2
Natural Gas Futures Contracts	Other Noncurrent Liabilities	0.2	0.1
Total		$1.0	$2.3

(1) The current portion of Regulatory Assets are recorded as Accrued Revenue on the Company's Consolidated Balance Sheets.

	Twelve Months Ended December 31,	
(millions)	**2010**	**2009**
Amount of (Gain)/Loss Recognized in Regulatory Assets for Derivatives:		
Natural Gas Futures Contracts	$3.9	$5.9
Amount of Loss Reclassified into Consolidated Statements of Earnings [2]:		
Purchased Gas	$5.2	$9.3

(2) These amounts are offset in the Consolidated Statements of Earnings with the recognition of accrued revenue as a component of Gas Operating Revenue and therefore there is no effect on earnings.

Utility Revenue Recognition—Regulated utility revenues are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

Revenue Recognition—Non-regulated Operations—Usource, Unitil's competitive energy brokering subsidiary, records energy brokering revenues based upon the estimated amount of electricity and gas delivered to customers through the end of the accounting period.

Allowance for Doubtful Accounts—The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company.

Retirement Benefit Obligations—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The Company records on its balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates. (See Note 10.)

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and requires disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Commitments and Contingencies—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2010, the Company is not aware of any material commitments or contingencies other than those disclosed in the Commitments and Contingencies footnote to the Company's consolidated financial statements below. (See Note 6).

Utility Plant—The cost of additions to Utility Plant and the cost of renewals and betterments are capitalized. Cost consists of labor, materials, services and certain indirect construction costs, including an allowance for funds used during construction (AFUDC). The average interest rates applied to AFUDC were 2.25%, 3.24% and 4.58% in 2010, 2009 and 2008, respectively. The costs of current repairs and minor replacements are charged to appropriate operating expense accounts. The original cost of utility plant retired or otherwise disposed of and the cost of removal, less salvage, are charged to the accumulated provision for depreciation. The Company includes in its mass asset depreciation rates, which are periodically reviewed as part of its ratemaking proceedings, depreciation amounts to provide for future negative salvage value. At

December 31, 2010 and 2009, the Company estimates that the negative salvage value of future retirements recorded on the consolidated balance sheet in Accumulated Depreciation is $35.5 million and $37.2 million, respectively.

Depreciation and Amortization—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets, and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements. 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: 2010 – 3.99%, 2009 – 4.02% and 2008 – 3.94%.

Gas Inventory—The weighted average cost methodology is used to value natural gas in storage.

Environmental Matters—The Company's past and present operations include activities that are generally subject to extensive federal and state environmental laws and regulations. The Company has or will recover substantially all of the costs of the environmental remediation work performed to date from customers or from its insurance carriers. The Company believes it is in compliance with all applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2010, there are no material losses that would require additional liability reserves to be recorded other than those disclosed in Note 6, Commitments and Contingencies. Changes in future environmental compliance regulations or in future cost estimates of environmental remediation costs could have a material effect on the Company's financial position if those amounts are not recoverable in regulatory rate mechanisms.

Stock-based Employee Compensation—Unitil accounts for stock-based employee compensation using the fair value-based method (See Note 3).

Sales and Consumption Taxes—The Company bills its customers sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's Consolidated Statements of Earnings.

Income Taxes—The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's consolidated balance sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Dividends—The Company's dividend policy is reviewed periodically by the Board of Directors. The amount and timing of all dividend payments is subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors. For the years ended December 31, 2010, 2009 and 2008, the Company paid a dividend at an annual rate of $1.38 per common share.

Other Recently Issued Pronouncements—There are no recently issued pronouncements that the Company has not already adopted.

Subsequent Events—The Company evaluates all events or transactions through the date of the related filing. During the period for this filing, the Company did not have any material subsequent events that impacted its consolidated financial statements.

Reclassifications—Certain amounts previously reported have been reclassified to improve the financial statements' presentation and to conform to current year presentation.

Note 2: Acquisitions

On December 1, 2008, the Company purchased (i) all of the outstanding capital stock of Northern Utilities, a natural gas distribution utility serving customers in Maine and New Hampshire, from Bay State and (ii) all of the outstanding capital stock of Granite State, an interstate gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource pursuant to the Stock Purchase Agreement (SPA) dated as of February 15, 2008 by and among NiSource, Bay State, and Unitil. The aggregate purchase price for the Acquisitions was $209.2 million, comprised of $160 million in cash, plus an additional working capital adjustment of $49.2 million. The largest component of working capital was approximately $30.0 million of natural gas storage inventory.

The Company accounted for the Acquisitions under the purchase method of accounting for business combinations, in accordance with FASB Statement No. 141, "Business Combinations" ("SFAS No. 141") and the FASB Codification on business combinations. As the fair value of the net assets acquired exceeded the purchase price, the Company recognized a bargain purchase price (Plant Acquisition Adjustment or PAA) at December 1, 2008. The bargain purchase amount was recorded as a reduction of Utility Plant on the Company's Consolidated Balance Sheet and in accordance with regulatory settlements, is being amortized over ten years.

In accordance with settlement agreements between the Company, the NHPUC and the MPUC regarding the Acquisitions, the Company has agreed (i) not to seek recovery of transaction and transition costs in rates and (ii) for regulatory accounting purposes, to amortize, over a ten year period, the transaction and transition costs co-terminus with the Plant Acquisition Adjustment.

Note 3: Equity

The Company has both common and preferred stock outstanding. Details regarding these forms of capitalization follow:

Common Stock

The Company's common stock trades under the symbol, "UTL".

The Company had 10,890,262, and 10,836,759 of common shares outstanding at December 31, 2010 and December 31, 2009, respectively.

Unitil Corporation Common Stock Offering—On December 15, 2008, the Company issued and sold 2,000,000 shares of its common stock at a price of $20.00 per share in a registered public offering (2008 Offering). As part of this 2008 common stock offering, the underwriters exercised an over-allotment option and purchased an additional 270,000 shares of the Company's common stock in January 2009. The Company's net increase to Common Equity and Cash proceeds from the 2008 Offering including the over-allotment were approximately $41.9 million. On May 27, 2009, the Company issued and sold 2,400,000 shares of its common stock at a price of $20.00 per share in a registered public offering (2009 Offering). As part of the 2009 Offering, the underwriters exercised an over-allotment option and purchased an additional 300,000 shares of the Company's common stock in June 2009. The Company's net increase to Common Equity and Cash proceeds from the 2009 Offering including the over-allotment were approximately $51.2 million. The combined total net increase to Common Equity and Cash proceeds from the 2008 Offering and 2009 Offering of $93.1 million (after payment of underwriting discount, but excluding offering expenses) were used to (i) repay all amounts outstanding under the bank credit facility that the Company used to partially finance the acquisition of Northern Utilities and Granite State which closed on December 1, 2008, and related transaction costs and expenses and (ii) for other general corporate purposes, including capital contributions to Unitil's distribution utilities and repayment of short-term debt.

Dividend Reinvestment and Stock Purchase Plan—During 2010, the Company sold 41,455 shares of its common stock, at an average price of $21.88 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) plans resulting in net proceeds of $0.9 million. The DRP 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. During 2009 and 2008, the Company raised $0.9 million and $0.8 million, respectively, of additional common equity through the issuance of 43,615 and 32,754 shares, respectively, of its common stock in connection with its DRP and 401(k) plans.

Shares Repurchased, Cancelled and Retired—During 2010, 2009 and 2008, Unitil did not repurchase, cancel or retire any of its common stock.

Stock-Based Compensation Plans—Unitil maintains a Restricted Stock plan and two stock option plans, which provided for the granting of options to key employees. The Company accounts for its stock-based compensation plans in accordance with the provisions of the FASB Codification and recognizes compensation costs at fair value at the date of grant. Details of the plans are as follows:

Restricted Stock Plan—The Company has a Restricted Stock Plan (the Plan). Participants in the Plan are selected by the Compensation Committee of the Board of Directors from the eligible Participants to receive an annual award of restricted shares of Company common stock. The Compensation Committee has the power to determine the sizes of awards; determine the terms and conditions of awards in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the Plan as they apply to participants; establish, amend, or waive rules and regulations for the Plan's administration as they apply to participants; and, subject to the provisions of the Plan, amend the terms and conditions of any outstanding award to the extent such terms and conditions are within the discretion of the Compensation Committee as provided for in the Plan. Awards fully vest over a period of four years at a rate of 25% each year.

During the vesting period, dividends on restricted shares underlying the award may be credited to the participant's account. Awards may be grossed up to offset the participant's tax obligations in connection with the award. Prior to the end of the vesting period, the restricted shares are subject to forfeiture if the participant ceases to be employed by the Company other than due to the participant's death. The maximum number of shares of Restricted Stock available for awards to participants under the Plan is 177,500. The maximum aggregate number of shares of Restricted Stock that may be awarded in any one calendar year to any one participant is 20,000. In the event of any change in capitalization of the Company, the Compensation Committee is authorized to make proportionate adjustments to prevent dilution or enlargement of rights, including, without limitation, an adjustment in the maximum number and kinds of shares available for awards and in the annual award limit.

Restricted shares issued for 2008 – 2010 in conjunction with the Plan are presented in the following table:

Issuance Date	Shares	Aggregate Market Value (millions)
2/6/08	15,540	$0.4
2/17/09	32,260	$0.7
2/5/10	12,520	$0.3

The compensation expense associated with the issuance of shares under the Plan is being recorded over the vesting period and was $0.5 million, $0.7 million and $0.5 million in 2010, 2009 and 2008, respectively. There were 29,521 and 33,727 non-vested shares under the Plan as of December 31, 2010 and 2009, respectively. The weighted average grant date fair value of these shares was $21.77 and $22.68, respectively. At December 31, 2010, there was approximately $0.8 million of total unrecognized compensation cost under the Plan which is expected to be recognized over approximately 2.5 years. There were 472 restricted shares forfeited under the Plan during 2010. There were no cancellations under the Plan during 2010.

Unitil Corporation 1998 Stock Option Plan—The "Unitil Corporation 1998 Stock Option Plan" became effective on December 11, 1998 and was terminated by the Board of Directors on January 16, 2003. The number of shares granted under this plan, as well as the terms and conditions of each grant, were determined by the Compensation Committee of the Board of Directors, subject to plan limitations. All options that were granted under this plan vested over a three-year period from the date of the grant, with 25% vesting on the first anniversary of the grant, 25% vesting on the second anniversary, and 50% vesting on the third anniversary. Under the terms of the plan, key employees were granted options to purchase the Company's common stock at no less than 100% of the market price on the date the option is granted. All options had to be exercised no later than 10 years after the date on which they were granted.

There was no compensation expense associated with this plan in 2010, 2009 and 2008. The plan has remained in effect solely for the purposes of the continued administration of any options outstanding under the plan. No further grants of options have been made under this plan since it was terminated by the Board of Directors in 2003. As of December 31, 2010, 2009 and 2008, there was no aggregate intrinsic value of the options exercisable.

	2010		2009		2008	
	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price
Beginning Options Outstanding	**63,500**	**$28.90**	97,200	$27.16	107,000	$27.13
Options Granted	**—**	**—**	—	—	—	—
Options Exercised	**—**	**—**	—	—	(3,300)	$24.51
Options Forfeited/Expired	**(30,500)**	**$32.17**	(33,700)	$23.88	(6,500)	$27.99
Ending Options Outstanding	**33,000**	**$25.88**	63,500	$28.90	97,200	$27.16
Options Vested and Exercisable-end of year	**33,000**	**$25.88**	63,500	$28.90	97,200	$27.16

The following summarizes certain data for the options outstanding at December 31, 2010:

Range of Exercise Prices	Options Vested, Exercisable and Outstanding	Weighted Average Exercise Price	Remaining Contractual Life
$25.00-$29.99	33,000	$25.88	0.1 years

The remaining 33,000 options outstanding under the Plan at December 31, 2010 expired without being exercised.

Preferred Stock

Two of Unitil's distribution companies, Unitil Energy and Fitchburg, have $2.0 million of preferred stock outstanding. At December 31, 2010, Unitil Energy has $0.2 million of 6.00% Series Non-Redeemable, Non-Cumulative Preferred Stock series outstanding and Fitchburg has two series of Redeemable, Cumulative Preferred Stock outstanding, $0.8 million of 5.125% Series and $1.0 million of 8.00% Series.

Fitchburg is 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. In addition, Fitchburg may opt to redeem the Redeemable, Cumulative Preferred Stock at a given redemption price, plus accrued dividends.

The aggregate purchases of Redeemable, Cumulative Preferred Stock during 2010, 2009 and 2008 related to the annual redemption offer were $25,000, $26,000 and $21,200, respectively. The aggregate amount of sinking fund requirements of the Redeemable, Cumulative Preferred Stock for each of the five years following 2010 is $117,000 per year.

Earnings Per Share

The following table reconciles basic and diluted earnings per share.

(Millions except shares and per share data)	2010	2009	2008
Earnings Available to Common Shareholders	**$ 9.5**	$ 9.9	$ 9.6
Weighted Average Common Shares Outstanding—Basic (000's)	**10,823**	9,647	5,830
Plus: Diluted Effect of Incremental Shares (000's)	**1**	—	—
Weighted Average Common Shares Outstanding—Diluted (000's)	**10,824**	9,647	5,830
Earnings per Share—Basic and Diluted	**$ 0.88**	$ 1.03	$ 1.65

Weighted average options to purchase 33,000, 63,500 and 97,200 shares of common stock were outstanding during 2010, 2009 and 2008, respectively, but were not included in the computation of Weighted Average Common Shares Outstanding for purposes of computing diluted earnings per share, because the effect would have been antidilutive. Additionally, 6,164, 28,963 and 15,985 weighted average non-vested restricted shares for 2010, 2009 and 2008, respectively, were not included in the above computation because the effect would have been antidilutive.

Note 4: Long-Term Debt, Credit Arrangements, Leases and Guarantees

The Company funds a portion of its operations through the issuance of long-term debt and through short-term borrowings under its revolving credit facility. The Company's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their machinery, vehicles and office equipment. Details regarding long-term debt, short-term debt and leases follow:

Long-Term Debt and Interest Expense

Long-Term Debt Structure and Covenants—The agreements under which the long-term debt of Unitil and its utility subsidiaries, Unitil Energy, Fitchburg, Northern Utilities, and Granite State, were issued contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions and business combinations, as described below.

The long-term debt of Unitil is issued under Unsecured Promissory Notes with negative pledge provisions. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for Unitil to issue new long-term debt, the covenants of the existing long-term agreement(s) must be satisfied, including that Unitil have total funded indebtedness less than 70% of total capitalization, and earnings available for interest equal to at least two times the interest charges for funded indebtedness. Each future senior long-term debt issuance of Unitil will rank pari passu with all other senior unsecured long-term debt issuances. The Unitil agreement requires that if Unitil defaults on any other future long-term debt agreement(s), it would constitute a default under its present long-term debt agreement. Furthermore, the default provisions are triggered by the defaults of Unitil Energy and Fitchburg or certain other actions against subsidiary companies in the Unitil System.

Substantially all of the property of Unitil Energy is subject to liens of indenture under which First Mortgage Bonds (FMB) have been issued. In order to issue new FMB, the customary covenants of the existing Unitil Energy Indenture Agreement must be met, including that Unitil Energy have sufficient available net bondable plant to issue the securities and projected earnings available for interest charges equal to at least two times the annual interest requirement. The Unitil Energy agreements further require that if Unitil Energy defaults on any Unitil Energy FMB, it would constitute a default for all Unitil Energy FMB. The Unitil Energy default provisions are not triggered by the actions or defaults of Unitil or its other subsidiaries.

All of the long-term debt of Fitchburg, Northern Utilities and Granite State are issued under Unsecured Promissory Notes with negative pledge provisions. Each issue of long-term debt ranks pari passu with its other senior unsecured long-term debt within that subsidiary. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for Fitchburg, Northern Utilities or Granite State to issue new long-term debt, the covenants of the existing long-term agreements of that subsidiary must be satisfied, including that the subsidiary have total funded indebtedness less than 65% of total capitalization. Additionally, to issue new long-term debt, Fitchburg must maintain earnings available for interest equal to at least two times the interest charges for funded indebtedness. As with the Unitil Energy agreements, the Fitchburg, Northern Utilities and Granite State agreements each require that if that subsidiary defaults on any of its own long-term debt agreements, it would constitute a default under all of that subsidiary's long-term debt agreements. Each of the Fitchburg, Northern Utilities and Granite State default provisions are not triggered by the actions or defaults of Unitil or any of its other subsidiaries.

The Unitil, Unitil Energy, Fitchburg, Northern Utilities and Granite State long-term debt instruments and agreements contain covenants restricting the ability of each company to incur liens and to enter into sale and leaseback transactions, and restricting the ability of each company to consolidate with, to merge with or into, or to sell or otherwise dispose of all or substantially all of its assets. The Granite State notes are guaranteed by Unitil for the payment of principal, interest and other amounts payable. This guarantee will terminate if Granite State is reorganized and merges with and into Northern Utilities.

At December 31, 2010, there were no restrictions on Unitil's Retained Earnings for the payment of common dividends. Unitil Energy, Fitchburg, Northern Utilities and Granite State pay dividends to their sole shareholder, Unitil Corporation, and these dividends are the primary source of cash for the payment of dividends to Unitil's common shareholders.

Debt Repayment and Sinking Funds—The total aggregate amount of sinking fund payments relating to bond issues and normal scheduled long-term debt repayments amounted to $426,643, $393,946, and $363,755 in 2010, 2009, and 2008, respectively.

The aggregate amount of bond sinking fund requirements and normal scheduled long-term debt repayments for each of the five years following 2010 is: 2011 – $462,055; 2012 – $500,405; 2013 – $541,938; and 2014 – $2,486,919; and 2015 – 4,035,633, respectively.

Long-Term Debt Issuances

On March 2, 2010, both Unitil Energy and Northern Utilities closed long-term financings:

(i) Unitil Energy closed $15,000,000 of First Mortgage Bonds, through a private placement marketing process to institutional investors. The First Mortgage Bonds have a coupon rate of 5.24% and have a final maturity of ten years. Unitil Energy used the net proceeds from this long-term financing to repay short-term debt and for general corporate purposes.

(ii) Northern Utilities closed $25,000,000 of Senior Unsecured Notes, through a private placement marketing process to institutional investors. The Senior Unsecured Notes have a coupon rate of 5.29% and have a final maturity of ten years. Northern Utilities used the net proceeds from this long-term financing to repay short-term debt and for general corporate purposes.

On December 15, 2008, Granite State completed the sale of $10 million of Senior Unsecured Notes, through a private placement to institutional investors. The Notes have a term of 10 years maturity and a coupon rate of 7.15%. The Company used the proceeds from the long-term Note financing to repay a portion of the bank financing for Unitil's acquisition of Granite State.

On December 3, 2008, Northern Utilities completed the sale of $80 million of Senior Unsecured Notes, through a private placement to institutional investors. The debt financing included $50 million of 30-year notes with a coupon rate of 7.72% and $30 million of 10-year notes with a coupon rate of 6.95%. The Company used the proceeds from the long-term Note financing to repay a portion of the bank financing for Unitil's acquisition of Northern Utilities.

Fair Value of Long-Term Debt—Currently, the Company believes that there is no active market in the Company's debt securities, which have all been sold through private placements. If there were an active market for the Company's debt securities, the fair value of the Company's long-term debt would be estimated based on 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 estimating the fair value of the Company's long-term debt, the assumed market yield reflects the Moody's Baa Utility Bond Average Yield for December 2010. The carrying value of the Company's long-term debt at December 31, 2010 is $288.8 million. The fair value of the Company's long-term debt at December 31, 2010 is estimated to be approximately $313.8 million. Costs, including prepayment costs, associated with the early settlement of long-term debt are not taken into consideration in determining fair value.

Details on long-term debt at December 31, 2010 and 2009 are shown below:

Long-Term Debt (millions)	December 31, 2010	December 31, 2009
Unitil Corporation Senior Notes:		
6.33% Notes, Due May 1, 2022	**$ 20.0**	$ 20.0
Unitil Energy First Mortgage Bonds:		
5.24% Series, Due March 2, 2020	**15.0**	—
8.49% Series, Due October 14, 2024	**15.0**	15.0
6.96% Series, Due September 1, 2028	**20.0**	20.0
8.00% Series, Due May 1, 2031	**15.0**	15.0
6.32% Series, Due September 15, 2036	**15.0**	15.0
Fitchburg Long-Term Notes:		
6.75% Notes, Due November 30, 2023	**19.0**	19.0
7.37% Notes, Due January 15, 2029	**12.0**	12.0
7.98% Notes, Due June 1, 2031	**14.0**	14.0
6.79% Notes, Due October 15, 2025	**10.0**	10.0
5.90% Notes, Due December 15, 2030	**15.0**	15.0
Northern Utilities Senior Notes:		
6.95% Senior Notes, Series A, Due December 3, 2018	**30.0**	30.0
5.29% Senior Notes, Due March 2, 2020	**25.0**	—
7.72% Senior Notes, Series B, Due December 3, 2038	**50.0**	50.0
Granite State Senior Notes:		
7.15% Senior Notes, Due December 15, 2018	**10.0**	10.0
Unitil Realty Corp. Senior Secured Notes:		
8.00% Notes, Due August 1, 2017	**3.8**	4.3
Total Long-Term Debt	**288.8**	249.3
Less: Current Portion	**0.5**	0.4
Total Long-Term Debt, Less Current Portion	**$288.3**	$248.9

Interest Expense, net—Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this monthly tracking and reconciling process will produce either an under-collected or an over-collected balance of costs. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Consistent with regulatory precedent, interest income is recorded on an under-collection of costs, including carrying charges of $0.9 million and $1.1 million in 2010 and 2009, respectively, on deferred storm costs, which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

A summary of interest expense and interest income is provided in the following table:

Interest Expense, net (millions)

	2010	2009	2008
Interest Expense			
Long-term Debt	**$20.0**	$18.2	$12.0
Short-term Debt	**1.7**	2.1	1.3
Regulatory Liabilities	**0.3**	0.3	0.1
Subtotal Interest Expense	**22.0**	20.6	13.4
Interest Income			
Regulatory Assets	**(3.5)**	(3.6)	(2.5)
AFUDC [1] and Other	**(0.4)**	(1.2)	(0.4)
Subtotal Interest Income	**(3.9)**	(4.8)	(2.9)
Total Interest Expense, net	**$18.1**	$15.8	$10.5

[1] AFUDC—Allowance for Funds Used During Construction

Credit Arrangements

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. The borrowing limit under the revolving credit facility is $80.0 million. There was $66.8 million and $64.5 million in short-term debt outstanding through bank borrowings under the revolving credit facility at December 31, 2010 and December 31, 2009, respectively. The total amount of credit available under the Company's revolving credit facility was $13.2 million and $15.5 million at December 31, 2010 and December 31, 2009, respectively. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of December 31, 2010 and December 31, 2009, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

On October 8, 2010, the Company entered into the Fourth Amendment Agreement with Bank of America, N.A., as administrative agent, and a syndicate of other lenders party thereto (the "Fourth Amendment Agreement"), further amending the credit agreement dated as of November 26, 2008 among Unitil, Bank of America, N.A., as administrative agent, and a syndicate of other lenders party thereto. The credit agreement was previously amended on January 2, 2009, March 16, 2009, and October 13, 2009 to, among other things, increase the maximum borrowings under the facility to $80.0 million. The Fourth Amendment Agreement extends the scheduled termination date of the credit agreement to October 8, 2013 and provides for two conditional one-year extensions subsequent to the October 8, 2013 termination date (if agreed to among the lenders and Unitil). The Fourth Amendment Agreement also provides the Company a mechanism to request an increase in maximum borrowings of $20.0 million (in increments of not less than $5.0 million). The Fourth Amendment Agreement also provides a new letter of credit sub-facility pursuant to which up to $25.0 million of the credit agreement may be used for the purpose of issuing letters of credit for Unitil or its subsidiaries.

The weighted average interest rates on all short-term borrowings were 2.3%, 3.4%, and 3.8% during 2010, 2009, and 2008, respectively.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $11.7 million and $10.0 million outstanding at December 31, 2010 and December 31, 2009, respectively, related to these asset management agreements. The amount of natural gas inventory released in December 2010, which is payable in January 2011, is $3.9 million and recorded in Accounts Payable at December 31, 2010.

Leases

Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

Total rental expense under operating leases charged to operations for the years ended December 31, 2010, 2009 and 2008 amounted to $1.0 million, $1.0 million and $0.6 million respectively. Fitchburg leases its operations facility in Fitchburg, Massachusetts under an operating lease, with a primary term through January 31, 2013. The lease agreement allows for three additional five-year renewal periods at the option of Fitchburg.

The following is a schedule of future operating lease payment obligations and future minimum lease payments under capital leases as of December 31, 2010:

Year Ending December 31, (000's)	Operating Leases	Capital Leases
2011	$1,178	$ 780
2012	1,086	469
2013	727	154
2014	484	60
2015	362	35
2016 – 2020	289	2
Total Payments	**$4,126**	**$1,500**

Guarantees

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit these guarantees to two years or less. As of December 31, 2010, there were approximately $36.3 million of guarantees outstanding and the longest term guarantee extends through December 31, 2012. Of this amount, $12.0 million is related to Unitil's guarantee of payment for the term of the Northern Utilities' gas storage management agreement, discussed above.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of December 31, 2010, the principal amount outstanding for the 8% Unitil Realty notes was $3.8 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million. The guarantee related to the Granite State notes will terminate if Granite State reorganizes and merges with and into Northern Utilities.

Note 5: Energy Supply

Natural Gas Supply

Unitil manages gas supply for customers served by Northern Utilities in Maine and New Hampshire as well as customers served by Fitchburg in Massachusetts.

Fitchburg's residential and C&I customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors. Many large and some medium C&I customers purchase their supplies from third-party suppliers, while most of Fitchburg's residential and small C&I customers continue to purchase their supplies at regulated rates from Fitchburg. Northern Utilities' C&I natural gas customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors, and third-party supply is prevalent among Northern Utilities' larger C&I customers. Most small C&I customers, as well as all residential customers, purchase their gas supply from Northern Utilities under regulated rates and tariffs. The approved costs associated with the acquisition of such wholesale natural gas supplies for customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically-adjusted rates and are included in Purchased Gas in the Consolidated Statements of Earnings.

Regulated Natural Gas Supply

Fitchburg purchases natural gas under contracts of one year or less, as well as from producers and marketers on the spot market. Fitchburg arranges for gas delivery to its system through its own long-term contracts with Tennessee Gas Pipeline, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to each storage facility within Fitchburg's service territory.

Fitchburg has available under firm contract 14,057 MMbtu per day of year-round and seasonal transportation and underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Northern Utilities purchases a majority of its natural gas from U.S. domestic and Canadian suppliers under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern Utilities arranges for gas delivery to its system through its own long-term contracts with various interstate pipeline and storage facilities, through peaking supply contracts delivered to its system, or in the case of LNG, to truck supplies to each storage facility within Northern Utilities' service territory.

Northern Utilities has available under firm contract 100,000 MMbtu per day of year-round and seasonal transportation capacity to its distribution facilities, and 3.4 Bcf of underground storage. As a supplement to pipeline natural gas, Northern Utilities owns an LNG storage and vaporization facility. This plant is used principally during peak load periods to augment the supply of pipeline natural gas.

Electric Power Supply

The restructuring of the utility industry in New Hampshire required the divestiture of Unitil's power supply arrangements and the procurement of replacement supplies, which provided the flexibility for migration of customers to and from utility energy service. Fitchburg, Unitil Energy, and Unitil Power each are members of the New England Power Pool (NEPOOL) and participate in the ISO New England, Inc. (ISO-NE) markets for the purpose of facilitating these wholesale electric power supply transactions, which are necessary to serve Unitil's customers.

As a result of restructuring of the electric utility industry in Massachusetts and New Hampshire, Unitil's customers in both New Hampshire and Massachusetts have the opportunity to purchase their electric supply from competitive third-party energy suppliers. As of December 2010, 104 or 70% of Unitil's largest New Hampshire customers, representing 24% of total New Hampshire electric energy sales, and 26 or 87% of Unitil's largest Massachusetts customers, representing 36% of total Massachusetts electric energy sales, are purchasing their electric power supply in the competitive market. However, most residential and small commercial customers continue to purchase their electric supply through Unitil's distribution utilities under regulated energy rates and tariffs. The concentration of the competitive retail market on higher use customers has been a common experience throughout the New England electricity market.

Regulated Electric Power Supply

In order to provide regulated electric supply service to their customers, Unitil's distribution utilities enter into load-following wholesale electric power supply contracts with various wholesale suppliers.

Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service energy supply. MDPU policy dictates the pricing structure and duration of each of these contracts. Currently, all Basic Service power supply contracts for large general accounts are three months in duration and provide 100% of supply requirements. Basic Service power supply contracts for residential, small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements.

Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. Unitil Energy procures Default Service supply for its large general service accounts through competitive solicitations for power contracts of three months in duration for 100%

of supply requirements. Unitil Energy procures Default Service supply for its other customers through a series of two one-year contracts and two two-year contracts, each providing 25% of the total supply requirements of the group.

The NHPUC and MDPU regularly investigate alternatives to their procurement policy, which may lead to future changes in this regulated power supply procurement structure.

Regional Electric Transmission and Power Markets

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economic manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England is performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated power system operation in a reliable manner and a supportive business environment for the development of competitive electric markets.

Electric Power Supply Divestiture

In connection with the restructuring of the electric industry, Unitil Power, Unitil Energy and Fitchburg divested and sold substantially their power supply portfolios consisting of long-term power supply contracts and ownership interests in generation assets. Unitil Power, Unitil Energy and Fitchburg recover in their rates all the costs associated with this divestiture and sale and have secured regulatory approval from the FERC, NHPUC and MDPU, respectively, for the recovery of stranded costs, including long term contract buyout agreements, and other restructuring-related regulatory assets. The companies have a continuing obligation to submit regulatory filings that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Note 6: Commitments and Contingencies

Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 Ice Storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in the fall of 2011. The Company continues to believe the suit is without merit and will defend itself vigorously.

Regulatory Matters

Overview (Unitil Energy, Fitchburg, and Northern Utilities)—Unitil's distribution utilities deliver electricity and/or natural gas to customers in the Company's service territories at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil Energy, Fitchburg, and Northern

Utilities recover the cost of providing distribution service to their customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. As a result of the restructuring of the utility industry in New Hampshire, Massachusetts and Maine, most Unitil customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers have the opportunity to purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers, however, continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

In connection with the implementation of retail choice, Unitil Power and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next one to four years, is $46.8 million as of December 31, 2010 including $13.3 million recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Fitchburg—Base Rate Case Filings—On January 14, 2011, Fitchburg filed a petition with the MDPU requesting approval of a comprehensive revenue decoupling proposals and for an increase in its electric and gas distribution rates. The Company's revenue decoupling proposal is modeled closely on proposals already approved by the Department for other gas and electric utilities operating in the Commonwealth of Massachusetts and is intended to facilitate the achievement of important public policy objectives of fostering energy efficiency, conservation and protecting the environment. The proposed rates are scheduled to change in conjunction with the implementation of revenue decoupling and are subject to the review and approval of the MDPU.

In its rate filing the Company made a request for an increase of $7.1 million in its electric distribution rates, including the recovery of deferred emergency storm restoration costs. The Company also proposed a rate-impact mitigation alternative offset, in whole, the electric distribution rate increase with a corresponding decrease in its Transition Charge. The Transition Charge is the means by which Fitchburg recovers its power supply-related stranded costs and other restructuring-related regulatory assets, discussed above. Any offsetting decrease in the Transition Charge would allow for the recovery of the restructuring related stranded costs over an extended term. The Company's filing included a request for an increase of $4.4 million in its gas distribution rates. The MDPU issued an order suspending and deferring the use of the rates until August 2, 2011, pending an investigation and analysis of the Company's filing.

Granite State Gas Transmission, Inc.—Base Rate Case Filing—On June 29, 2010, Granite State filed a base transportation rate increase of $2.3 million in annual revenue with the FERC, which is Granite State's first request for a rate change since its last general rate case in 1997. On July 30, 2010, the FERC ordered the rate increase to be effective on January 1, 2011, subject to refund and hearing and settlement procedures. On November 30, 2010, a settlement was filed on behalf of Granite State and all intervenors in the proceeding, resolving all issues in the docket. The settlement provides for an increase of approximately $1.7 million in annual revenue, based on new gas transportation rates to be effective January 1, 2011. The settlement was approved by the FERC on January 31, 2011.

Unitil Energy Rate Case Filing—On April 15, 2010, Unitil Energy filed a proposed base rate increase of $10.1 million, an increase of 6.5 percent above present rates. In addition, Unitil Energy's filing also included a proposed long-term rate plan establishing future rate step adjustments for utility plant investments and enhanced reliability and vegetation management program expenditures. On June 29, 2010, the NHPUC issued an order approving a temporary rate increase for Unitil Energy of $5.2 million (annual) effective July 1, 2010 which is being collected by a uniform per kilowatt-hour (kWh) surcharge of $0.00438 on each of Unitil Energy's current rate schedules. Once permanent rates are approved by the NHPUC, they will be reconciled to the date temporary rates were ordered, July 1, 2010. The Company is currently engaged in settlement proceedings regarding the permanent rate level and a long-term rate plan. A hearing in this matter is scheduled for early February 2011.

Major Wind Storm—On February 25, 2010, a significant wind storm struck portions of the New England region, causing extensive damage to electric facilities and loss of service to significant numbers of customers of several utilities. An estimated one million electric customers in the region were affected, including approximately 85% of the Unitil Energy's customers. The Company spent approximately $7.4 million for the repair and replacement of electric distribution systems damaged during the storm, including $1.5 million related to capital construction and $5.9 million which has been deferred as a regulatory asset. Unitil Energy, in its base rate case filing discussed above, has requested recovery in rates for the costs associated with the emergency repair of its electric distribution system for damage caused by this storm.

Major Ice Storm—On December 11 and 12, 2008, a severe ice storm (December 2008 Ice Storm) struck the New England region. The Company spent approximately $24.0 million for the repair and replacement of electric distribution systems damaged during the storm, including $8.6 million related to capital construction and $15.4 million which has been deferred as a regulatory asset, based on orders issued by the MDPU and NHPUC, discussed below. Also, the Company expensed $3.0 million for professional fees related to the ice storm, in addition to normal anticipated expenditures related to emergency storm preparedness. If the Company is unable to recover a significant amount of these deferred storm costs, or if the Company's recovery of these costs is significantly delayed, then the Company's financial condition or results of operations could be adversely affected.

On January 8, 2010, the NHPUC opened a docket to consider Unitil Energy's response to the December 2008 Ice Storm, including the timing of its response, its restoration priorities and strategies and the procurement and allocation of its resources in New Hampshire and Massachusetts. On September 24, 2010, the NHPUC issued its final order in this matter and closed its investigation, accepting the NHPUC Staff's report finding that Unitil Energy had acted reasonably.

On November 9, 2009, the NHPUC granted Unitil Energy's petition to defer and record as a regulatory asset costs associated with electric distribution system damage from the December 2008 Ice Storm until such time as the Commission issues a final order in Unitil Energy's pending base rate case. The order clarified that the issues of the appropriate amount of the storm related expenses to be recovered, the timing and manner of recovery, and what, if any, return should be applied to the unrecovered balance are to be reviewed in the rate case. As of December 31, 2010, Unitil Energy has deferred approximately $2.2 million associated with the repair of its electric distribution system for future recovery in rates.

On December 30, 2009, the MDPU approved Fitchburg's petition to defer and record as a regulatory asset costs associated with the repair of its electric distribution system from damage caused by the December 2008 Ice Storm for future recovery in rates. The order of approval made no findings as to whether the subject expenses were reasonable or whether they can be recovered from ratepayers, and confirmed that the MDPU will consider the subsequent ratemaking treatment of the expense as part of Fitchburg's next rate case. As of December 31, 2010, Fitchburg has deferred approximately $13.2 million associated with the repair of its electric distribution system for future recovery in rates.

The MDPU conducted an investigation of Fitchburg's preparation for, and response to, the December 2008 Ice Storm during the first half of 2009. On November 2, 2009, the MDPU issued its order with respect to its investigation, finding that Fitchburg's preparation for, and response to, the December 2008 Ice Storm constituted a failure of the Company to meet its public service obligation to provide safe and reliable service, and ordered several remedial actions. First, the MDPU ordered a comprehensive independent management audit of Fitchburg's management practices. The management audit, which is being performed by Jacobs Consultancy, Inc., began in the fourth quarter of 2010. Second, the MDPU directed Fitchburg to implement a series of operational and capital improvements which had been identified and recommended through the Company's self-assessment review. All of these operational and capital improvements have either been completed or are being implemented, and remain subject to MDPU review. Finally, the MDPU noted that the costs incurred by Fitchburg for the December 2008 Ice Storm would be subject to review in Fitchburg's next electric rate case, along with Fitchburg's rate of return.

Fitchburg—Electric Operations—On November 24, 2010, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan (the Annual Reconciliation Filing). In addition, the Standard Offer Service and Default Service Costs incurred during the seven year Standard Offer Service period that ended February 28, 2005 have been combined and recovery continues through a Transition Charge Surcharge of $0.00400 per kWh. Changes to the Pension/PBOP Adjustment, Residential Assistance Adjustment Factor, and Net Metering Recovery Surcharge were proposed in other proceedings. The rates were approved effective January 1, 2011, subject to reconciliation pending investigation by the MDPU. This matter remains pending. A final order on Fitchburg's 2009 Annual Reconciliation Filing also remains pending.

On November 12, 2009, the Governor of Massachusetts signed House Bill 4329. The bill (i) requires the MDPU to establish regulations for utilities to respond to emergencies, (ii) requires utilities to file with the MDPU annual emergency response plans, (iii) authorizes the MDPU to impose penalties for a utility's failure to comply with the MDPU's regulations, and (iv) allows the chair of the MDPU to issue operational and management directives during an emergency. The bill also authorizes the Massachusetts Attorney General to bring a court action for receivership of a small investor-owned utility where an emergency exists and the utility has materially violated the MDPU's standards for responding to emergencies. On February 2, 2010, the MDPU issued an order adopting regulations concerning the items required by House Bill 4329. On July 30, 2010, the MDPU approved Fitchburg's electric and gas Emergency Response Plans.

Fitchburg—Gas Operations—On November 2, 2009 the MDPU issued an order finding that Fitchburg engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's gas purchasing practices were imprudent. As a result, the MDPU required Fitchburg to refund $4.6 million of natural gas costs, plus an appropriate carrying charge based on the prime lending rate, to its gas customers. The Company recorded a pre-tax charge of $4.9 million in the fourth quarter of 2009 based on the MDPU's order. On November 30, 2009, the MDPU approved Fitchburg's proposal to amortize its refund of natural gas costs to customers over a five-year period. Fitchburg has appealed the gas procurement order to the Massachusetts SJC. Fitchburg believes that its gas-procurement practices were consistent with those of other Massachusetts natural gas distribution companies and all relevant MDPU rules and orders and Massachusetts law. The Company filed its Initial brief in this matter on January 10, 2011. This appeal remains pending before the Massachusetts SJC.

Fitchburg—Other—On February 11, 2009, the Massachusetts SJC issued its decision in the Attorney General's (AG) appeal of the MDPU orders relating to Fitchburg's recovery of bad debt expense. The Massachusetts SJC agreed with the AG that the MDPU was required to hold hearings regarding changes in Fitchburg's tariff and rates, and on that basis vacated the MDPU orders. The Massachusetts SJC, however, declined to rule on an appropriate remedy, and remanded the cases back to the MDPU for consideration of that issue. This matter remains pending before the MDPU.

On July 2, 2008, the Governor of Massachusetts singed into law "The Green Communities Act" (the GC Act), an energy policy statute designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, special tariffs to allow the net metering of customer-owned renewable generation, and terms and conditions for purchasing supplier receivables. Three year energy efficiency investment plans, plans to establish smart grid pilot programs, and net metering tariffs have been approved by the MDPU. Proposals to purchase long-term contracts for renewable energy and terms and conditions for purchasing supplier receivables are under review in a separately designated docket.

On March 1, 2010, Fitchburg submitted its annual filing to the MDPU of the 2009 Service Quality Reports for both its gas and electric divisions. On October 20, 2010, the MDPU issued its order with respect to Fitchburg's gas division's Report and noted that Fitchburg met or exceeded its established benchmarks in all Service Quality measures, that Fitchburg's performance was consistent with the MDPU's Service Quality Guidelines and Fitchburg's Service Quality plan. An order on Fitchburg's electric division's Service Quality plan has not yet been issued and the matter remains pending.

Unitil Energy—Other—In July 2008, the State of New Hampshire enacted legislation that allows electric utilities to make investments in distributed energy resources, including energy efficiency and demand reduction technologies, as well as clean cogeneration and renewable generation. On August 5, 2009 Unitil Energy filed a plan for approval of investment in and rate recovery for Distributed Energy Resources (DER). An order approving a settlement agreement for a time-of-use pilot program was issued on February 26, 2010. On June 11, 2010, the NHPUC issued an order on the remaining two proposed projects and cost recovery. The NHPUC denied one of the two projects, citing that the costs outweighed the benefits but found the other project to be in the public interest. On November 1, 2010 Unitil Energy filed adjustments to base distribution rates to collect actual costs associated with authorized DER projects. This matter remains pending.

On June 17, 2010, Unitil Energy made its annual reconciliation and rate filing with the NHPUC under its restructuring plan, for rates effective August 1, 2010, including reconciliation of prior year costs and revenues. On July 30, 2010, the NHPUC approved the rate filing and reconciliation.

Northern Utilities—On November 21, 2008, the MPUC issued an order approving a settlement agreement resolving a number of Notices of Probable Violation (NOPVs) of certain safety related procedures and rules by Northern Utilities. Under the Settlement, Northern Utilities will incur total expenditures of approximately $3.8 million for safety related improvements to Northern Utilities' distribution system to ensure compliance with the relevant state and federal gas safety laws, for which no rate recovery will be allowed. These compliance costs were accrued by Northern Utilities prior to the acquisition date and the remaining amount on the Company's consolidated balance sheet at December 31, 2010 was $0.7 million.

On June 27, 2008 the MPUC opened an investigation of Northern Utilities' cast iron pipe replacement activities and the benefits of an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. In an order issued on July 30, 2010, the MPUC approved a Settlement Agreement resolving this matter, filed on behalf of Northern Utilities, the Maine Office of the Public Advocate, and several state legislator intervenors, which was filed with the MPUC on July 6, 2010. Under the Agreement, Northern Utilities will proceed with a comprehensive upgrade and replacement program (the Program), which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The Agreement establishes the objective of completing the Program by the end of the 2024 construction season. Under the Agreement, the parties agreed to support a cost recovery mechanism that will provide for the timely recovery of prudently-incurred costs of the Program. The features of this cost recovery mechanism will be finalized during Northern Utilities' next base rate case proceeding, which is anticipated to be filed in early 2011.

Environmental Matters

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2010, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. In addition, Fitchburg has filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and expects to receive these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Fitchburg is in the process of developing long-range plans for a feasible permanent remediation solution for the Sawyer Passway site, including alternatives for re-use of the site. Included on the Company's Consolidated Balance Sheet at December 31, 2010 and 2009 in Environmental Obligations are accrued liabilities totaling $12.0 million and $12.0 million, respectively, related to estimated future clean up costs for permanent remediation of the Sawyer Passway site. A corresponding Regulatory Asset was recorded to reflect that the recovery of this environmental remediation cost is probable through the regulatory process. The amounts recorded do not assume any amounts are recoverable from insurance companies or other third parties.

Northern Utilities Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Include in the Company's Consolidated Balance Sheets at December 31, 2010 and 2009 are current and non-current accrued liabilities totaling $2.6 million and $2.5 million, respectively, associated with Northern Utilities environmental remediation obligations for these former MGP sites. A corresponding Regulatory Asset was recorded to reflect that the recovery of these environmental remediation cost is probable through the regulatory process.

The Company's ultimate liability for future environmental remediation costs, including MGP site costs, may vary from estimates, which may be adjusted as new information or future developments become available. Based on the Company's current assessment of its environmental responsibilities, existing legal requirements and regulatory policies, the Company does not believe that these environmental costs will have a material adverse effect on the Company's consolidated financial position or results of operations.

The following table shows the balances and activity in the Company's liability for Environmental Obligations for 2010.

ENVIRONMENTAL OBLIGATIONS

(Millions)	December 31, 2010	December 31, 2009
Total Environmental Obligations—Balance at Beginning of Period	**$14.5**	$12.7
Changes in Estimates	**0.2**	1.8
Liabilities Assumed	**—**	—
Payments/Reductions	**0.1**	—
Total Environmental Obligations—Balance at End of Period	**14.6**	14.5
Less: Current Portion [1]	**0.1**	0.2
Environmental Obligations—noncurrent—Balance at End of Period	**$14.5**	$14.3

(1) Reflects amounts included in Other Current Liabilities on the Company's Consolidated Balance Sheets.

Note 7: Bad Debts

Unitil's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. In 2010, 2009 and 2008, the Company recorded provisions for the energy commodity portion of bad debts of $1.4 million, $1.9 million and $2.1 million, respectively. These provisions were recognized in Purchased Electricity and Purchased Gas expense as the associated electric and gas utility revenues were billed. Purchased Electricity and Purchased Gas costs are recovered from customers through periodic rate reconciling mechanisms.

The following table shows the balances and activity in the Company's Allowance for Doubtful Accounts for 2008—2010 ($ millions):

ALLOWANCE FOR DOUBTFUL ACCOUNTS

	Balance at Beginning of Period	(a) Other	Provision	Recoveries	Accounts Written Off	Balance at End of Period
Year Ended December 31, 2010						
Electric	**$1.7**	**$ —**	**$2.0**	**$0.2**	**$2.1**	**$1.8**
Gas	**0.7**	**—**	**2.5**	**0.4**	**2.9**	**0.7**
Other	**0.1**	**—**	**—**	**—**	**—**	**0.1**
	$2.5	**$ —**	**$4.5**	**$0.6**	**$5.0**	**$2.6**
Year Ended December 31, 2009						
Electric	$1.1	$ —	$2.3	$0.2	$1.9	$1.7
Gas	1.8	0.5	1.4	0.3	3.3	0.7
Other	0.1	—	—	—	—	0.1
	$3.0	$0.5	$3.7	$0.5	$5.2	$2.5
Year Ended December 31, 2008						
Electric	$1.0	$ —	$2.2	$0.2	$2.3	$1.1
Gas	0.2	1.4	1.4	0.2	1.4	1.8
Other	0.1	—	—	—	—	0.1
	$1.3	$1.4	$3.6	$0.4	$3.7	$3.0

(a) Includes Allowance for Doubtful Accounts of Northern Utilities and Granite State, which were acquired on December 1, 2008.

Note 8: Income Taxes

Provisions for Federal and State Income Taxes reflected as operating expenses in the accompanying consolidated statements of earnings for the years ended December 31, 2010, 2009 and 2008 are shown in the table below:

	($000's)		
	2010	**2009**	**2008**
Current Federal Tax Provision (Benefit)			
Current Benefit of Operating Loss Carrybacks	**$ (6,026)**	$(3,226)	$(2,914)
Total Current Federal Tax Provision (Benefit)	**(6,026)**	(3,226)	(2,914)
Deferred Federal Tax Provision (Benefit)			
Utility Plant Differences	**11,821**	8,716	5,159
Net Operating Loss Carryforwards	**(5,520)**	—	—
Regulatory Assets and Liabilities	**3,338**	(1,308)	1,534
Other, net	**(480)**	(120)	121
Total Deferred Federal Tax Provision (Benefit)	**9,159**	7,288	6,814
Total Federal Tax Provision	**3,133**	4,062	3,900
State			
Current	**28**	1,578	123
Deferred	**1,303**	(218)	592
Total State Tax Provision	**1,331**	1,360	715
Total Provision for Federal and State Income Taxes	**$ 4,464**	$ 5,422	$ 4,615

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

	2010	**2009**	**2008**
Statutory Federal Income Tax Rate	**34%**	34%	34%
Income Tax Effects of:			
State Income Taxes, Net	**6**	6	5
Utility Plant Differences	**(7)**	(3)	(6)
Other, Net	**(1)**	(1)	(1)
Effective Income Tax Rate	**32%**	36%	32%

Temporary differences, including the effect of deferred tax accounting on utility plant differences and accrued revenue regulatory assets, which gave rise to deferred tax assets and liabilities, are shown below:

Deferred Income Taxes (000's)	**2010**	**2009**
Depreciation and Utility Plant	**$ 44,608**	$ 30,318
Net Operating Loss Carryforwards	**(8,567)**	—
AMT Tax Credit Carryforwards	**(1,366)**	—
Regulatory Assets/Liabilities & Mechanisms	**33,421**	29,094
Retirement Benefit Obligations	**(25,155)**	(22,537)
Other, net	**883**	2,896
Total Deferred Income Tax Liabilities	**$ 43,824**	$ 39,771

The Company is subject to Federal and State income taxes as well as various other business taxes. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Concurrent with filing its 2009 Federal income tax return in September of 2010, the Company changed its method of tax accounting for certain construction-related costs previously capitalized as depreciable assets, to account for those expenditures as repairs expense deductions under Sections 162 and 263(a) of the Internal Revenue Code (IRC). In applying the new tax accounting method, certain costs which were previously capitalized and recognized as depreciation deductions over various useful lives for tax accounting purposes are now to be deducted in the year incurred.

The Company applied the tax accounting method change retroactively for additional deductions of $23.9 million in its Federal Income Tax return filing for the year ended December 31, 2009 which resulted in a 2009 net operating loss (NOL) of $26.5 million. As a result, the Company recognized NOL carrybacks against its Federal Income Tax returns for the years ended December 31, 2004, 2005, and 2007 in the amounts of $1.1 million, $12.8 million, and $9.6 million, respectively. The carryback of the 2009 NOL resulted in current tax refunds of $7.5 million and remaining unused NOL and Alternative Minimum Tax (AMT) credit carryforwards of $3.0 million and $1.4 million respectively.

According to IRC rules, NOL refunds in excess of $2.0 million fall under the jurisdiction of the Joint Committee of Congress (Joint Committee) and are subject to review by the Internal Revenue Service (IRS) and attorneys of the Joint Committee. The Company expects to receive notice of examination for the 2009 Federal Income Tax return filings under the Joint Committee rules. The Company remains subject to examination by Federal, Maine, Massachusetts and New Hampshire tax authorities for the tax periods ended December 31, 2009; December 31, 2008; and December 31, 2007.

In its Federal Income Tax return filings for the year ended December 31, 2008, the Company recognized NOL carrybacks against its Federal Income Tax returns for the years ended December 31, 2006 and 2007 in the amounts of $5.0 million and $6.7 million, respectively. These NOL carrybacks resulted in a refund to the Company of $4.0 million which was received in November 2009. As a result, on December 30, 2009, the Company received notice that its Federal Income Tax return filings for the years ended December 31, 2006, December 31, 2007, and December 31, 2008 were under examination by the IRS. The IRS has performed all fieldwork procedures and the company and the IRS have entered into a settlement, pending approval of the Joint Committee, for certain timing items deducted in previous years to be deducted in the Federal Income Tax return filings for year ended December 31, 2009. As a result of the settlement, in November 2010 the Company paid $0.2 million and $1.5 million for tax years 2006 and 2007, respectively. The amount paid included interest of $0.1 million and $0.1 million for tax years 2006 and 2007, respectively which is recorded in Interest Expense, Net for 2010 in the Consolidated Statements of Earnings.

In total at December 31, 2010, the Company had generated NOL carryforwards for income tax purposes of $8.5 million that will expire in 2011 through 2030, if not utilized. In addition, at December 31, 2010, the Company had $1.4 million of AMT credit carryforwards to offset future AMT indefinitely.

The Company evaluated its tax positions at December 31, 2010 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any unrecognized tax liabilities or assets as defined by the FASB Codification is required. The Company does not have any unrecognized tax positions for which it is reasonably possible that the total amounts recognized will significantly change within the next 12 months.

Note 9: Segment Information

Unitil reports four segments: utility electric operations, utility gas operations, other, and non-regulated. Unitil's principal business is the local distribution of electricity in the southeastern seacoast and state capitol regions of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine.

Granite State is an interstate natural gas transmission pipeline company, operating 87 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transmission services provided to Northern Utilities and, to a lesser extent, third-party marketers.

Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly-owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to large commercial and industrial customers in the northeastern United States. Unitil Realty and Unitil Service provide centralized facilities, operations and administrative services to support the affiliated Unitil companies. Unitil Resources and Usource are included in the Non-Regulated column below.

Unitil Realty, Unitil Service and the holding company are included in the "Other" column of the table below. Unitil Service provides centralized management and administrative services, including information systems management and financial record keeping. Unitil Realty owns certain real estate, principally the Company's corporate headquarters. The earnings of the holding company are principally derived from income earned on short-term investments and real property owned for Unitil and its subsidiaries' use.

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 and preferred stock dividends. Expenses used to determine operating income before taxes are charged directly to each segment or are allocated based on cost allocation factors included in rate applications approved by the NHPUC, MDPU, and MPUC. Assets allocated to each 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, 2010, 2009 and 2008 (Millions):

Year Ended December 31, 2010	Electric	Gas	Other	Non-Regulated	Total
Revenues	**$203.7**	**$150.1**	**$ —**	**$4.6**	**$358.4**
Interest Income	**3.2**	**0.5**	**0.2**	**0.1**	**4.0**
Interest Expense	**9.6**	**10.5**	**2.0**	**—**	**22.1**
Depreciation & Amortization Expense	**13.9**	**14.2**	**0.8**	**—**	**28.9**
Income Tax Expense (Benefit)	**3.7**	**(0.7)**	**0.5**	**1.0**	**4.5**
Segment Profit (Loss)	**8.0**	**1.4**	**(1.4)**	**1.5**	**9.5**
Segment Assets	**377.7**	**370.8**	**5.7**	**5.4**	**759.6**
Capital Expenditures	**19.8**	**27.4**	**2.4**	**—**	**49.6**
Year Ended December 31, 2009					
Revenues	$209.9	$152.8	$ —	$4.3	$367.0
Interest Income	3.6	0.5	0.7	—	4.8
Interest Expense	9.1	9.7	1.8	—	20.6
Depreciation & Amortization Expense	14.0	12.8	0.6	—	27.4
Income Tax Expense (Benefit)	2.4	1.9	0.1	1.0	5.4
Segment Profit (Loss)	4.9	3.3	0.1	1.6	9.9
Segment Assets	365.6	349.7	7.3	2.6	725.2
Capital Expenditures	27.7	30.0	1.0	—	58.7
Year Ended December 31, 2008					
Revenues	$227.5	$ 56.9	$ —	$3.8	$288.2
Interest Income	2.2	0.1	0.3	—	2.6
Interest Expense	8.7	2.3	2.1	—	13.1
Depreciation & Amortization Expense	13.1	5.2	0.8	—	19.1
Income Tax Expense (Benefit)	1.9	2.6	(0.1)	0.2	4.6
Segment Profit (Loss)	5.2	4.3	(0.2)	0.3	9.6
Segment Assets	372.2	350.9	9.1	1.0	733.2
Capital Expenditures	19.7	7.6	1.0	—	28.3

Note 10: Retirement Benefit Plans

The Company sponsors the following retirement benefit plans to provide certain pension and postretirement benefits for its retirees and current employees as follows:

- The Unitil Corporation Retirement Plan (Pension Plan)—The Pension Plan is a defined benefit pension plan. Under the Pension Plan, retirement benefits are based upon an employee's level of compensation and length of service. In September 2009, the Company amended the Pension Plan as follows:
  - The Pension Plan was closed to non-union employees hired on or after January 1, 2010.

- All non-union employees hired before January 1, 2010 had a choice of either:
    - Remaining in the Pension Plan with the existing set of benefits, or
    - Electing to move to Unitil Corporation's enhanced Tax Deferred Savings and Investment Plan. Non-union employees who elected this option received a frozen benefit from the existing Pension Plan for all of the benefits that they had accrued to December 31, 2009. This frozen benefit will not grow with future salary increases or future service. Non-union employees who elected this option will receive an enhanced employer matching contribution as well as a Company contribution in the Unitil Corporation Tax Deferred Savings and Investment Plan.
    - Union employees were not affected by this amendment.

In September 2010, the Company amended the Pension Plan as follows:

- The Pension Plan was closed to United Steelworker Local 12012-6 employees hired on or after January 1, 2011.
- All United Steelworker Local 12012-6 employees hired before January 1, 2011 had a choice of either:
    - Remaining in the Pension Plan with the existing set of benefits, or
    - Electing to move to Unitil Corporation's enhanced Tax Deferred Savings and Investment Plan. The United Steelworker Local 12012-6 employees who elected this option received a frozen benefit from the existing Pension Plan for all of the benefits that they had accrued to December 31, 2010. This frozen benefit will not grow with future salary increases or future service. The employees who elected this option will receive an enhanced employer matching contribution as well as a Company contribution in the Unitil Corporation Tax Deferred Savings and Investment Plan.
    - All other union employees were not affected by this amendment.

- The Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan)—The PBOP Plan provides health care and life insurance benefits to retirees. The Company has established Voluntary Employee Benefit Trusts (VEBT), into which it funds contributions to the PBOP Plan. In 2009, the Company made the following changes to the PBOP Plan.

Changes to Utility Workers Union of America Local 341 Benefits

A new Collective Bargaining Agreement ("Agreement") was entered into between Northern Utilities, Inc., Granite State Gas Transmission, Inc. and Utility Workers Union of America Local 341 ("UWUA") for the period April 1, 2009 through March 31, 2012. Included in the Agreement were changes to retiree medical benefits under the Plan. These changes are as follows:

- Retirees under sixty-five (65) years and their dependents will be covered by the medical benefits provided by the PBOP Plan. Early retirees will be responsible for contributing 20% of the premium for medical insurance for themselves and their dependents until age sixty-five (65).
- Retirees over sixty-five (65) years will be covered by a Supplement to Medicare Plan and will be responsible for a 20% premium cost sharing.
- For all employees hired on or after April 1, 2009, no post-65 retiree medical coverage will be provided.
- The Company is to determine post-65 drug coverage to be offered to all future retirees eligible for retiree medical.

These above-referenced retiree medical provisions were effective January 1, 2010.

Changes to United Steelworker Local 12012-6 Benefits

A new Collective Bargaining Agreement ("Agreement") was entered into between Northern Utilities, Inc. and United Steelworker Local 12012-6 ("USW") for the period June 6, 2010 through June 5, 2014. Included in the Agreement were changes to retiree medical benefits under the Plan. These changes are as follows:

- Retirees under sixty-five (65) years and their dependents will be covered by the medical benefits provided by the PBOP Plan. Early retirees will be responsible for contributing 20% of the premium for medical insurance for themselves and their dependents until age sixty-five (65).
- Retirees over sixty-five (65) years will be covered by a Supplement to Medicare Plan and will be responsible for a 20% premium cost sharing.
- For all employees hired on or after June 6, 2010, no post-65 retiree medical coverage will be provided.

These above-referenced retiree medical provisions were effective June 6, 2010.

Changes to Non-Union Employee Benefits

In September 2009, the Company announced the following PBOP Plan changes, effective January 1, 2010, for non-union employees:

- Employees who retire on or after January 1, 2010 will pay 20% of the cost of their retiree medical benefits.
- Employees who retire on or after January 1, 2010 will not receive any cash payments towards their Medicare premiums.
- Employees who are hired on or after January 1, 2010 will only be provided with company subsidized medical insurance until they reach age 65 and will not receive a Medicare supplement plan after age 65.

- The Unitil Corporation Supplemental Executive Retirement Plan (SERP)—The SERP is an unfunded retirement plan, with participation limited to executives selected by the Board of Directors.

Effective with the acquisitions of Northern Utilities and Granite State, the Company assumed the assets and obligations of the Northern Utilities and Granite State pension plans with respect to active union employees. All other active employees of Northern Utilities and Granite State effectively became members of the Company's Pension Plan as of the acquisitions closing date.

Certain employees of Northern Utilities qualified for participation in the Company's PBOP Plan effective with the acquisition closing date.

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

Used to Determine Plan costs for years ended December 31:	2010	2009	2008
Discount Rate [(1)]	**5.75%**	6.25%	6.00%
Rate of Compensation Increase	**3.50%**	3.50%	3.50%
Expected Long-term rate of return on plan assets	**8.50%**	8.50%	8.50%
Health Care Cost Trend Rate Assumed for Next Year	**7.50%**	8.00%	8.50%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%	4.00%
Year that Ultimate Health Care Cost Trend Rate is reached	**2017**	2017	2017
Effect of 1% Increase in Health Care Cost Trend Rate (000's)	**$ 728**	$ 735	$ 675
Effect of 1% Decrease in Health Care Cost Trend Rate (000's)	**$ (565)**	$ (576)	$ (531)

(1) As a result of the changes to the PBOP Plan in September 2009 discussed above, the Company was required to update the discount rate used in determining the PBOP Plan costs for the remainder of 2009. Based on the market rates for long-term bonds at that time, the Company assumed a discount rate of 5.50% for the PBOP Plan from September through December of 2009.

Used to Determine Benefit Obligations at December 31:

Discount Rate	**5.35%**	5.75%	6.25%
Rate of Compensation Increase	**3.50%**	3.50%	3.50%
Health Care Cost Trend Rate Assumed for Next Year	**7.00%**	7.50%	8.00%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%	4.00%
Year that Ultimate Health care Cost Trend Rate is reached	**2017**	2017	2017
Effect of 1% Increase in Health Care Cost Trend Rate (000's)	**$ 7,530**	$ 5,887	$ 6,084
Effect of 1% Decrease in Health Care Cost Trend Rate (000's)	**$(5,997)**	$(4,704)	$(4,890)

The Discount Rate assumptions used in determining retirement plan costs and retirement plan obligations are based on a market average of long-term bonds that receive one of the two highest ratings given by a recognized rating agency. For 2010, 2009 and 2008, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $300,000, $300,000 and $200,000, respectively, in the Net Periodic Benefit Cost (NPBC). The Rate of Compensation Increase assumption used for 2010, 2009 and 2008 was 3.50%, based on the expected long-term increase in compensation costs for personnel covered by the plans.

The following table provides the components of the Company's Retirement plan costs ($000's):

	Pension Plan			PBOP Plan			SERP		
	2010	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Service Cost	**$ 2,608**	$ 2,282	$ 1,979	**$ 1,466**	$ 1,417	$ 1,447	**$285**	$217	$150
Interest Cost	**4,457**	4,294	3,800	**2,016**	2,269	2,212	**227**	181	126
Expected Return on Plan Assets	**(4,181)**	(4,432)	(4,390)	**(599)**	(440)	(325)	**—**	—	—
Prior Service Cost Amortization	**253**	264	119	**1,579**	1,634	1,390	**2**	(2)	(1)
Transition Obligation Amortization	**—**	—	—	**21**	21	21	**—**	—	—
Curtailment Loss	**41**	32	—	**—**	—	—	**—**	—	—
Actuarial Loss Amortization	**2,406**	1,598	1,274	**—**	—	—	**133**	70	24
Sub-total	**5,584**	4,038	2,782	**4,483**	4,901	4,745	**647**	466	299
Amounts Capitalized and Deferred	**(2,240)**	(1,409)	(893)	**(1,183)**	(1,642)	(1,872)	**—**	—	—
NPBC Recognized	**$ 3,344**	$ 2,629	$ 1,889	**$ 3,300**	$ 3,259	$ 2,873	**$647**	$466	$299

The estimated amortizations related to Actuarial Loss and Prior Service Cost included in the Company's Retirement plan costs over the next fiscal year is $3.4 million, $1.7 million and $0.1 million for the Pension, PBOP and SERP plans, respectively.

The Company bases the actuarial determination of pension expense on a market-related valuation of assets, which reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a three-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the fair value of assets. Since the market-related value of assets recognizes gains or losses over a three-year period, the future value of the market-related assets will be impacted as previously deferred gains or losses are recognized. The Company's pension expense for the years 2010, 2009 and 2008 before capitalization and deferral was $5.6 million, $4.0 million and $2.8 million, respectively. Had the Company used the fair value of assets instead of the market-related value, pension expense for the years 2010, 2009 and 2008 would have been $6.2 million, $6.3 million and $2.9 million respectively.

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

	Pension Plan		PBOP Plan		SERP	
Change in Plan Assets:	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Plan Assets at Beginning of Year	**$ 47,082**	$ 39,124	**$ 6,306**	$ 4,361	**$ —**	$ —
Actual Return on Plan Assets	**5,901**	8,017	**922**	874	**—**	—
Employer Contributions	**4,302**	4,227	**3,482**	2,800	**53**	53
Participant Contributions	**—**	—	**—**	2	**—**	—
Acquired Plan Assets	**—**	(544)	**—**	—	**—**	—
Benefits Paid	**(3,185)**	(3,742)	**(1,848)**	(1,731)	**(53)**	(53)
Plan Assets at End of Year	**$ 54,100**	$ 47,082	**$ 8,862**	$ 6,306	**$ —**	$ —
Change in PBO:						
PBO at Beginning of Year	**$ 79,288**	$ 70,386	**$ 35,694**	$ 37,655	**$ 3,979**	$ 2,930
Service Cost	**2,608**	2,282	**1,466**	1,417	**285**	217
Interest Cost	**4,457**	4,294	**2,016**	2,269	**227**	181
Participant Contributions	**—**	—	**—**	2	**—**	—
Plan Amendments	**—**	—	**1,683**	(2,382)	**138**	—
Estimated Acquired Obligations	**—**	—	**—**	—	**—**	—
Curtailment Gain	**(1)**	(599)	**—**	—	**—**	—
Benefits Paid	**(3,185)**	(3,742)	**(1,848)**	(1,731)	**(53)**	(53)
Actuarial (Gain) or Loss	**6,226**	6,667	**4,333**	(1,536)	**(313)**	704
PBO at End of Year	**$ 89,393**	$ 79,288	**$ 43,344**	$ 35,694	**$ 4,263**	$ 3,979
Funded Status: Assets vs PBO	**$(35,293)**	$(32,206)	**$(34,482)**	$(29,388)	**$(4,263)**	$(3,979)

The Company has recorded on its consolidated balance sheets as a liability the underfunded status of their retirement benefit obligations based on the projected benefit obligation. The Company has recognized Regulatory Assets of $47.1 million and $43.7 million at December 31, 2010 and 2009, respectively, to recognize the future collection of these plan obligations in electric and gas rates.

The Accumulated Benefit Obligation (ABO) is required to be disclosed for all plans where the ABO is in excess of plan assets. The difference between the PBO and the ABO is that the PBO includes projected compensation increases. The ABO for the Pension Plan was $78.4 million and $69.0 million as of December 31, 2010 and 2009, respectively. The ABO for the SERP was $0.5 million and $0.5 million as of December 31, 2010 and 2009, respectively. For the PBOP Plan, the ABO and PBO are the same.

On August 17, 2006, the Pension Protection Act of 2006 (PPA) was signed into law. Included in the PPA were new minimum funding rules which went into effect for plan years beginning in 2008. The funding target was 100% of a plan's liability (as determined under the PPA) with any shortfall amortized over seven years, with lower (92% – 100%) funding targets available to well-funded plans during the transition period. Due to the significant declines in the valuation of capital markets during 2008, the Worker, Retiree, and Employer Recovery Act of 2008 (Recovery Act) was signed into law on December 23, 2008. Included in the Recovery Act are temporary modifications to the minimum funding rules set forth in the PPA such that all plans, except those that were subject to deficit reduction contribution requirements in 2007, are allowed to amortize any shortfall from the lower funding targets, rather than the 100% target, for the 2008 – 2010 plan years. The Company's Pension Plan was 80% funded under the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as of January 1, 2010 which resulted in a shortfall of $10.2 million. This shortfall is being amortized over seven years with annual payments of $1.7 million, beginning in 2010. The $1.7 million payment for 2010 is included in the Employer Contributions amount shown in the table below. On June 25, 2010, the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (Relief Act) was signed into law. The pension relief portion of the Relief Act provides two alternative shortfall amortization periods to the seven year amortization period required under the PPA. The Company has evaluated the two alternative shortfall amortization periods under the Relief Act and made the decision to continue with the seven year amortization period. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan in 2011 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these Pension Plan costs.

The following table represents employer contributions and benefit payments ($000's). There were no participant contributions.

	Pension Plan			PBOP Plan			SERP		
	2010	**2009**	**2008**	**2010**	**2009**	**2008**	**2010**	**2009**	**2008**
Employer Contributions	**$4,302**	$4,227	$2,800	**$3,482**	$2,800	$2,700	**$53**	$53	$59
Benefit Payments	**$3,185**	$3,742	$2,796	**$1,848**	$1,731	$1,699	**$53**	$53	$59

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

	Estimated Future Benefit Payments		
	Pension	**PBOP**	**SERP**
2011	$ 3,740	$ 1,512	$ 52
2012	3,958	1,613	51
2013	4,144	1,710	320
2014	4,365	1,824	318
2015	4,525	1,939	317
2016 - 2020	$26,922	$11,327	$1,555

The Expected Long-Term Rate of Return on Pension Plan assets assumption used by the Company is developed based on input from actuaries and investment managers. The Company's Expected Long-Term Rate of Return on Pension Plan assets is based on target investment allocation of 57% in common stock equities and 43% in fixed income securities. The Company's Expected Long-Term Rate of Return on PBOP Plan assets is based on target investment allocation of 55% in common stock equities and 45% in fixed income securities. The actual investment allocations are shown in the tables below.

Pension Plan	**Target Allocation 2011**	**Actual Allocation at December 31, 2010**	**2009**	**2008**
Equity Securities	57%	**58%**	59%	54%
Debt Securities	43%	**42%**	40%	35%
Other	0%	**0%**	1%	11%
Total		**100%**	100%	100%

PBOP Plan	**Target Allocation 2011**	**Actual Allocation at December 31, 2010**	**2009**	**2008**
Equity Securities	55%	**56%**	56%	56%
Debt Securities	45%	**44%**	44%	44%
Total		**100%**	100%	100%

(1) Represents investments in Money Market Funds.

The combination of these target allocations and expected returns resulted in the overall assumed long-term rate of return of 8.50% for 2010. The Company evaluates the actuarial assumptions, including the expected rate of return, at least annually. The desired investment objective is a long-term rate of return on assets that is approximately 5 – 6% greater than the assumed rate of inflation as measured by the Consumer Price Index. The target rate of return for the Plans has been based upon an analysis of historical returns supplemented with an economic and structural review for each asset class.

The FASB Codification defines fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the FASB Codification are described below:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

Valuation Techniques

There have been no changes in the valuation techniques used during the current period.

Assets measured at fair value on a recurring basis for the Pension Plan as of December 31, 2010 and 2009 are as follows ($000's):

	Fair Value Measurements at Reporting Date Using			
Description	**Balance as of December 31, 2010**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Pension Plan Assets:				
Mutual Funds:				
Balanced Funds	$31,625	$31,625	$—	$—
Fixed Income Funds	22,475	22,475		
Total Assets	$54,100	$54,100	$—	$—

Description	Balance as of December 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value Measurements at Reporting Date Using			
Pension Plan Assets:				
Mutual Funds:				
Balanced Funds	$27,706	$27,706	$—	$—
Fixed Income Funds	18,961	18,961	—	—
Total Mutual Funds	$46,667	$46,667	—	—
Cash Equivalents	415	415	—	—
Total Assets	$47,082	$47,082	$—	$—

Assets measured at fair value on a recurring basis for the PBOP Plan as of December 31, 2010 and 2009 are as follows ($000's):

Description	Balance as of December 31, 2010	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value Measurements at Reporting Date Using			
PBOP Plan Assets:				
Mutual Funds:				
Fixed Income Funds	$3,936	$3,936	$—	$—
Index Funds	3,580	3,580		
Balanced Funds	1,346	1,346		
Total Assets	$8,862	$8,862	$—	$—

Description	Balance as of December 31, 2009	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
	Fair Value Measurements at Reporting Date Using			
PBOP Plan Assets:				
Mutual Funds:				
Fixed Income Funds	$2,776	$2,776	$—	$—
Index Funds	2,582	2,582		
Balanced Funds	948	948		
Total Assets	$6,306	$6,306	$—	$—

Employee 401(k) Tax Deferred Savings Plan—The Company sponsors the Unitil Corporation Tax Deferred Savings and Investment Plan (the 401(k) Plan) under Section 401(k) of the Internal Revenue Code and covering substantially all of the Company's employees. Participants may elect to defer current compensation by contributing to the plan. Employees may direct, at their sole discretion, the investment of their savings plan balances (both the employer and employee portions) into a variety of investment options, including a Company common stock fund.

In September 2009, the Company amended the Plan as follows:

For current non-union employees who elect to stay with the Company's existing Pension Plan, there will be no changes in the 401(k) Plan. For those employees, the Company will continue to match contributions, with a maximum matching contribution of 3% of current compensation and those participants will be 100% vested in these company matching contributions once they have completed three years of service.

For non-union employees who are hired on or after January 1, 2010, and for non-union employees who elect to move from the Company's existing Pension Plan and accept a frozen pension benefit, the Company will provide the following enhancements to the 401(k) Plan:

- The Company will contribute 4% of base pay each year, regardless of whether or not the non-union employee elects to contribute to the 401(k) Plan.
- The Company will increase the matching contributions from 3% of base pay to 6% of base pay. This will be a 100% match of the first 6% of the non-union employee's contributions.
- All Company contributions will be 100% vested at all times.
- New non-union employees will be automatically enrolled in the 401(k) Plan following the completion of 1,000 hours of service, with the automatic contribution rate of 3%. This contribution rate will automatically increase by 1% on January 1 of each year until the non-union employee's contribution is 10% of pay. Non-union employees may elect to opt-out of the automatic enrollment and/or automatic increase features of the enhanced 401(k) Plan.

The Company's contributions to the 401(k) Plan were $980,000, $671,000 and $542,000 for the years ended December 31, 2010, 2009, and 2008, respectively.

Note 11: Quarterly Financial Information (unaudited; Millions, except per share data)

Quarterly earnings per share may not agree with the annual amounts due to rounding and the impact of additional common share issuances. Basic and Diluted Earnings per Share are the same for the periods presented.

	Three Months Ended							
	March 31,		**June 30,**		**September 30,**		**December 31,**	
	2010	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Total Operating Revenues	**$113.0**	$135.6	**$ 71.4**	$ 71.5	**$ 76.1**	$ 70.4	**$ 97.9**	$ 89.5
Operating Income	**$ 10.9**	$ 13.9	**$ 2.7**	$ 4.2	**$ 4.6**	$ 3.4	**$ 9.8**	$ 4.6
Net Income (Loss) Applicable to Common	**$ 6.5**	$ 9.1	**$ (2.1)**	$ 0.2	**$ (0.1)**	$ (0.6)	**$ 5.2**	$ 1.2
	Per Share Data:							
Earnings Per Common Share	**$ 0.61**	$ 1.14	**$ (0.19)**	$ 0.03	**$ (0.01)**	$ (0.06)	**$ 0.48**	$ 0.11
Dividends Paid Per Common Share	**$0.345**	$0.345	**$0.345**	$0.345	**$0.345**	$0.345	**$0.345**	$0.345

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

On July 21, 2010, the Company was notified that effective July 20, 2010, McGladrey & Pullen, LLP (McGladrey) acquired certain assets of Caturano and Company, Inc. (formerly Caturano and Company, P.C.), the Company's independent registered public accounting firm (Caturano) and substantially all of the officers and employees of Caturano joined McGladrey. As a result, Caturano resigned as the independent registered public accounting firm for the Company and McGladrey was appointed by the Audit Committee of the Company's Board of Directors as the Company's new independent registered public accounting firm on September 22, 2010.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2010. Based on this evaluation, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of December 31, 2010 that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

Under the supervision and with the participation of management, including the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, Unitil management has evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2010, based upon criteria established in the "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, Unitil management concluded that Unitil's internal control over financial reporting was effective as of December 31, 2010.

McGladrey and Pullen, LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2010, as stated in their report which appears in Part II, Item 8 herein.

Changes in Internal Control over Financial Reporting

There have been no changes in Unitil's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the fiscal quarter ended December 31, 2010 that have materially affected, or are reasonably likely to materially affect, Unitil's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers of the Registrant and Corporate Governance

Information required by this Item is set forth in Part I, Item 1 of this Form 10-K and in the “Proposal I: Election of Directors” section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 21, 2011. Information regarding the Company’s Audit Committee is set forth in the “Corporate Governance and Policies of the Board” and “Committees of the Board” sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 21, 2011. Information regarding the Company’s Code of Ethics is set forth in the “Corporate Governance and Policies of the Board” section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 21, 2011.

Item 11. Executive Compensation

Information required by this Item is set forth in the “Compensation Discussion and Analysis” and “Compensation of Named Executive Officers” sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 21, 2011.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this Item is set forth in the “Beneficial Ownership” and “As to the Election of Directors” sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 21, 2011, as well as the Equity Compensation Plan Benefit Information table in Part II, Item 5 of this Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this Item is set forth in the “Transactions with Related Persons” section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 21, 2011.

Item 14. Principal Accountant Fees and Services

Information required by this Item is set forth in the “Principal Accountant Fees and Services” section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 21, 2011.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) and (2) – **LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES**

The following financial statements are included herein under Part II, Item 8, Financial Statements and Supplementary Data:

- Reports of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets—December 31, 2010 and 2009
- Consolidated Statements of Earnings for the years ended December 31, 2010, 2009, and 2008
- Consolidated Statements of Cash Flows for the years ended December 31, 2010, 2009, and 2008
- Consolidated Statements of Changes in Common Stock Equity for the years ended December 31, 2010, 2009, and 2008
- Notes to Consolidated Financial Statements

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions, are not applicable, or information required is included in the financial statements or notes thereto and, therefore, have been omitted.

(3) – **LIST OF EXHIBITS**

Exhibit Number	Description of Exhibit	Reference*
3.1	Articles of Incorporation of the Company.	Exhibit 3.1 to Form S-14 Registration Statement 2-93769
3.2	Articles of Amendment to the Articles of Incorporation Filed on March 4, 1992.	Exhibit 3.2 to Form 10-K for 1991
3.3	Articles of Amendment to the Articles of Incorporation Filed on September 23, 2008.	Exhibit 3.3 to Form S-3/A dated November 25, 2008
3.4	By-laws of the Company.	Exhibit 4 to Form S-8 Registration Statement 333-73327
3.5	Articles of Exchange of Concord Electric Company (CECo), Exeter & Hampton Electric Company (E&H) and the Company.	Exhibit 3.3 to 10-K for 1984
3.6	Articles of Exchange of CECo, E&H, and the Company—Stipulation of the Parties Relative to Recordation and Effective Date.	Exhibit 3.4 to Form 10-K for 1984
3.7	The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg Gas and Electric Light Company (Fitchburg) and UMC Electric Co., Inc. (UMC).	Exhibit 25(b) to Form 8-K dated March 1, 1989
3.8	Amendment No. 1 to The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg and UMC.	Exhibit 28(b) to Form 8-K dated December 14, 1989
4.1	Twelfth Supplemental Indenture of Unitil Energy Systems, Inc., successor to Concord Electric Company, dated as of December 2, 2002, amending and restating the Concord Electric Company Indenture of Mortgage and Deed of Trust dated as of July 15, 1958.	Exhibit 4.1 to Form 10-K for 2002

Exhibit Number	Description of Exhibit	Reference*
4.2	Fitchburg Note Agreement dated November 30, 1993 for the 6.75% Notes due November 23, 2023.	Exhibit 4.18 to Form 10-K for 1993
4.3	Fitchburg Note Agreement dated January 26, 1999 for the 7.37% Notes due January 15, 2028.	Exhibit 4.25 to Form 10-K for 1999
4.4	Fitchburg Note Agreement dated June 1, 2001 for the 7.98% Notes due June 1, 2031.	Exhibit 4.6 to Form 10-Q for June 30, 2001
4.5	Unitil Realty Corp. Note Purchase Agreement dated July 1, 1997 for the 8.00% Senior Secured Notes due August 1, 2017.	Exhibit 4.22 to Form 10-K for 1997
4.6	Fitchburg Note Agreement dated October 15, 2003 for the 6.79% Notes due October 15, 2025.	Exhibit 4.7 to Form 10-K for 2003
4.7	Fitchburg Note Agreement dated December 21, 2005 for the 5.90% Notes due December 15, 2030.	**
4.8	Thirteenth Supplemental Indenture of Unitil Energy Systems, Inc., dated as of September 26, 2006.	**
4.9	Unitil Corporation Note Purchase Agreement, dated as of May 2, 2007, for the 6.33% Senior Notes due May 1, 2022.	**
4.10	Northern Utilities Note Purchase Agreement, dated as of December 3, 2008, for the 6.95% Senior Notes, Series A due December 3, 2018 and the 7.72% Senior Notes, Series B due December 3, 2038.	Exhibit 4.1 to Form 8-K dated December 3, 2008
4.11	Granite State Note Purchase Agreement, dated as of December 15, 2008, for the 7.15% Senior Notes due December 15, 2018.	Exhibit 99.1 to Form 8-K dated December 15, 2008
4.12	Northern Utilities Note Purchase Agreement, dated as of March 2, 2010, for the 5.29% Senior Notes, due March 2, 2020.	Exhibit 4.1 to Form 8-K dated March 2, 2010
4.13	Fourteenth Supplemental Indenture of Unitil Energy Systems, Inc., dated as of March 2, 2010.	Exhibit 4.4 to Form 8-K dated March 2, 2010
10.1	Unitil System Agreement dated June 19, 1986 providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.9 to Form 10-K for 1986
10.2	Supplement No. 1 to Unitil System Agreement providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.8 to Form 10-K for 1987
10.3	Transmission Agreement between Unitil Power Corp. and Public Service Company of New Hampshire, effective November 11, 1992.	Exhibit 10.6 to Form 10-K for 1993
10.4***	Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.	Exhibit 10.2 to Form 8-K dated June 19, 2008
10.5***	Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.	Exhibit 10.3 to Form 8-K dated June 19, 2008
10.6***	Amended and Restated Unitil Corporation Supplemental Executive Retirement Plan effective as of December 31, 2007.	Exhibit 10.4 to Form 8-K dated June 19, 2008

Exhibit Number	Description of Exhibit	Reference*
10.7***	Unitil Corporation 1998 Stock Option Plan.	Exhibit 10.12 to Form 10-K for 1998
10.8***	Amended and Restated Unitil Corporation Management Incentive Plan effective as of June 19, 2008 as further amended on December 1, 2008.	Exhibit 10.8 to Form 10-K for 2008
10.9	Entitlement Sale and Administrative Service Agreement with Select Energy.	Exhibit 10.14 to Form 10-K for 1999
10.10***	Unitil Corporation 2003 Restricted Stock Plan.	Exhibit 10.16 to Form 10-K for 2002
10.11	Portfolio Sale and Assignment and Transition Service and Default Service Supply Agreement By and Among Unitil Power Corp., Unitil Energy Systems, Inc. and Mirant Americas Energy Marketing, LP.	Exhibit 10.17 to Form 10-K for 2002
10.12	Unitil Corporation Tax Deferred Savings and Investment Plan—Trust Agreement.	Exhibit 10.1 to Form 10-Q for September 30, 2004
10.13***	Amended and Restated Employment Agreement effective as of November 1, 2009 by and between Unitil Corporation and Robert G. Schoenberger.	Exhibit 10.1 to Form 8-K dated September 23, 2009
10.14	Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated November 26, 2008
10.15	Amendment Agreement dated as of January 2, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated January 2, 2009
10.16	Amendment Agreement dated as of October 13, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated October 13, 2009
10.17	Fourth Amendment Agreement dated October 8, 2010 by and among Unitil Corporation and Bank of America, N.A.	Exhibit 10.5 to Form 8-K dated October 8, 2010
10.18	Credit Agreement between Unitil Corporation and Royal Bank of Canada dated December 1, 2008.	Exhibit 10.2 to Form 8-K dated November 26, 2008
10.19	Transition Services Agreement between Unitil Corporation and NiSource, Inc. dated December 1, 2008.	Exhibit 10.3 to Form 8-K dated November 26, 2008
10.20	Parent Guaranty of Unitil Corporation for the Granite State 7.15% Senior Notes due December 15, 2018.	Exhibit 10.1 to Form 8-K dated December 15, 2008
10.21	Unitil Corporation—Compensation of Directors.	Filed herewith
11.1	Statement Re: Computation in Support of Earnings per Share For the Company.	Filed herewith
12.1	Statement Re: Computation in Support of Ratio of Earnings to Fixed Charges for the Company.	Filed herewith
16.1	Letter Re: Change in Certifying Accountant	Exhibit 16.1 to Form 8-K dated September 22, 2010
21.1	Statement Re: Subsidiaries of Registrant.	Filed herewith
23.1	Consent of Independent Registered Public Accounting Firm.	Filed herewith
23.2	Consent of Independent Registered Public Accounting Firm.	Filed herewith

Exhibit Number	Description of Exhibit	Reference*
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.3	Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith
99.1	Unitil Corporation Press Release Dated February 3, 2011 Announcing Earnings for the Quarter and Year Ended December 31, 2010.	Filed herewith
101.INS	XBRL Instance Document.	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

* The exhibits referred to in this column by specific designations and dates have heretofore been filed with the Securities and Exchange Commission under such designations and are hereby incorporated by reference.

** In accordance with Item 601(b)(4)(iii)(A) of Federal Securities Regulation S-K, the instrument defining the debt of the Registrant and its subsidiary, described above, has been omitted but will be furnished to the Commission upon request.

*** These exhibits represent a management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITIL CORPORATION

Date February 3, 2011

By /s/ ROBERT G. SCHOENBERGER
Robert G. Schoenberger
Chairman of the Board of Directors,
Chief Executive Officer and President

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ ROBERT G. SCHOENBERGER **Robert G. Schoenberger**	Principal Executive Officer; Director	February 3, 2011
/s/ MARK H. COLLIN **Mark H. Collin**	Principal Financial Officer	February 3, 2011
/s/ LAURENCE M. BROCK **Laurence M. Brock**	Principal Accounting Officer	February 3, 2011
/s/ MICHAEL J. DALTON **Michael J. Dalton**	Director	February 3, 2011
/s/ ALBERT H. ELFNER, III **Albert H. Elfner, III**	Director	February 3, 2011
/s/ M. BRIAN O'SHAUGHNESSY **M. Brian O'Shaughnessy**	Director	February 3, 2011
/s/ WILLIAM D. ADAMS **William D. Adams**	Director	February 3, 2011
/s/ DR. SARAH P. VOLL **Dr. Sarah P. Voll**	Director	February 3, 2011
/s/ EBEN S. MOULTON **Eben S. Moulton**	Director	February 3, 2011
/s/ DAVID P. BROWNELL **David P. Brownell**	Director	February 3, 2011
/s/ EDWARD F. GODFREY **Edward F. Godfrey**	Director	February 3, 2011
/s/ MICHAEL B. GREEN **Michael B. Green**	Director	February 3, 2011
/s/ DR. ROBERT V. ANTONUCCI **Dr. Robert V. Antonucci**	Director	February 3, 2011

EXHIBIT INDEX

Exhibit No.	Description
10.21	Unitil Corporation—Compensation of Directors
11.1	Computation in Support of Earnings per Share
12.1	Computation in Support of Ratio of Earnings to Fixed Charges
21.1	Subsidiaries of Registrant
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101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

Exhibit 11.1

UNITIL CORPORATION

COMPUTATION IN SUPPORT OF EARNINGS PER SHARE

	Year Ended December 31,		
	2010	2009	2008
EARNINGS PER SHARE (000's, except per share data)			
Net Income	**$ 9,616**	$10,049	$9,735
Less: Dividend Requirements on Preferred Stock	**132**	134	135
Net Income Applicable to Common Stock	**$ 9,484**	$ 9,915	$9,600
Average Number of Common Shares Outstanding—Basic	**10,823**	9,647	5,830
Dilutive Effect of Stock Options and Restricted Stock	**1**	—	—
Average Number of Common Shares Outstanding—Diluted	**10,824**	9,647	5,830
Earnings Per Share—Basic	**$ 0.88**	$ 1.03	$ 1.65
Earnings Per Share—Diluted	**$ 0.88**	$ 1.03	$ 1.65

Exhibit 12.1

UNITIL CORPORATION

COMPUTATION IN SUPPORT OF RATIO OF EARNINGS TO FIXED CHARGES

(000's, except ratios)	Year Ended December 31, 2010	2009	2008	2007	2006
Earnings:					
Net Income, per Consolidated Statement of Earnings	**$ 9,616**	$10,049	$ 9,735	$ 8,746	$ 8,033
Federal and State Income Taxes included in Operations	**4,464**	5,220	4,450	4,482	4,266
Interest on Long-Term Debt	**19,664**	17,961	11,795	10,919	9,404
Amortization of Debt Discount Expense	**307**	233	151	136	112
Other Interest	**2,015**	2,474	1,156	1,949	1,675
Total	**$36,066**	$35,937	$27,287	$26,232	$23,490
Fixed Charges:					
Interest of Long-Term Debt	**$19,664**	$17,961	$11,795	$10,919	$ 9,404
Amortization of Debt Discount Expense	**307**	233	151	136	112
Other Interest	**2,015**	2,474	1,156	1,949	1,675
Pre-tax Preferred Stock Dividend Requirements	**194**	208	199	213	208
Total	**$22,180**	$20,876	$13,301	$13,217	$11,399
Ratio of Earnings to Fixed Charges	**1.63**	1.72	2.05	1.98	2.06

Exhibit 21.1

Subsidiaries of Registrant

The Company or the registrant has eight wholly-owned subsidiaries, seven of which are corporations organized under the laws of the State of New Hampshire: Unitil Energy Systems, Inc., Northern Utilities, Inc., Granite State Gas Transmission, Inc., Unitil Power Corp., Unitil Realty Corp., Unitil Resources, Inc. and Unitil Service Corp. The eighth, Fitchburg Gas and Electric Light Company, is organized under the laws of the State of Massachusetts. Usource, Inc., which is a corporation organized under the laws of the State of Delaware, is a wholly-owned subsidiary of Unitil Resources, Inc. Usource, Inc. is the sole member of Usource L.L.C., which is a corporation organized under the laws of the State of Delaware.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of Unitil Corporation and subsidiaries on Form S-3 (File No. 333-168394 effective July 29, 2010), Form S-3 (File No. 333-158537 effective April 29, 2009), Form S-3 (File No. 333-152823 effective December 5, 2008), Form S-8 (File No. 333-114978 effective April 29, 2004) and on Form S-8 (File No. 333-42266 effective July 26, 2000) of our report dated February 3, 2011, relating to the consolidated financial statements of Unitil Corporation and subsidiaries (the Company) as of December 31, 2010 and the year ending December 31, 2010 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2010, appearing in the Annual Report of the Company on Form 10-K for the year ended December 31, 2010.

/s/ McGladrey & Pullen, LLP
Boston, Massachusetts
February 3, 2011

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of Unitil Corporation and subsidiaries on Form S-3 (File No. 333-168394 effective July 29, 2010), Form S-3 (File No. 333-158537 effective April 29, 2009), Form S-3 (File No. 333-152823 effective December 5, 2008), Form S-8 (File No. 333-114978 effective April 29, 2004), and on Form S-8 (File No. 333-42266 effective July 26, 2000) of our report dated February 10, 2010, relating to the consolidated financial statements of Unitil Corporation and subsidiaries (the Company) as of December 31, 2009 and the two years ending December 31, 2009, appearing in the Annual Report of the Company on Form 10-K for the year ended December 31, 2010.

/s/ Caturano and Company, Inc.
Boston, Massachusetts
February 3, 2011

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Schoenberger, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 3, 2011

/s/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark H. Collin, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 3, 2011

/s/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

Exhibit 31.3

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurence M. Brock, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 3, 2011

/s/ Laurence M. Brock

Laurence M. Brock
Chief Accounting Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Unitil Corporation (the "Company") on Form 10-K for the year ending December 31, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Robert G. Schoenberger, Chief Executive Officer and President, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Chief Accounting Officer, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Signature	Capacity	Date
/s/ Robert G. Schoenberger Robert G. Schoenberger	Chief Executive Officer and President	February 3, 2011
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	February 3, 2011
/s/ Laurence M. Brock Laurence M. Brock	Chief Accounting Officer	February 3, 2011

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INFORMATION

2011 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 21, 2011, at 10:30 a.m.

Transfer Agent

The Company's Transfer Agent, Computershare Trust Company, N.A. ("Computershare"), is responsible for all shareholder records, including stock transfer; and the distribution of dividends, tax documents and annual meeting materials to registered holders. Shareholder requests regarding these and other matters can be addressed by corresponding directly with Computershare at:

Mail: PO Box 43078
Providence, RI 02940-3078
Telephone: 800-736-3001
Website: www.computershare.com/investor

For information about the Company and your investment, you may also call the Company directly, toll-free, at: 800-999-6501 and ask for the Shareholder Representative; or visit the Investor Relations page at www.unitil.com; or contact us at InvestorRelations@unitil.com.

PROGRAMS AND PLANS

Dividend Reinvestment Plan

A Dividend Reinvestment and Stock Purchase Plan is available to registered holders of the Company's Common Stock. This Plan provides shareholders with an economical means to increase their investment in the Company each quarter by reinvesting their dividends without broker fees. For additional information or enrollment, please contact the Company or Computershare.

Dividend Direct Deposit

Dividend Direct Deposit Service is available without charge to shareholders of record of the Company's Common Stock. For further information or enrollment in this service, please contact the Company or Computershare.

Direct Registration

The Company's Common Stock is eligible for Direct Registration or "DRS", which is available without charge to shareholders of record. DRS is a service within the securities industry that allows shares to be held and tracked electronically, without having to retain a physical stock certificate. For additional information, please contact Computershare at:

Mail: PO Box 43084
Providence, RI 02940-3084
Telephone: 800-935-9330
Website: www.computershare.com/investor

Unitil Corporation • 6 Liberty Lane West • Hampton, NH 03842-1720

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Unitil Annual Report 2011

Unitil

energy for life

Annual Report 2011

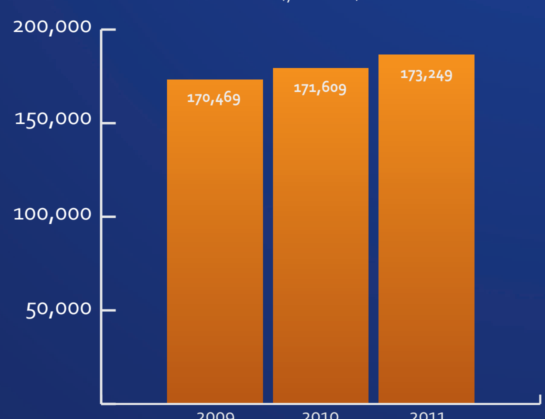
UNITIL'S DISTRIBUTION UTILITIES SERVICE AREAS

ABOUT UNITIL

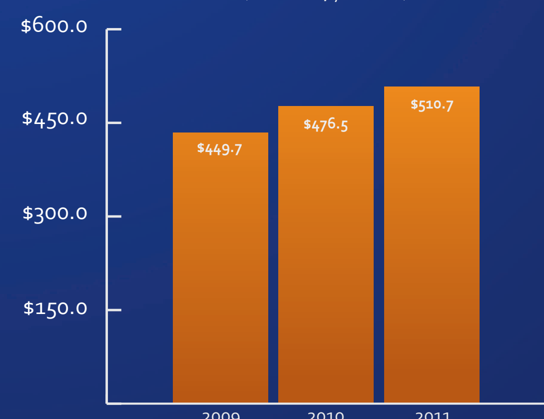
Unitil Corporation provides energy for life by safely and reliably delivering natural gas and electricity in New England. We are committed to the communities we serve and to developing people, business practices, and technologies that lead to dependable, more efficient energy. Unitil Corporation is a public utility holding company with operations in Maine, New Hampshire and Massachusetts. Together, Unitil's operating utilities serve approximately 101,400 electric customers and 71,900 natural gas customers. Other subsidiaries include Usource, Unitil's non-regulated business segment. For more information about our people, technologies, and community involvement please visit www.unitil.com.

HIGHLIGHTS	2011	2010	2009
Financial Data (Millions)			
Total Operating Revenues	$352.8	$358.4	$367.0
Total Operating Income	$37.2	$28.0	$26.1
Capital Expenditures	$57.1	$49.6	$58.7
Earnings Applicable to Common	$16.3	$9.5	$9.9
Net Utility Plant	$510.7	$476.5	$449.7
Common Share Data			
Diluted Earnings per Share	$1.50	$0.88	$1.03
Dividends Paid Per Common Share	$1.38	$1.38	$1.38
Book Value Per Share (Year-End)	$17.50	$17.35	$17.83
Market Price (Year-end)	$28.38	$22.74	$22.98
Average Common Shares Outstanding (000's)	10,883	10,824	9,647
Operating Data			
Electric Distribution Sales (Millions of kWh)	1,682.1	1,691.1	1,618.8
Firm Gas Distribution Sales (Millions of Therms)	186.9	172.9	178.7
Customers Served (Year-End)	173,249	171,609	170,469
Electric Customers Served (Year-End)	101,354	100,858	100,498
Gas Customers Served (Year-End)	71,895	70,751	69,971

Total Customers Served
(year-end)



Net Utility Plant
($ millions, year-end)



TO OUR SHAREHOLDERS

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

"2011 was a very successful and satisfying year for our Company. But the numbers tell only half the story. We had a number of other significant achievements and developments that I would like to highlight."

Over the past couple of years, we promised our shareholders that we would execute on our strategies to significantly improve on the Company's financial, operational and reputational results. I hope as you read this letter you will conclude: a promise made is a promise kept.

We earned $1.50 per share in 2011, up from $0.88 per share in 2010. These results were driven by the resetting of rates for all of our operating utilities and significant growth in natural gas sales. Completing six rate cases in four different regulatory jurisdictions in 18 months is a significant achievement.

Our Company generated a 32% total return to shareholders for the year, significantly outperforming both the S&P Utilities and S&P 500 total returns of 20% and 2%, respectively.

2011 was a very successful and satisfying year for our Company.

But the numbers tell only half the story. We had a number of other significant achievements and developments that I would like to highlight.

The completion of our ambitious regulatory agenda generated an increase in base revenues of approximately 30%. The full impact of these rate cases will be achieved in 2012 and will provide substantial earnings support. Importantly, in addition to the initial base rate relief we have achieved, we have also put in place some longer term capital cost trackers providing annual rate step adjustments to recover a significant portion of our future capital spending without the need to file full base rate cases. The combination of the initial base rate relief and the future annual cost tracker rate adjustments will provide meaningful earnings support going forward.

With the full integration of our gas operations now complete, we have continued to focus on growing and maximizing the value of this newest part of our Company. This past year we achieved high growth in natural gas sales by aggressively connecting new residential and business customers to our system and converting existing customers from alternate fuels to natural gas. We added several large energy users, including healthcare, educational and manufacturing facilities located throughout our service territories. Helping to drive the demand for natural gas are an abundance of supply, environmental benefits, as well as the significant price advantage natural gas has compared to oil and other competing fuels. On a weather-normalized basis, total therm sales of natural gas increased 7% in 2011 compared to 2010. The increase in gas therm sales reflects a 2.5% customer addition rate across residential and commercial and industrial customer groups during the year. We expect these favorable trends to continue.

Our non-regulated energy brokering subsidiary, Usource, continues to execute on its strategic growth plan. Usource's revenues for 2011 were up approximately $900,000, or 20%, compared to prior year, and Usource contributed $0.15 to EPS in 2011. Usource serves 1,200 customers and has a customer retention rate of over 90%. With natural gas prices remaining favorable and electricity prices lower and more stable, we expect continued strong demand for Usource's services, and for Usource to continue to be a stable, low risk contributor to our earnings.

We continue to invest in our gas and electric operations. Back in April, we announced the beginning of our "SURE (System Upgrade for Reliable Energy)" Project for the greater Portland-Westbrook region in Maine. As part of this 14-year project, more than 100 miles of cast iron and bare steel will be replaced or upgraded. Once complete, one of Maine's most important economic engines will have the natural gas infrastructure it needs to take on the rest of the 21st century. We have similar programs underway in New Hampshire and Massachusetts. We are also investing in our interstate natural gas transmission pipeline to improve pipeline integrity, which will ensure continuous safe supply to meet the current and future needs of our gas delivery system. On the electric side of our business, we are making a number of valuable investments in our distribution and transmission system to enhance reliability and serve our customers' requirements.

Investment in technology is the key to productivity and customer service. We hardened communications between all of our facilities with fiber and redundant paths to all of our major facilities to increase resiliency and to handle the increasing numbers of every day connections we have with our customers, business partners and with each other. Our field personnel are now equipped with mobile devices; reducing costs and speeding delivery of service. Through our Geographic Information System (GIS) and Compliance Management System (CMS) we have greatly improved the efficiency and effectiveness of our regulatory compliance reporting and our back office functions. We are modernizing our Customer Information and Billing System to enhance our abilities to service our customers, and our advanced smart meters tell us more about when and how our customers use energy, providing additional opportunities to improve and expand upon the services we deliver to our customers.

The changing regulatory climate in New England and increasing customer expectations have made a utility's ability to respond to storms a required competency, and in 2011 we demonstrated that our emergency response plan can be pointed to as a model for our peers in the region. After having adopted the National Incident Management System in 2009, our system was tested twice in the fall of 2011. First, Tropical Storm Irene blew through the region in August, felling trees and creating flooding issues. We restored power to all of our customers in 36 hours, with our customers among the first in the region to have their power back. Just a few weeks later on Halloween, a historic snow storm dumped wet, heavy snow on trees with full foliage. Damage was devastating throughout the region with millions without power. Again, our customers were among the first to be back on. Our operational efficiency and our efforts to communicate progress to customers during both events were praised by local officials and regulators, leading to calls expressing thanks from both Massachusetts and New Hampshire governors for a job well done. Our new Twitter feed, followed by thousands, and our upgraded website, Unitil.com, played key roles in keeping customers informed. New England has now been hit by four major storms in the last five years, and Unitil has learned from each storm, sharpened its approach, and become a premier emergency response organization all in the span of two years.

Then & Now

Date Unknown

2011

Our energy efficiency and management programs provide further opportunities for us to assist our customers. Our work this past year alongside Simonds International in Fitchburg, Massachusetts, allowed an important manufacturing business in that community to build a gas-cogeneration plant, lowering its energy costs and keeping needed jobs in the region. We found a way to use rebates to support municipal facilities like the Hampton Public library to save on heating costs, and housing developments like those managed by the Lunenburg Housing Authority to dramatically lower its need for state resources. Our energy efficiency program spending to support initiatives like these has tripled over the past five years - bending the rate of demand increase down and saving significantly on energy bills for our customers.

In 2011, we sharpened the focus of our community outreach. For example, in the spring, the first six recipients of the Unitil Scholarship Fund were announced. Each of these students, one from each of our service territories, earned a five thousand dollar scholarship through a commitment to study science, technology, engineering or math. A strong background in the sciences will be essential for tomorrow's workforce, and I look forward to learning more about the success of these candidates as we begin the selection process anew. And, while we reward students for showing excellence in the sciences, we are also working to expose younger children to the realm of science through the Unitil Program Center at the McAullife-Shepard Discovery Center in Concord, New Hampshire. The Center, which opened this summer, provides a wealth of innovative workshops for students to learn and gain appreciation for these exciting fields.

1926

2011

Conclusion

In 2011 we significantly strengthened the financial, operational and reputational capabilities of our Company. It demonstrates we have the right strategies in place to achieve our long term goal of growing earnings per share 3% to 5% per year. We are proud that we have paid the dividend annually over the last 27 years, even during the tough years when many companies cut their payouts. We take pride in our reputation for operational excellence, high customer satisfaction and sound relationships with regulatory officials and with the communities we serve.

Looking forward, we will see the full year effect of all our rate adjustments in 2012. We continue to look for prudent opportunities to expand our electric and gas distribution systems. We are excited by the opportunity for Usource to make additional bottom line contributions as it expands relationships with large channel partners such as chambers of commerce, industry associations and individual customers operating in multiple geographic locations.

In an otherwise challenging economic environment, Unitil has and will continue to be an excellent investment.

Finally, I am honored to work with the best people in the business. Period. They get it done day in and day out. I also thank you for your support and confidence in what has been an unusually challenging environment. We know we have to earn that confidence every year.

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

February 23, 2012

This Annual Report contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. All statements, other than statements of historical fact, are forward-looking statements. 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 the following: the Company's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters); fluctuations in the supply of, demand for, transmission capacity and the prices of energy commodities and the Company's ability to recover energy commodity costs in its rates; customers' preferences on energy sources; severe storms and the Company's ability to recover storm costs in its rates; general economic conditions; variations in weather; long-term global climate change; the Company's ability to retain its existing customers and attract new customers; the Company's energy brokering customers' performance under multi-year energy brokering contracts; increased competition; and other risks and uncertainties described in the section entitled Risk Factors in the enclosed Annual Report on Form 10-K and Unitil Corporation's other filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date made, and the Company undertakes no obligation to update any forward-looking statements. Please also see Cautionary Statement beginning on page 25 of the enclosed Form 10-K.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2011

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-8858

UNITIL CORPORATION
(Exact name of registrant as specified in its charter)

New Hampshire **(State or other jurisdiction of incorporation or organization)**	**02-0381573** **(I.R.S. Employer Identification No.)**
6 Liberty Lane West, Hampton, New Hampshire **(Address of principal executive offices)**	**03842-1720** **(Zip Code)**

Registrant's telephone number, including area code: (603) 772-0775

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, No Par Value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K ☒

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Based on the closing price of June 30, 2011, the aggregate market value of common stock held by non-affiliates of the registrant was $282,734,913.

The number of common shares outstanding of the registrant was 10,955,671 as of January 30, 2012.

Documents Incorporated by Reference:

Portions of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012 are incorporated by reference into Part III of this Report

UNITIL CORPORATION
FORM 10-K
For the Fiscal Year Ended December 31, 2011
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PART I

Item 1. Business

UNITIL CORPORATION

In this Annual Report on Form 10-K, the "Company", "Unitil", "we", and "our" refer to Unitil Corporation and its subsidiaries, unless the context requires otherwise. Unitil is a public utility holding company and was incorporated under the laws of the State of New Hampshire in 1984. The following companies are wholly-owned subsidiaries of Unitil:

Company Name	State and Year of Organization	Principal Business
Unitil Energy Systems, Inc. (Unitil Energy)	NH - 1901	Electric Distribution Utility
Fitchburg Gas and Electric Light Company (Fitchburg)	MA - 1852	Electric & Natural Gas Distribution Utility
Northern Utilities, Inc. (Northern Utilities)	NH - 1979	Natural Gas Distribution Utility
Granite State Gas Transmission, Inc. (Granite State)	NH - 1955	Natural Gas Transmission Pipeline
Unitil Power Corp. (Unitil Power)	NH - 1984	Wholesale Electric Power Utility
Unitil Service Corp. (Unitil Service)	NH - 1984	Utility Service Company
Unitil Realty Corp. (Unitil Realty)	NH - 1986	Real Estate Management
Unitil Resources, Inc. (Unitil Resources)	NH - 1993	Non-regulated Energy Services
Usource Inc. and Usource L.L.C. (Usource)	DE - 2000	Energy Brokering Services

Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005.

Unitil's principal business is the local distribution of electricity and natural gas throughout its service territories in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities: i) Unitil Energy, which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the capital city of Concord, ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts, and iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland, which is the largest city in northern New England. In addition, Unitil is the parent company of Granite State, an interstate natural gas transmission pipeline company that provides interstate natural gas pipeline access and transportation services to Northern Utilities in its New Hampshire and Maine service territory. Together, Unitil's three distribution utilities serve approximately 101,400 electric customers and 71,900 natural gas customers.

Unitil's distribution utilities had an investment in Net Utility Plant of $510.7 million at December 31, 2011. Unitil's total operating revenue was $352.8 million in 2011. Substantially all of Unitil's operating revenue is derived from regulated distribution utility operations.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy in 2003 and divested of substantially all of its long-term power supply contracts through the sale of the entitlements to the electricity associated with those contracts.

Unitil also has three other wholly-owned subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology and energy supply management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are indirect subsidiaries that are wholly-owned by Unitil Resources. Usource provides energy brokering and advisory services to a national client base of large commercial and industrial customers. (for segment information, see Part II, Item 8, Note 8 herein).

OPERATIONS

Natural Gas Operations

Unitil's natural gas operations include gas distribution utility operations and interstate gas transmission pipeline operations, discussed below. Revenue from Unitil's gas operations was $159.2 million for 2011, which represent about 45% of Unitil's total operating revenue. In 2008, the Company significantly expanded its gas operations by acquiring Northern Utilities and Granite State.

On December 1, 2008, the Company purchased Northern Utilities, a natural gas distribution utility serving customers in Maine and New Hampshire, from Bay State Gas Company (Bay State) and Granite State, an interstate natural gas transmission pipeline company primarily serving the needs of Northern Utilities, from NiSource Inc. (NiSource).

Natural Gas Distribution Utility Operations

Unitil's natural gas distribution operations are conducted through two of the Company's operating utilities, Northern Utilities and Fitchburg. The primary business of Unitil's natural gas utility operations is the local distribution of natural gas to customers in its service territory in New Hampshire, Massachusetts and Maine. As a result of a restructuring of the gas utility industry in New Hampshire, Massachusetts and Maine, Fitchburg's residential and commercial and industrial (C&I) customers and Northern Utilities' C&I customers have the opportunity to purchase their natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through Northern Utilities and Fitchburg under regulated rates and tariffs. Northern Utilities and Fitchburg purchase natural gas from unaffiliated wholesale suppliers and recover the actual costs of these supplies on a pass-through basis through reconciling rate mechanisms that are periodically adjusted.

Natural gas is supplied and distributed by Northern Utilities to approximately 56,600 customers in 44 New Hampshire and southern Maine communities, from Plaistow, New Hampshire in the south to the city of Portland, Maine and then extending to Lewiston-Auburn, Maine in the north. Northern Utilities has a diversified customer base both in Maine and New Hampshire. Commercial businesses include healthcare, education, government and retail. Northern Utilities' industrial base includes manufacturers in the industries of auto, housing, rubber, printing, textile, pharmaceutical, electronics, wires and food production as well as a military installation. Northern Utilities' 2011 gas operating revenue was $123.1 million, of which approximately 40.0% was derived from residential firm sales and 60.0% from commercial/industrial firm sales.

Natural gas is supplied and distributed by Fitchburg to approximately 15,300 customers in the communities of Fitchburg, Lunenburg, Townsend, Ashby, Gardner and Westminster, all located in Massachusetts. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries. Fitchburg's 2011 gas operating revenue was $31.5 million, of which approximately 51% was derived from residential firm sales and 49.0% from commercial/industrial firm sales.

Gas Transmission Pipeline Operations

Granite State is an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to North American pipeline supplies. Granite State had operating revenue of $4.6 million for 2011. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and to third-party marketers.

Electric Distribution Utility Operations

Unitil's electric distribution operations are conducted through two of the Company's utilities, Unitil Energy and Fitchburg. Revenue from Unitil's electric utility operations was $188.1 million for 2011, which represents about 53% of Unitil's total operating revenue.

The primary business of Unitil's electric utility operations is the local distribution of electricity to customers in its service territory in New Hampshire and Massachusetts. As a result of electric industry restructuring in New Hampshire and Massachusetts, Unitil's customers are free to contract for their supply of electricity with third-party suppliers. The distribution utilities continue to deliver that supply of electricity over their distribution systems. Both Unitil Energy and Fitchburg supply electricity to those customers who do not obtain their supply from third-party suppliers, with the approved costs associated with electricity supplied by the distribution utilities being recovered on a pass-through basis under periodically-adjusted rates.

Unitil Energy distributes electricity to approximately 73,100 customers in New Hampshire in the capital city of Concord as well as parts of 12 surrounding towns and all or part of 18 towns in the southeastern and seacoast regions of New Hampshire, including the towns of Hampton, Exeter, Atkinson and Plaistow. Unitil Energy's service territory consists of approximately 408 square miles. In addition, Unitil Energy's service territory encompasses retail trading and recreation centers for the central and southeastern parts and includes the Hampton Beach recreational area. These areas serve diversified commercial and industrial businesses, including manufacturing firms engaged in the production of electronic components, wires and plastics, healthcare and education. Unitil Energy's 2011 electric operating revenue was $128.8 million, of which approximately 54.0% was derived from residential sales and 46.0% from C&I sales.

Fitchburg is engaged in the distribution of both electricity and natural gas in the greater Fitchburg area of north central Massachusetts. Fitchburg's service territory encompasses approximately 170 square miles. Electricity is supplied and distributed by Fitchburg to approximately 28,300 customers in the communities of Fitchburg, Ashby, Townsend and Lunenburg. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries and education. Fitchburg's 2011 electric operating revenue was $59.3 million, of which approximately 52.0% was derived from residential sales and 48.0% from C&I sales.

Seasonality

As a result of the acquisitions of Northern Utilities and Granite State in 2008, consolidated results for the Company in the current period may not be directly comparable to some prior period results until such time as the acquisitions are fully reflected in all reporting periods presented. In particular, the Company's results will reflect the seasonal nature of the natural gas distribution business. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher due to heating-related requirements, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Electric sales in New England are far less seasonal than natural gas sales; however, the highest usage typically occurs in both the summer months due to air conditioning demand and the winter months due to heating-related requirements and shorter daylight hours. Unitil Energy, Fitchburg and Northern Utilities are not dependent on a single customer or a few customers for their electric and natural gas sales.

Non-Regulated and Other Non-Utility Operations

Unitil's non-regulated operations are conducted through Usource, a subsidiary of Unitil Resources. Usource provides energy brokering and advisory services to a national client base of large commercial and industrial customers. Revenue from Unitil's non-regulated operations was $5.5 million in 2011.

The results of Unitil's other non-utility subsidiaries, Unitil Service and Unitil Realty, and the holding company are included in the Company's consolidated results of operations. The results of these non-utility operations are principally derived from income earned on short-term investments and real property owned for Unitil's and its subsidiaries' use and are reported, after intercompany eliminations, in Other segment income (for segment information, see Part II, Item 8, Note 8 herein).

(For details on Unitil's Results of Operations, see Part II, Item 7 herein.)

RATES AND REGULATION

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by the FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to its rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers have the opportunity to purchase their electricity or natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through the distribution utilities under regulated energy rates and tariffs. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual approved costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

Rate Case Activity

Fitchburg—Increase in Base Rates Approved—On August 1, 2011, the MDPU issued an order approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of Fitchburg. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs. The order provides resolution to the open regulatory matters concerning the ratemaking treatment and cost recovery related to the December 2008 ice storm event.

Granite State—Increase in Base Rates Approved—On January 31, 2011, the FERC approved a settlement agreement providing for an increase of $1.7 million in annual revenue, based on new gas transportation rates to be effective January 1, 2011. Subsequently, on August 31, 2011, the FERC approved an amendment to the settlement agreement which provides for an additional increase of approximately $0.5 million in Granite State's annual revenues effective August 1, 2011. Under the amended settlement agreement, beginning in 2012, Granite State is permitted to file limited annual rate adjustment filings to recover the revenue requirements for certain specified future capital cost additions to transmission plant projects. The limited rate adjustments would be effective August 1 of each year, and are projected to conclude in 2014 when the major projects will be completed. The annual revenue increases for the limited rate adjustments are estimated to be approximately $0.5 million each year during 2012 through 2014.

Unitil Energy—Increase in Base Rates Approved—On April 26, 2011, the NHPUC approved a final rate settlement which makes permanent a temporary increase of $5.2 million in annual revenue effective July 1, 2010, and provides for an additional increase of $5.0 million in annual revenue effective May 1, 2011.

The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million to $2.0 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than 7% and a sharing of earnings with customers if its return on equity is greater than 10% in a calendar year. The settlement provides for a return on equity of 9.67%, a common equity ratio of 45.45% and an overall weighted cost of capital of 8.39% to determine changes to distribution rate levels.

The settlement approved Unitil Energy's proposal for an augmented vegetation management program and reliability enhancement program. Under the augmented vegetation management program, Unitil Energy will be increasing its vegetation management spending from a test-year spending level of approximately $0.7 million to $3.1 million per year by 2013. Under the new reliability enhancement program, Unitil Energy will spend $1.8 million annually towards targeted projects designed to enhance system reliability. The funding for both of these programs is included in the future rate increases discussed above.

The settlement provides for recovery of deferred December 2008 ice storm and February 2010 wind storm costs of approximately $7.6 million, including carrying charges. These costs will be recovered over eight years in the form of a tariff surcharge. Finally, the settlement establishes a major storm reserve of $400,000 annually, which will be used to recover costs associated with responding to and recovering from future qualifying major storm events.

Northern Utilities—Base Rate Case Filings—In May 2011, Northern Utilities filed two separate rate cases with the NHPUC and MPUC requesting approval to increase its natural gas distribution base rates in New Hampshire and Maine, respectively.

On November 29, 2011, the MPUC approved a comprehensive settlement agreement providing for a $7.8 million permanent increase in annual distribution revenue for Northern Utilities' Maine operations, effective January 1, 2012, and an additional permanent increase in annual distribution revenue of $0.85 million to recover the costs of 2011 cast iron pipe replacement capital spending effective May 1, 2012. The settlement is inclusive of an earlier settlement for a temporary rate increase of $3.5 million in annual distribution revenue effective November 1, 2011. The settlement also precludes Northern Utilities from filing for a new base rate increase with an effective date prior to January 1, 2014.

In New Hampshire, Northern Utilities requested an increase of $5.2 million in annual gas distribution base revenue, which represents an increase of approximately 8.1%. On July 22, 2011, the NHPUC approved a settlement for a temporary rate increase of approximately $1.7 million in annual revenue effective August 1, 2011. Once permanent rates are approved by the NHPUC, they will be reconciled back to August 1, 2011. The Company is currently in settlement discussions with the NHPUC and a final rate order is expected in the first quarter of 2012.

Also see Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Regulatory Matters and Note 5 to the accompanying Consolidated Financial Statements for additional information on Rates and Regulation.

NATURAL GAS SUPPLY

Unitil manages gas supply for customers served by Northern Utilities in Maine and New Hampshire as well as customers served by Fitchburg in Massachusetts.

Fitchburg's residential and C&I business customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors. Many large and some medium C&I customers purchase their supplies from third-party suppliers, while most of Fitchburg's residential and small C&I customers continue to purchase their supplies at regulated rates from Fitchburg. Northern Utilities' C&I customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors, and third-party supply is prevalent among Northern Utilities' larger C&I customers. Most small C&I customers, as well as all residential customers, purchase their gas supply from Northern Utilities under regulated rates and tariffs. The approved costs associated with the acquisition of such wholesale natural gas supplies for customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically-adjusted rates and are included in Purchased Gas in the Consolidated Statements of Earnings.

On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered the Company's electric and natural gas distribution utility, Fitchburg, to refund $4.6 million of natural gas costs, plus interest. The MDPU's original order, issued in 2009, found that Fitchburg had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund $4.6 million, plus interest, in favor of a $0.2 million refund, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the decision, the Regulatory Liability has been adjusted and the Company recognized a pre-tax credit of $4.7 million in the fourth quarter of 2011. This credit is recognized on the Company's 2011 Consolidated Statement of Earnings as a $4.5 million reduction in Purchased Gas expense and a reduction of $0.2 million in Interest Expense, net.

Regulated Natural Gas Supply

Fitchburg purchases natural gas under contracts of one year or less, as well as from producers and marketers on the spot market. Fitchburg arranges for gas delivery to its system through its own long-term contracts with Tennessee Gas Pipeline, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to storage facilities within Fitchburg's service territory.

Fitchburg has available under firm contract 14,057 million British Thermal Units (MMbtu) per day for transportation and underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Northern Utilities purchases a majority of its natural gas from U.S. domestic and Canadian suppliers under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern Utilities arranges for gas delivery to its system through its own long-term contracts with various interstate pipeline and storage facilities, through peaking supply contracts delivered to its system, or in the case of LNG, to truck supplies to storage facilities within Northern Utilities' service territory.

Northern Utilities has available under firm contract 100,000 MMbtu per day of year-round and seasonal transportation capacity to its distribution facilities, and 3.4 billion cubic feet (BCF) of underground storage. As a supplement to pipeline natural gas, Northern Utilities owns an LNG storage and vaporization facility. This plant is used principally during peak load periods to augment the supply of pipeline natural gas.

ELECTRIC POWER SUPPLY

The restructuring of the electric utility industry in New Hampshire required the divestiture of Unitil's power supply arrangements and the procurement of replacement supplies, which provided the flexibility for migration of customers to and from utility energy service. Fitchburg, Unitil Energy, and Unitil Power each are members of the New England Power Pool (NEPOOL) and participate in the ISO New England, Inc. (ISO-NE) markets for the purpose of facilitating these wholesale electric power supply transactions, which are necessary to serve Unitil's customers.

As a result of restructuring of the electric utility industry in Massachusetts and New Hampshire, Unitil's customers in both New Hampshire and Massachusetts have the opportunity to purchase their electric supply from competitive third-party energy suppliers. As of December 2011, 106 or 71% of Unitil's largest New Hampshire customers, representing 25% of total New Hampshire electric energy sales, and 28 or 93% of Unitil's largest Massachusetts customers, representing 33% of total Massachusetts electric energy sales, are purchasing their electric power supply in the competitive market. However, most residential and small commercial customers continue to purchase their electric supply through Unitil's distribution utilities under regulated energy rates and tariffs. The concentration of the competitive retail market on higher use customers has been a common experience throughout the New England electricity market.

Regulated Electric Power Supply

In order to provide regulated electric supply service to their customers, Unitil's electric distribution utilities enter into load-following wholesale electric power supply contracts with various wholesale suppliers.

Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service energy supply. MDPU policy dictates the pricing structure and duration of each of these contracts. Currently, all Basic Service power supply contracts for large general accounts are three months in duration and provide 100% of supply requirements. Basic Service power supply contracts for residential, small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements.

Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. Unitil Energy procures Default Service supply for its large general service accounts through competitive solicitations for power contracts of three months in duration for 100% of supply requirements. Unitil Energy procures Default Service supply for its other customers through a series of two one-year contracts and two two-year contracts, each providing 25% of the total supply requirements of the group.

The NHPUC and MDPU regularly review alternatives to their procurement policy, which may lead to future changes in this regulated power supply procurement structure.

Regional Electric Transmission and Power Markets

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economic manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England is performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated power system operation in a reliable manner and a supportive business environment for the development of competitive electric markets.

Electric Power Supply Divestiture

In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The companies have a continuing obligation to submit regulatory filings that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

ENVIRONMENTAL MATTERS

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2011, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Northern Utilities' Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Also, see Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Environmental Matters and Note 5 to the accompanying Consolidated Financial Statements for additional information on Environmental Matters.

EMPLOYEES

As of December 31, 2011, the Company and its subsidiaries had 454 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of December 31, 2011, 151 of the Company's employees were represented by labor unions. These employees are covered by four separate collective bargaining agreements which expire on March 31, 2012, May 31, 2012, May 31, 2013 and June 5, 2014. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

AVAILABLE INFORMATION

The Company's Internet address is www.unitil.com. There, the Company makes available, free of charge, its Securities and Exchange Commission (SEC) fillings, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports, as well as amendments to those reports. These reports are made available through the Investors section of Unitil's website via a direct link to the section of the SEC's website which contains Unitil's SEC filings.

The Company's current Code of Ethics was approved by Unitil's Board of Directors on January 15, 2004. This Code of Ethics, along with any amendments or waivers, is also available on Unitil's website.

Unitil's common stock is listed on the New York Stock Exchange under the ticker symbol "UTL."

DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table provides information about our directors and senior management as of February 1, 2012:

Name	Age	Position
Robert G. Schoenberger	61	Chairman of the Board, Chief Executive Officer and President
Mark H. Collin	52	Senior Vice President, Chief Financial Officer and Treasurer
Thomas P. Meissner, Jr.	49	Senior Vice President and Chief Operating Officer
Laurence M. Brock	58	Controller and Chief Accounting Officer
Todd R. Black	47	Senior Vice President, External Affairs and Customer Relations, Unitil Service
George R. Gantz	60	Senior Vice President, Distributed Energy Resources, Unitil Service
George E. Long, Jr.	55	Vice President, Administration, Unitil Service
Sandra L. Whitney	48	Corporate Secretary
William D. Adams	64	Director
Dr. Robert V. Antonucci	66	Director
David P. Brownell	68	Director
Michael J. Dalton	71	Director
Albert H. Elfner, III	67	Director
Edward F. Godfrey	62	Director
Michael B. Green	62	Director
Eben S. Moulton	65	Director
M. Brian O'Shaughnessy	68	Director
Dr. Sarah P. Voll	69	Director

Robert G. Schoenberger has been Unitil's Chairman of the Board of Directors and Chief Executive Officer since October 1997, and his current term will expire in 2012. Mr. Schoenberger will stand for re-election to the Board of Directors at the Annual Meeting of Shareholders in April 2012. Mr. Schoenberger has also served as Unitil's President since 2003. Prior to his employment with Unitil, Mr. Schoenberger was president and chief operating officer of the New York Power Authority (a state-owned utility) from 1993 until 1997. Mr. Schoenberger has also served as a director of Satcon Technology Corporation, Boston, Massachusetts (a company that develops innovative power conversion solutions for the renewable power industry) since 2007. Mr. Schoenberger also serves as chairman of the Tocqueville Society of the Greater Seacoast (New Hampshire) United Way. Mr. Schoenberger formerly served as chairman and trustee of Exeter Health Resources, Exeter, New Hampshire, from 1998 until 2009, and as a director of the Southwest Power Pool from 2003 until 2005.

Mark H. Collin has been Unitil's Senior Vice President and Chief Financial Officer since February 2003. Mr. Collin has also served as Treasurer since 1998. Mr. Collin joined Unitil in 1988, and served as Vice President of Finance from 1995 until 2003.

Thomas P. Meissner, Jr. has been Unitil's Senior Vice President and Chief Operating Officer since June 2005. Mr. Meissner served as Senior Vice President, Operations, from February 2003 until June 2005. Mr. Meissner joined Unitil in 1994 and served as Director of Engineering from 1998 until 2003.

Laurence M. Brock has been Unitil's Controller and Chief Accounting Officer since June 2005. Mr. Brock joined Unitil in 1995 as Vice President and Controller, and is a certified public accountant in the state of New Hampshire.

Todd R. Black has been Unitil's Senior Vice President, External Affairs and Customer Relations, Unitil Service, since September 2009. Mr. Black joined Unitil in 1998 and served as Vice President, Sales and Marketing, for Usource from 1998 until 2003, and President of Usource from 2003 until 2009.

George R. Gantz has been Unitil's Senior Vice President, Distributed Energy Resources, Unitil Service, since September 2009. Mr. Gantz joined Unitil in 1983 and served as Senior Vice President, Communication and Regulation, from 1994 until 2003, and Senior Vice President, Customer Services and Communications, from 2003 until 2009.

George E. Long, Jr. has been Unitil's Vice President, Administration, Unitil Service, since February 2003. Mr. Long joined Unitil in 1994 and was Director, Human Resources, from 1998 until 2003.

Sandra L. Whitney has been Unitil's Corporate Secretary and secretary of our Board of Directors since February 2003. Ms. Whitney joined Unitil in 1990 and also serves as the Corporate Secretary of Unitil's subsidiary companies.

William D. Adams has been a member of Unitil's Board of Directors since March 2009, and his current term will expire in 2012. Mr. Adams will stand for re-election to the Board of Directors at the Annual Meeting of Shareholders in April 2012. Mr. Adams has been the president of Colby College in Waterville, Maine, since 2000, and as president, Mr. Adams also serves on the board of trustees of Colby College. Prior to going to Colby, Mr. Adams served as president of Bucknell University in Pennsylvania from 1995 until 2000. Mr. Adams served as vice president and secretary of Wesleyan University in Connecticut, before Bucknell. Mr. Adams also taught political philosophy at the University of North Carolina at Chapel Hill and Santa Clara University, and was coordinator of the Great Works in Western Culture program at Stanford University. Mr. Adams has been a member of the board of directors of Maine Public Broadcasting Corporation since 2002. Mr. Adams formerly served on the board of directors of Wittenberg University from 2007—2011, and also the board of directors of Maine General Health from 2002 to 2010.

Dr. Robert V. Antonucci has been a member of Unitil's Board of Directors since December 2004, and his current term will expire in 2014. Dr. Antonucci has been the president of Fitchburg State University (FSU) in Fitchburg, Massachusetts, since 2003. Prior to his employment with FSU, Dr. Antonucci was president of the School Group of Riverdeep, Inc., San Francisco, California, from 2001 until 2003 and president and chief executive officer of Harcourt Learning Direct and Harcourt Online College, Chestnut Hill, Massachusetts from 1998 until 2001. Dr. Antonucci also served as the commissioner of education for the Commonwealth of Massachusetts from 1992 until 1998. In addition, Dr. Antonucci has served as a trustee of Eastern Bank since 1988. Dr. Antonucci also serves as a director of the North Central Massachusetts Chamber of Commerce and a director of the North Central Massachusetts United Way.

David P. Brownell has been a member of Unitil's Board of Directors since June 2001, and his current term will expire in 2014. Mr. Brownell has been a retired senior vice president of Tyco International Ltd. (Tyco) (a diversified global manufacturing and service company), Portsmouth, New Hampshire, since 2003. Mr. Brownell had been with Tyco since 1984. Mr. Brownell is a member of the board of the University of New Hampshire (UNH) Foundation. Mr. Brownell was also interim president of the UNH Foundation, former vice chairman of the board of the UNH Foundation, former volunteer board president of the United Way of the Greater Seacoast, and a former board member of the New Hampshire Junior Achievement Advisory Council.

Michael J. Dalton has been a member of Unitil's Board of Directors since September 1984, and his current term will expire in 2013. Mr. Dalton retired as President and Chief Operating Officer of Unitil in

2003. Mr. Dalton is a member of the College Advisory Board of the UNH College of Engineering and Physical Science and Vice President of the Alumni Society of the College of Engineering and Physical Science. Mr. Dalton was formerly a director of the New England Gas Association, the Electric Council of New England, the UNH Foundation, the UNH Alumni Association, and the UNH President's Council.

Albert H. Elfner, III has been a member of Unitil's Board of Directors since January 1999, and his current term will expire in 2014. Mr. Elfner was the chairman of Evergreen Investment Management Company, Boston, Massachusetts, from 1994 until 1999 and its chief executive officer from 1995 until 1999. Mr. Elfner is also a director of Main Street America Insurance Company (Main Street), Jacksonville, Florida, as well as chairman of the Main Street finance committee.

Edward F. Godfrey has been a member of Unitil's Board of Directors since January 2002 and his current term will expire in 2013. Mr. Godfrey was the executive vice president and chief operating officer of Keystone Investments, Incorporated (Keystone), Boston, Massachusetts, from 1997 until 1998. Mr. Godfrey was senior vice president, chief financial officer and treasurer of Keystone from 1988 until 1996. Mr. Godfrey has also been a director of Vector Fleet Management, LLC, Charlotte, North Carolina, since 2006.

Michael B. Green has been a member of Unitil's Board of Directors since June 2001, and his current term will expire in 2014. Mr. Green has been the president and chief executive officer of Capital Region Health Care and Concord Hospital, Concord, New Hampshire, since 1992. Mr. Green is also a member of the adjunct faculty, Dartmouth Medical School, Dartmouth College, Hanover, New Hampshire. In addition, Mr. Green currently serves on the board of the Foundation for Healthy Communities, is a director of the New Hampshire Hospital Association, a director of Concord General Mutual Insurance Company, and a director of Merrimack County Savings Bank (Merrimack), including membership on Merrimack's investment and audit committees.

Eben S. Moulton has been a member of Unitil's Board of Directors since March 2000, and his current term will expire in 2014. Mr. Moulton has been the managing partner of Seacoast Capital Corporation, Danvers, Massachusetts, (a private investment company) since 1995. Mr. Moulton is also a director of IEC Electronics Corp. (a company that provides electronic manufacturing services to advanced technology companies), Newark, New York, and a director of six private companies.

M. Brian O'Shaughnessy has been a member of Unitil's Board of Directors since September 1998, and his current term will expire in 2014. Mr. O'Shaughnessy has been the chairman of the board of Revere Copper Products, Inc. (Revere), Rome, New York, since 1989. Mr. O'Shaughnessy also served as chief executive officer and president of Revere from 1988 until 2007. Mr. O'Shaughnessy also serves on the Board of Directors and as the chief co-chair of the Coalition for a Prosperous America, three copper industry trade associations, three manufacturing associations in New York State regarding energy-related issues, and the Economic Development Growth Enterprise of Mohawk Valley.

Dr. Sarah P. Voll has been a member of Unitil's Board of Directors since January 2003, and her current term will expire in 2012. Dr. Voll will stand for re-election to the Board of Directors at the Annual Meeting of Shareholders in April 2012. Dr. Voll retired in 2007 as vice president from National Economic Research Associates, Inc. (NERA), Washington, District of Columbia, a firm of consulting economists specializing in industrial and financial economics, and currently serves as a special consultant to NERA. Dr. Voll had been with NERA in the position of vice president since 1999, and in the position of senior consultant from 1996 until 1999. Prior to her employment with NERA, Dr. Voll was a staff member at the NHPUC from 1980 until 1996.

INVESTOR INFORMATION

Annual Meeting

The annual meeting of shareholders is scheduled to be held at the offices of the Company, 6 Liberty Lane West, Hampton, New Hampshire, on Thursday, April 19, 2012, at 10:30 a.m.

Transfer Agent

The Company's transfer agent, Computershare Investor Services, is responsible for shareholder records, issuance of common stock, administration of the Dividend Reinvestment and Stock Purchase Plan, and the distribution of Unitil's dividends and IRS Form 1099-DIV. Shareholders may contact Computershare at:

Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078
Telephone: 800-736-3001
www.computershare.com/investor

Investor Relations

For information about the Company, you may call the Company directly, toll-free, at: 800-999-6501 and ask for the Investor Relations Representative; visit the Investors page at *www.unitil.com*; or contact the transfer agent, Computershare, at the number listed above.

Special Services & Shareholder Programs Available to Holders of Record

If a shareholder's shares of common stock are registered directly in the shareholder's name with the Company's transfer agent, the shareholder is considered a holder of record of the shares. The following services and programs are available to shareholders of record:

- Internet Account Access is available at *www.computershare.com/investor*.
- Dividend Reinvestment and Stock Purchase Plan:

  To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Dividend Direct Deposit Service:

  To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Direct Registration:

  For information, please contact Computershare at 800-935-9330 or the Company's Investor Relations Representative at 800-999-6501.

Item 1A. Risk Factors

Risks Relating to Our Business

The Company is subject to comprehensive regulation, which could impact the rates it is able to charge, its authorized rate of return and its ability to recover costs. This could adversely affect the Company's financial condition or results of operations. In addition, certain regulatory authorities have the power to impose finance penalties and other sanctions on the Company, which could adversely affect the Company's financial condition or results of operations.

The Company is subject to comprehensive regulation by federal regulatory authorities (including the FERC) and state regulatory authorities (including the NHPUC, MDPU and MPUC). These authorities regulate many aspects of the Company's operations, including the rates that the Company can charge customers, the Company's authorized rates of return, the Company's ability to recover costs from its customers, construction and maintenance of the Company's facilities, the Company's safety protocols and procedures, the Company's ability to issue securities, the Company's accounting matters, and transactions between the Company and its affiliates. The Company is unable to predict the impact on its financial condition or results of operations from the regulatory activities of any of these regulatory authorities. Also, changes in regulations or the imposition of additional regulations could adversely affect the Company's financial condition or results of operations.

The Company's ability to obtain rate adjustments to maintain its current authorized rates of return depends upon action by regulatory authorities under applicable statutes, rules and regulations. These regulatory authorities are authorized to leave the Company's rates unchanged, to grant increases in such rates or to order decreases in such rates. The Company may be unable to obtain favorable rate adjustments or to maintain its current authorized rates of return, which could adversely affect its financial condition or results of operations.

Regulatory authorities also have authority with respect to the Company's ability to recover its electricity and natural gas supply costs, as incurred by Unitil Power, Unitil Energy, Fitchburg, and Northern Utilities. If the Company is unable to recover a significant amount of these costs, or if the Company's recovery of these costs is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

In addition, certain regulatory authorities have the power to impose financial penalties and other sanctions on the Company if the Company is found to have violated statutes, rules or regulations governing its utility operations. This could adversely affect the Company's financial condition or results of operations.

Severe storms have struck, and may strike, the New England region, causing extensive damage to the Company's utility operations and the loss of service to significant numbers of the Company's customers. If the Company is unable to recover a significant amount of storm costs in its rates, or if the Company's recovery of storm costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

Please see (i) *Regulatory Matters* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and (ii) *Regulatory Matters* in Note 5 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements.

As a result of electric industry restructuring, the Company has a significant amount of stranded electric generation and power supply related supply costs. If the Company is unable to recover a significant amount of stranded costs in its rates, or if the Company's recovery of stranded costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

The stranded electric generation and power supply related supply costs resulting from the implementation of electric industry restructuring mandated by the states of New Hampshire and Massachusetts are recovered by the Company on a pass-through basis through periodically reconciled rates. Any unrecovered balance of stranded costs is deferred for future recovery as a regulatory asset. Such regulatory assets are subject to periodic regulatory review and approval for recovery in future periods.

Substantially all of the Company's stranded costs relate to (i) Unitil Power's long-term power purchase agreements (which Unitil Power divested under long-term contract buyout agreements) and (ii) Fitchburg's formerly owned generation assets and purchase power agreements (which Fitchburg divested under a long-term contract buy-out agreement). Unitil Power made the final payment on its long-term contract buyout agreements in October 2010, which ended its obligations in the underlying purchase power contracts. As a result, in accordance with its retail stranded cost recovery rates, as of December 31, 2011, Unitil Energy has recovered substantially all of its stranded costs with the remaining $4.2 million of stranded costs projected to be fully recovered over the next ten years. Because Fitchburg continues to remain ultimately responsible for purchase power payments underlying its long-term buyout agreements, Fitchburg could incur additional stranded costs if they were required to resell such divested entitlements prior to the end of their term for amounts less than the amounts agreed to under the existing long-term buyout agreements. The Company expects that any such additional stranded costs would be recovered from its customers, however such recovery would require approval from the MDPU, the receipt of which cannot be assured. If the Company is unable to recover a significant amount of such stranded costs in its rates, or if the Company's recovery of such stranded costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected. Please see (i) the section entitled *Regulatory Matters—Overview (Unitil Energy, Fitchburg, and Northern Utilities)* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and (ii) the section entitled *Regulatory Matters—Overview (Unitil Energy, Fitchburg, and Northern Utilities)* in Note 5 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements.

The Company's electric and natural gas sales and revenues are highly correlated with the economy, and national, regional and local economic conditions may adversely affect the Company's customers and correspondingly the Company's financial condition or results of operations.

The Company's business is influenced by the economic activity within its service territory. The level of economic activity in the Company's electric and natural gas distribution service territory directly affects the Company's business. As a result, adverse changes in the economy may adversely affect the Company's financial condition or results or operations.

The Company may not be able to obtain financing, or may not be able to obtain financing on acceptable terms, which could adversely affect the Company's financial condition or results of operations.

The Company requires capital to fund utility plant additions, working capital and other utility expenditures. While the Company derives the capital necessary to meet these requirements primarily from internally-generated funds, the Company supplements internally generated funds by incurring short-term debt under its current credit facility, as needed. If the lending counterparties under the Company's current credit facility are unwilling or unable to meet their funding obligations, then the Company may be unable to, or limited in its ability to, incur short-term debt under its credit facility. This could hinder or prevent the Company from meeting its current and future capital needs, which could correspondingly adversely affect the Company's financial condition or results or operations.

Also, from time to time, the Company repays portions of its short-term debt with the proceeds it receives from long-term debt financings or equity financings. General economic conditions and the Company's operating and financial performance could negatively affect the Company's ability to obtain such financings and the terms of such financings, which could correspondingly adversely affect the Company's financial condition or results or operations.

Declines in the valuation of capital markets could require the Company to make substantial cash contributions to cover its pension obligations. If the Company is unable to recover a significant amount of pension obligation costs in its rates, or if the Company's recovery of pension obligation costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

Please see (i) the section entitled *Critical Accounting Policies—Pension Benefit Obligations* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and (ii) Note 9 (Retirement Benefit Plans) to the accompanying Consolidated Financial Statements.

Increases in interest rates could increase the Company's interest expense and adversely affect the Company's financial condition or results of operations.

The Company and its utility subsidiaries have ongoing capital expenditure and cash funding requirements, which they frequently fund by issuing short-term debt and long-term debt.

The Company's short-term debt revolving credit facility typically has variable interest rates. Therefore, an increase or decrease in interest rates will increase or decrease the Company's interest expense associated with its revolving credit facility. An increase in the Company's interest expense could adversely affect the Company's financial condition or results of operations. As of December 31, 2011, the Company had approximately $87.9 million in short-term debt outstanding under its revolving credit facility.

The Company's long-term debt typically has fixed interest rates. Therefore, changes in interest rates will not affect the Company's interest expense associated with its presently outstanding fixed rate long-term debt. However, an increase or decrease in interest rates may increase or decrease the Company's interest expense associated with any new fixed rate long-term debt issued by the Company, which could adversely affect the Company's financial condition or results of operations. See Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity, Commitments and Capital Requirements section and Note 3 to the accompanying Consolidated Financial Statements.

In addition, the Company may need to use a significant portion of its cash flow to repay its short-term debt and long-term debt, which would limit the amount of cash it has available for working capital, capital expenditures and other general corporate purposes and could adversely affect its financial condition or results of operations.

The terms of the Company's and its subsidiaries' indebtedness restrict the Company's business operations (including their ability to incur material amounts of additional indebtedness), which could adversely affect the Company's financial condition or results or operations.

See Part II, Item 7 below for Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity, Commitments and Capital Requirements section and Note 3 to the accompanying Consolidated Financial Statements.

A significant amount of the Company's sales are temperature sensitive. Because of this, mild winter and summer temperatures could decrease the Company's sales, which could adversely affect the Company's financial condition or results or operations. Also, the Company's sales may vary from year to year depending on weather conditions, and the Company's results of operations generally reflect seasonality.

The Company estimates that approximately 60% of its annual natural gas sales are temperature sensitive. Therefore, mild winter temperatures could decrease the amount of natural gas sold by the Company, which could adversely affect the Company's financial condition or results of operations. The Company's electric sales also are temperature sensitive, but less so than its natural gas sales. The highest usage of electricity typically occurs in the summer months (due to air conditioning demand) and the winter months (due to heating-related and lighting requirements). Therefore, mild summer temperatures and mild winter temperatures could decrease the amount of electricity sold by the Company, which could adversely affect the Company's financial condition and results of operations. Also, because of this temperature sensitivity, sales by the Company's distribution utilities vary from year to year, depending on weather conditions.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. The purpose of decoupling is to eliminate the disincentive a utility otherwise has to encourage energy efficiency programs. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on predetermined amounts approved by the MDPU. The difference between distribution revenue amounts billed to customers and the predetermined amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries or credits.

In addition, the Company's results of operations generally reflect seasonality. In particular, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher (due to heating-related requirements), and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Long-term global climate change could adversely affect customer demand or cause extreme weather events that could disrupt the Company's electric and natural gas distribution services.

Milder winter and summer temperatures due to long-term global climate change may cause a decrease in the amount of natural gas and electricity sold by the Company, which could correspondingly adversely affect the Company's financial condition and results or operations. Conversely, colder winter temperatures and warmer summer temperatures due to long-term global climate change may cause an increase in the amount of natural gas and electricity sold by the Company.

In addition, extreme weather events (such as hurricanes and severe winter storms) related to long-term global climate change may damage facilities or result in increased service interruptions and outages and increase the Company's operations and maintenance costs. If the Company is unable to recover a significant amount of such costs in its rates, or if the Company's recovery of such costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

The Company is unable to predict the impacts on its financial condition and results or operations due to changes in weather related to long-term global climate change.

Unitil is a public utility holding company and has no operating income of its own. The Company's ability to pay dividends on its common stock is dependent on dividends and other payments received from its subsidiaries and on factors directly affecting Unitil, the parent corporation. The Company cannot assure that its current annual dividend will be paid in the future.

The ability of the Company's subsidiaries to pay dividends or make distributions to Unitil depends on, among other things:

- the actual and projected earnings and cash flow, capital requirements and general financial condition of the Company's subsidiaries;
- the prior rights of holders of existing and future preferred stock, mortgage bonds, long-term notes and other debt issued by the Company's subsidiaries;
- the restrictions on the payment of dividends contained in the existing loan agreements of the Company's subsidiaries and that may be contained in future debt agreements of the Company's subsidiaries, if any; and
- limitations that may be imposed by New Hampshire, Massachusetts and Maine state regulatory agencies.

In addition, before the Company can pay dividends on its common stock, it has to satisfy its debt obligations and comply with any statutory or contractual limitations.

The Company's current annual dividend is $1.38 per share of common stock, payable quarterly. However, the Company's Board of Directors reviews Unitil's dividend policy periodically in light of the factors referred to above, and the Company cannot assure the amount of dividends, if any, that may be paid in the future.

The Company's electric and natural gas distribution activities (including storing natural gas and supplemental gas supplies) involve numerous hazards and operating risks that may result in accidents and other operating risks and costs. Any such accident or costs could adversely affect the Company's financial position and results of operations.

Inherent in the Company's electric and natural gas distribution activities are a variety of hazards and operating risks, including leaks, explosions, electrocutions and mechanical problems. These hazards and risks could result in loss of human life, significant damage to property, environmental pollution, damage to natural resources and impairment of the Company's operations, which could adversely affect the Company's financial position and results of operations.

The Company maintains insurance against some, but not all, of these risks and losses in accordance with customary industry practice. The location of pipelines, storage facilities and electric distribution equipment near populated areas (including residential areas, commercial business centers and industrial sites) could increase the level of damages associated with these risks. The occurrence of any of these events could adversely affect the Company's financial position or results of operations.

The Company's business is subject to environmental regulation in all jurisdictions in which it operates and its costs of compliance are significant. New or changes to existing environmental regulation, including those related to climate change or greenhouse gas emissions, and the incurrence of environmental liabilities could adversely affect the Company's financial condition or results of operations.

The Company's utility operations are generally subject to extensive federal, state and local environmental laws and regulations relating to air quality, water quality, waste management, natural resources, and the health and safety of the Company's employees. The Company's utility operations also may be subject to new and emerging federal, state and local legislative and regulatory initiatives related to climate change or greenhouse gas emissions including the U.S. Environmental Protection Agency's mandatory greenhouse gas reporting rule. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties and other sanctions; imposition of remedial requirements; and issuance of injunctions to ensure future compliance. Liability under certain environmental laws and regulations is strict, joint and several in nature. Although the Company believes it is in material compliance with all applicable environmental and safety laws and regulations, there can be no assurance that the Company will not incur significant costs and liabilities in the future. Moreover, it is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations, including those related to climate change or greenhouse gas emissions, could result in increased environmental compliance costs.

Catastrophic events could adversely affect the Company's financial condition or results of operations.

The electric and natural gas utility industries are from time to time affected by catastrophic events, such as unusually severe weather and significant and widespread failures of plant and equipment. Other catastrophic occurrences, such as terrorist attacks on utility facilities, may occur in the future. Such events could inhibit the Company's ability to provide electric or natural gas distribution services to its customers for an extended period, which could adversely affect the Company's financial condition and results of operations.

The Company's business could be adversely affected if it is unable to retain its existing customers or attract new customers.

The success of the Company's business depends, in part, on its ability to maintain and increase its customer base. The Company's failure to maintain or increase its customer base could adversely affect its financial condition and results of operations.

The Company's energy brokering customers may default in their performance under multi-year energy brokering contracts, which could adversely affect the Company's financial condition and results of operations.

The Company's non-regulated energy brokering business provides energy brokering and consulting services to a national client base of large commercial and industrial customers. Revenues from this business are primarily derived from brokering fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts. The Company's customers may default in their performance under multi-year energy brokering contracts, which could adversely affect the Company's financial condition and results of operations.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2011, Unitil owned, through its electric distribution utilities, three utility operation centers, approximately 1,707 primary pole miles of local transmission and distribution overhead electric lines and 367 conduit bank miles of underground electric distribution lines, along with 50 electric substations, including four mobile electric substations. The Company's natural gas operations property includes two liquid propane gas plants, two liquid natural gas plants and 1,287 miles of underground gas mains. In addition, the Company's real estate subsidiary, Unitil Realty, owns the Company's corporate headquarters building and the 12 acres of land on which it is located.

Unitil Energy owns and maintains distribution operations centers in Concord, New Hampshire and Kensington, New Hampshire. Unitil Energy's 32 electric distribution substations, including a 5,000 kilovolt ampere (kVA) and a 10,500 kVA mobile substation, constitute 213,000 kVA of capacity, which excludes capacity of spare transformers, for the transformation of electric power from the 34.5 kilovolt subtransmission voltage to other primary distribution voltage levels. The electric substations are located on land owned by Unitil Energy or land occupied by Unitil Energy pursuant to perpetual easements.

Unitil Energy has a total of approximately 1,244 primary pole miles of local transmission and distribution overhead electric lines and a total of 310 conduit bank miles of underground electric distribution lines. The electric distribution lines are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by Unitil Energy without objection by the owners. In the case of certain distribution lines, Unitil Energy owns only a part interest in the poles upon which its wires are installed, the remaining interest being owned by telephone companies.

The physical utility properties of Unitil Energy, with certain exceptions, and its franchises are subject to its indenture of mortgage and deed of trust under which the respective series of first mortgage bonds of Unitil Energy are outstanding.

Fitchburg's electric properties consist principally of 463 primary pole miles of local transmission and distribution overhead electric lines, 57 conduit bank miles of underground electric distribution lines and 18 transmission and distribution stations (including two mobile electric substations). The capacity of these substations totals 441,650 kVA, which excludes capacity of spare transformers.

Fitchburg's electric substations, with minor exceptions, are located on land owned by Fitchburg or occupied by Fitchburg pursuant to perpetual easements. Fitchburg's electric distribution lines and gas mains are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by Fitchburg without objection by the owners. Fitchburg leases its distribution operations center located in Fitchburg, Massachusetts.

Fitchburg owns a propane air gas plant and a liquid natural gas (LNG) storage and vaporization facility, both of which are located on land owned by Fitchburg. Fitchburg also has 263 miles of underground steel, cast iron and plastic gas mains.

Northern Utilities' distribution system is comprised of 1,024 miles of gas mains and 38,935 service pipes. The gas mains are primarily made up of polyethylene plastic (70%), coated and wrapped cathodically protected steel (19%), cast/wrought iron (7%), and unprotected bare and coated steel (4%).

Northern Utilities' New Hampshire division serving 21 communities has 500 miles of distribution gas mains and 21,110 service pipes. Northern Utilities' Maine division serving 23 communities has 524 miles of distribution and 17,825 service pipes. Northern Utilities also owns a propane air gas plant and a LNG storage and vaporization facility.

Granite State is a natural gas transmission pipeline, regulated by the FERC, operating 86 miles of underground gas transmission pipeline located primarily in Maine and New Hampshire.

The Company believes that its facilities are currently adequate for their intended uses.

Item 3. Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in late 2012. The Company continues to believe the suit is without merit and will defend itself vigorously.

On November 2, 2011, the SJC issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered Fitchburg to refund \$4.6 million of natural gas costs, plus interest. The MDPU's original order issued in 2009 found that the Company had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that the Company's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund \$4.6 million, plus interest, in favor of a \$0.2 million refund, plus interest. See additional discussion below in Regulatory Matters.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

The Registrant's common stock is listed on the New York Stock Exchange under the symbol "UTL." As of December 31, 2011, there were 1,586 shareholders of record.

Common Stock Data

Dividends per Common Share	2011	2010
1st Quarter	**$0.345**	$0.345
2nd Quarter	**0.345**	0.345
3rd Quarter	**0.345**	0.345
4th Quarter	**0.345**	0.345
Total for Year	**$ 1.38**	$ 1.38

See also "Dividends" in Part II, Item 7 below.

	2011		2010	
Price Range of Common Stock	High/Ask	Low/Bid	High/Ask	Low/Bid
1st Quarter	**$23.94**	**$21.84**	$24.40	$20.46
2nd Quarter	**$26.82**	**$23.12**	$24.36	$19.28
3rd Quarter	**$26.82**	**$24.53**	$22.99	$20.55
4th Quarter	**$28.60**	**$24.58**	$23.49	$21.22

Information regarding Securities Authorized for Issuance Under Equity Compensation Plans, as of December 31, 2011, is set forth in the table below.

Equity Compensation Plan Benefit Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders			
Amended and Restated Unitil Corporation 2003 Stock Plan[(1)]	N/A	N/A	38,460
Equity compensation plans not approved by security holders			
N/A	N/A	N/A	N/A
Total	N/A	N/A	38,460

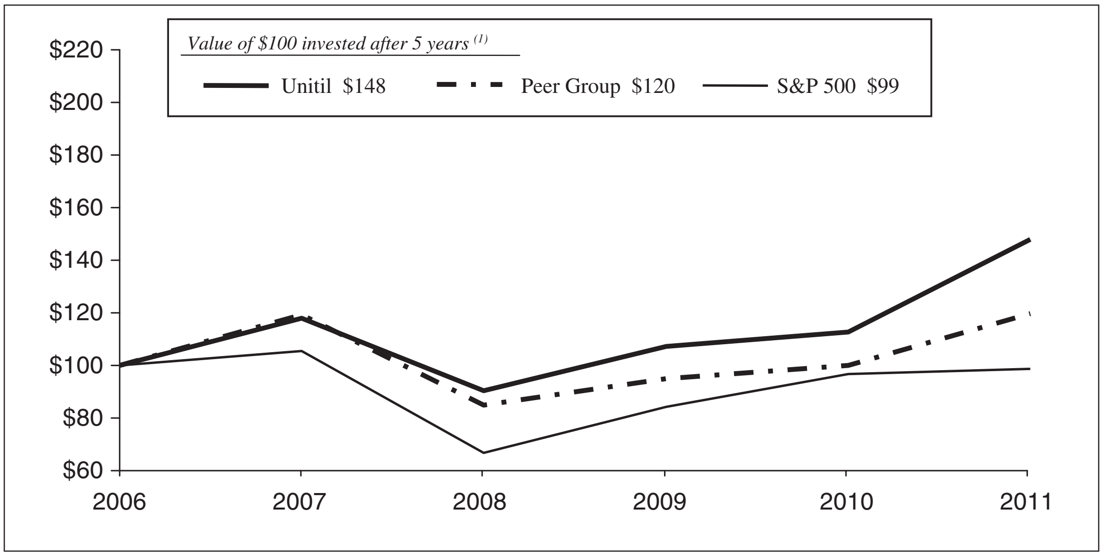
NOTES: (also see Note 2 to the accompanying Consolidated Financial Statements)

(1) The Amended and Restated Unitil Corporation 2003 Stock Plan (the Plan) was approved by shareholders in April 2003. 10,600 shares of restricted stock were awarded to Plan participants in May 2003; 10,700 shares of restricted stock were awarded to Plan participants in April 2004; 10,900 shares of restricted stock were awarded to Plan participants in March 2005; 14,375 shares of restricted stock were awarded to Plan participants in February 2006; 9,020 shares of restricted stock were awarded to Plan participants in February 2007; 15,540 shares of restricted stock were awarded to Plan participants in February 2008; 32,260 shares of restricted stock were awarded to Plan participants in February 2009; 12,520 shares of restricted stock were awarded to Plan participants in February 2010; 24,330 shares of restricted stock were awarded to Plan participants in February 2011.

Stock Performance Graph

The following graph compares Unitil Corporation's cumulative stockholder return since December 31, 2006 with the Peer Group index, comprised of the S&P Utilities Index, and the S&P 500 index. The graph assumes that the value of the investment in the Company's common stock and each index (including reinvestment of dividends) was $100 on December 31, 2006.

Comparative Five-Year Total Returns



NOTE:

(1) The graph above assumes $100 invested on December 31, 2006, in each category and the reinvestment of all dividends during the five-year period. The Peer Group is comprised of the S&P Utilities Index.

Unregistered Sales of Equity Securities and Uses of Proceeds

There were no sales of unregistered equity securities by the Company for the fiscal period ended December 31, 2011.

Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on March 24, 2011, the Company may periodically repurchase shares of its Common Stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer. There is no pool or maximum number of shares related to these purchases; however, the trading plan will terminate when $224,500 in value of shares have been purchased or, if sooner, on March 24, 2012.

The Company may suspend or terminate this trading plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, or other applicable securities laws.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
10/1/11 – 10/31/11	7,838	$25.58	7,838	$13,132
11/1/11 – 11/30/11	—	—	—	$13,132
12/1/11 – 12/31/11	215	$27.80	215	$ 7,155
Total	8,053	$25.64	8,053	

Item 6. Selected Financial Data

For the Years Ended December 31,	2011	2010	2009	2008	2007
(all data in millions except shares, % and per share data) [1]					
Consolidated Statements of Earnings:					
Operating Revenue	**$ 352.8**	$ 358.4	$ 367.0	$ 288.2	$ 262.9
Operating Income	**37.2**	28.0	26.1	20.5	18.5
Other Non-operating Expense	**0.4**	0.3	0.3	0.3	0.2
Income Before Interest Expense	**36.8**	27.7	25.8	20.2	18.3
Interest Expense, net	**20.4**	18.1	15.8	10.5	9.6
Net Income	**16.4**	9.6	10.0	9.7	8.7
Dividends on Preferred Stock	**0.1**	0.1	0.1	0.1	0.1
Earnings Applicable to Common Shareholders	**$ 16.3**	$ 9.5	$ 9.9	$ 9.6	$ 8.6
Balance Sheet Data (as of December 31,):					
Utility Plant (Original Cost)	**$ 773.7**	$ 728.4	$ 682.7	$ 641.4	$ 380.5
Total Assets	**$ 800.2**	$ 759.6	$ 725.2	$ 733.2	$ 474.6
Capitalization:					
Common Stock Equity	**$ 191.7**	$ 189.0	$ 193.1	$ 139.5	$ 100.4
Preferred Stock	**2.0**	2.0	2.0	2.0	2.1
Long-Term Debt, less current portion	**287.8**	288.3	248.9	249.3	159.6
Total Capitalization	**$ 481.5**	$ 479.3	$ 444.0	$ 390.8	$ 262.1
Current Portion of Long-Term Debt	**$ 0.5**	$ 0.5	$ 0.4	$ 0.4	$ 0.4
Short-term Debt	**$ 87.9**	$ 66.8	$ 64.5	$ 74.1	$ 18.8
Capital Structure Ratios (as of December 31,):					
Common Stock Equity	**40%**	39%	43%	36%	38%
Preferred Stock	**1%**	1%	1%	1%	1%
Long-Term Debt	**59%**	60%	56%	63%	61%
Earnings Per Share Data:					
Earnings Per Average Share	**$ 1.50**	$ 0.88	$ 1.03	$ 1.65	$ 1.52
Common Stock Data:					
Shares of Common Stock—(Diluted Weighted Average Outstanding, 000's)	**10,883**	10,824	9,647	5,830	5,672
Dividends Paid Per Share	**$ 1.38**	$ 1.38	$ 1.38	$ 1.38	$ 1.38
Book Value Per Share (Year-End)	**$ 17.50**	$ 17.35	$ 17.83	$ 17.90	$ 17.50
Electric and Gas Sales:					
Electric Distribution Sales (Millions kWh)	**1,682.1**	1,691.1	1,618.8	1,695.9	1,743.0
Firm Natural Gas Distribution Sales (Millions Therms)	**186.9**	172.9	178.7	47.2	28.4

(1) As a result of the acquisitions of Northern Utilities and Granite State on December 1, 2008, consolidated results for the Company in the current period may not be directly comparable to some prior period results until such time as the acquisitions are fully reflected in all reporting periods.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) (Note references are to Notes to the Consolidated Financial Statements in Item 8.)

OVERVIEW

Unitil is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005. On December 1, 2008, the Company purchased: (i) all of the outstanding capital stock of Northern Utilities, a natural gas distribution utility serving customers in New Hampshire and Maine, from Bay State and (ii) all of the outstanding capital stock of Granite State, an interstate natural gas transmission pipeline company from NiSource.

Unitil's principal business is the local distribution of electricity and natural gas throughout its service territory in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

i) Unitil Energy, which provides electric service in the southeastern seacoast and state capital regions of New Hampshire;

ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and

iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland and the Lewiston-Auburn area.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the "distribution utilities." Together, the distribution utilities serve approximately 101,400 electric customers and 71,900 natural gas customers in their service territory.

In addition, Unitil is the parent company of Granite State, a natural gas transmission pipeline, regulated by the FERC, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to North American pipeline supplies.

The distribution utilities are local "pipes and wires" operating companies and Unitil had an investment in Net Utility Plant of $510.7 million at December 31, 2011. Unitil's total revenue was $352.8 million in 2011, which includes revenue to recover the approved cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company's earnings are not affected by changes in the cost of purchased electricity and natural gas. Earnings from Unitil's utility operations are derived from the return on investment in the three distribution utilities and Granite State.

Unitil also conducts non-regulated operations principally through Usource, which is wholly-owned by Unitil Resources. Usource provides energy brokering and consulting services to a national client base of large commercial and industrial customers. Usource's total revenues were $5.5 million in 2011. The Company's other subsidiaries include Unitil Service, which provides, at cost, a variety of administrative and professional services to Unitil's affiliated companies, and Unitil Realty, which owns and manages Unitil's corporate office building and property located in Hampton, New Hampshire. Unitil's consolidated net income includes the earnings of the holding company and these subsidiaries.

Regulation

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by the FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to its rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers have the opportunity to purchase their electricity or natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through the distribution utilities under regulated energy rates and tariffs. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual approved costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

In 2011, the Company completed base rate cases for: Unitil Energy; the electric and gas divisions of Fitchburg; the Maine division of Northern Utilities; and Granite State. The completion of these rate cases resulted in increases in annual distribution revenues of: $10.2 million for Unitil Energy; $3.3 million and $3.7 million for the electric and gas divisions of Fitchburg, respectively; $7.8 million for the Maine Division of Northern Utilities. Granite State received approval for an increase of $2.2 million in annual revenue. The New Hampshire division of Northern Utilities requested an increase of $5.2 million in annual distribution revenues in its base rate case filing. The Company is currently in settlement discussions with the NHPUC regarding its base rate case filing for Northern Utilities' New Hampshire division and a final rate order is expected in the first quarter 2012. See "Rate Case Activity" in Part I, Item 1 for additional information on these rate cases.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, for which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company estimates that RDM applies to approximately 25% and 10% of Unitil's total annual electric and natural gas sales volumes, respectively. As a result, the sales margins resulting from those sales are no longer sensitive to weather and economic factors. The Company's other electric and natural gas distribution utilities are not subject to RDM.

CAUTIONARY STATEMENT

This report and the documents incorporated by reference into this report contain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company's future operations, are forward-looking statements.

These statements include declarations regarding the Company's beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Item 1A (Risk Factors) and the following:

- the Company’s regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters), which could affect the rates the Company is able to charge, the Company’s authorized rate of return and the Company’s ability to recover costs in its rates;
- fluctuations in the supply of, demand for, and the prices of energy commodities and transmission capacity and the Company’s ability to recover energy commodity costs in its rates;
- customers’ preferred energy sources;
- severe storms and the Company’s ability to recover storm costs in its rates;
- the Company’s stranded electric generation and generation-related supply costs and the Company’s ability to recover stranded costs in its rates;
- declines in the valuation of capital markets, which could require the Company to make substantial cash contributions to cover its pension obligations, and the Company’s ability to recover pension obligation costs in its rates;
- general economic conditions, which could adversely affect (i) the Company’s customers and, consequently, the demand for the Company’s distribution services, (ii) the availability of credit and liquidity resources and (iii) certain of the Company’s counterparty’s obligations (including those of its insurers and lenders);
- the Company’s ability to obtain debt or equity financing on acceptable terms;
- increases in interest rates, which could increase the Company’s interest expense;
- restrictive covenants contained in the terms of the Company’s and its subsidiaries’ indebtedness, which restrict certain aspects of the Company’s business operations;
- variations in weather, which could decrease demand for the Company’s distribution services;
- long-term global climate change, which could adversely affect customer demand or cause extreme weather events that could disrupt the Company’s electric and natural gas distribution services;
- numerous hazards and operating risks relating to the Company’s electric and natural gas distribution activities, which could result in accidents and other operating risks and costs;
- catastrophic events;
- the Company’s ability to retain its existing customers and attract new customers;
- the Company’s energy brokering customers’ performance under multi-year energy brokering contracts; and
- increased competition.

Many of these risks are beyond the Company’s control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

See also Item 1A Risk Factors.

RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the accompanying Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements included in Item 8 of this report.

The Company's results are expected to reflect the seasonal nature of its natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating expenses usually exceed sales margins in those periods.

Net Income and EPS Overview

2011 Compared to 2010—The Company's Earnings Applicable to Common Shareholders (Earnings) were $16.3 million, or $1.50 per share, for the full year of 2011, an increase of $6.8 million, or $0.62 per share, over 2010, reflecting higher natural gas and electric sales margins partially offset by higher utility operating and interest costs. The Company's Earnings were $10.0 million, or $0.92 per share, for the fourth quarter of 2011, compared to Earnings of $5.2 million, or $0.48 per share, in the fourth quarter of 2010. The results include a non-recurring pre-tax credit of $4.7 million recorded in the fourth quarter of 2011 in connection with the Company's court appeal and the resulting favorable ruling vacating a 2009 regulatory order that had resulted in the previous charge off of Purchased Gas costs. Also included in the 2011 full year results is a non-recurring pre-tax charge of $2.0 million recorded in the third quarter, related to the resolution of the 2008 ice storm cost recovery in the Company's Massachusetts base rate case.

Natural gas sales margin increased $11.1 million in 2011 compared to 2010, reflecting an increase in gas unit sales, higher gas distribution rates and the recovery of Purchased Gas costs that had previously been charged off in a prior period. Total natural gas therm unit sales increased 8.1% in 2011 compared to 2010. The increase in gas therm sales reflects the addition of new residential and commercial and industrial (C&I) business customers during the year, increased gas usage and colder weather in 2011 compared to 2010, particularly in the first quarter of 2011. Heating Degree Days in 2011 were 3.8% greater than in 2010. On a weather-normalized basis, natural gas therm sales in 2011 increased 7.0% compared to 2010 due to new customer growth and increased gas usage.

Electric sales margin increased $7.6 million in 2011 compared to 2010, reflecting higher electric distribution rates on lower unit sales. Total electric kilowatt hour (kWh) unit sales decreased 0.5% in 2011 compared to 2010 reflecting slightly higher sales to residential customers offset by lower sales to C&I business customers. The increased sales to residential customers reflect customer growth partially offset by the effect of the weather in 2011 compared to 2010. There were 14.6% fewer Cooling Degree Days in 2011 compared to 2010. On a weather-normalized basis, kWh sales in 2011 increased 0.4% compared to 2010.

Total Operation & Maintenance (O&M) expenses increased $2.7 million, or 5.5%, in 2011 compared to 2010. The changes in O&M expenses reflect higher utility operating costs of $1.9 million and higher employee compensation and benefit costs of $1.8 million, partially offset by a credit of $1.0 million for proceeds from insurance related settlements. Utility operating costs in 2011 include approximately $1.7 million of spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Depreciation and Amortization expense increased $0.4 million in 2011 compared to 2010 reflecting normal utility plant additions, amortization of previously deferred storm charges and changes in depreciation rates resulting from the Company's recently completed base rate cases.

Local Property and Other Taxes increased $1.8 million in 2011 compared to 2010. This increase reflects higher state and local property tax rates on higher levels of utility plant in service.

Federal and State Income Taxes increased $5.5 million in 2011 due to higher pre-tax earnings in 2011 compared to 2010.

Other Non-operating Expenses increased $0.1 million in 2011 compared to 2010.

Interest Expense, net increased $2.3 million in 2011 compared to 2010 due to lower interest income recorded on regulatory assets, including a non-recurring pre-tax charge, in the third quarter of 2011, against interest income of $1.8 million related to the final regulatory order issued in the Company's Massachusetts base rate case. Interest expense also reflects the issuance of a total of $40 million of long-term notes by two of the Company's operating utilities, Unitil Energy and Northern Utilities, in March 2010.

Usource, the Company's non-regulated energy brokering business, recorded revenues of $5.5 million in 2011, an increase of $0.9 million compared to 2010, and contributed $0.15 per share to Earnings in 2011. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered the Company's electric and natural gas distribution utility, Fitchburg, to refund $4.6 million of natural gas costs, plus interest. The MDPU's original order, issued in 2009, found that Fitchburg had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's refund amount of $4.6 million, plus interest, in favor of a refund amount of $0.2 million, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the decision, the Regulatory Liability has been adjusted and the Company recognized a pre-tax credit of $4.7 million in the fourth quarter of 2011. This credit is recognized on the Company's 2011 Consolidated Statement of Earnings as a $4.5 million reduction in Purchased Gas expense and a reduction of $0.2 million in Interest Expense, net.

In 2011, Unitil's annual common dividend was $1.38, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2012 meeting, the Unitil Board of Directors declared a quarterly dividend on the Company's common stock of $0.345 per share.

2010 Compared to 2009—The Company's Earnings Applicable to Common Shareholders was $9.5 million, or $0.88 per share, for 2010, compared to $9.9 million, or $1.03 per share, for 2009. The lower earnings in 2010 compared to 2009 reflect higher operating and interest expenses in 2010.

A more detailed discussion of the Company's 2011 and 2010 results of operations and a year-to-year comparison of changes in financial position are presented below.

Gas Sales, Revenues and Margin

Therm Sales—Unitil's total therm sales of natural gas increased 8.1% in 2011 compared to 2010. The increase in gas therm sales reflects the addition of new residential and C&I business customers during the year, increased gas usage and colder weather in 2011 compared to 2010, particularly in the first quarter of 2011. Heating Degree Days in 2011 were 3.8% greater than in 2010. On a weather-normalized basis, natural gas therm sales in 2011 increased 7.0% compared to 2010 due to new customer growth and increased gas usage.

As discussed above, under revenue decoupling for the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company's Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes. In 2011, approximately 3% of the Company's gas therm sales were decoupled.

Unitil's total therm sales of natural gas decreased 3.2% in 2010 compared to 2009. Lower gas therm sales in the Company's utility service territories reflect the effect of milder winter temperatures in the early part of 2010 compared to 2009. Heating Degree Days in 2010 were 9% fewer than in the prior year. On a weather-normalized basis, natural gas therm sales in 2010 were essentially flat compared to 2009.

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

Therm Sales (millions)

				Change			
				2011 vs. 2010		2010 vs. 2009	
	2011	2010	2009	Therms	%	Therms	%
Residential	**37.7**	35.1	36.7	2.6	7.4%	(1.6)	(4.4%)
Commercial / Industrial	**149.2**	137.8	142.0	11.4	8.3%	(4.2)	(3.0%)
Total Therm Sales	**186.9**	172.9	178.7	14.0	8.1%	(5.8)	(3.2%)

Gas Operating Revenues and Sales Margin—The following table details total Gas Operating Revenue and Margin for the last three years by major customer class:

Gas Operating Revenues and Sales Margin (millions)

				Change			
				2011 vs. 2010		2010 vs. 2009	
	2011	2010	2009	$	%[1]	$	%[1]
Gas Operating Revenue:							
Residential	**$ 65.1**	$ 61.5	$ 62.0	$ 3.6	2.4%	$(0.5)	(0.3%)
Commercial / Industrial	**94.1**	88.6	90.8	5.5	3.7%	(2.2)	(1.4%)
Total Gas Operating Revenue	**$159.2**	$150.1	$152.8	$ 9.1	6.1%	$(2.7)	(1.7%)
Cost of Gas Sales:							
Purchased Gas	**$ 89.1**	$ 90.5	$ 96.4	$ (1.4)	(0.9%)	$(5.9)	(3.8%)
Conservation & Load Management	**2.2**	2.8	1.9	(0.6)	(0.4%)	0.9	0.6%
Total Cost of Gas Sales	**$ 91.3**	$ 93.3	$ 98.3	$ (2.0)	(1.3%)	$(5.0)	(3.2%)
Gas Sales Margin	**$ 67.9**	$ 56.8	$ 54.5	$11.1	7.4%	$ 2.3	1.5%

(1) Represents change as a percent of Total Gas Operating Revenue.

Total Gas Operating Revenues increased $9.1 million, or 6.1%, in 2011 compared to 2010. Total Gas Operating Revenues include the recovery of the approved cost of sales, which are recorded as Purchased Gas and Conservation and Load Management (C&LM) in Operating Expenses. The increase in Total Gas Operating Revenues in 2011 reflects higher sales margin of $11.1 million partially offset by lower Purchased Gas revenues of $1.4 million and lower C&LM revenues of $0.6 million.

The Purchased Gas and C&LM components of Total Gas Operating Revenue decreased a combined $2.0 million, or 1.3%, of Total Gas Operating Revenues in 2011 compared to 2010, primarily reflecting the recovery of $4.5 million of Purchased Gas costs that had previously been charged off in a prior period, discussed above, lower natural gas commodity costs and an increase in the amount of natural gas purchased by customers directly from third-party suppliers, partially offset by higher sales of natural gas. Purchased Gas revenues include the recovery of the approved cost of gas supply as well as other energy supply related costs. C&LM revenues include the recovery of the cost of energy efficiency and conservation programs. The Company recovers the approved cost of Purchased Gas and C&LM in its rates at cost on a pass through basis.

Natural gas sales margin increased $11.1 million in 2011 compared to 2010, reflecting increased sales of $4.0 million, higher gas distribution rates of $2.6 million and the recovery of $4.5 million of Purchased Gas costs that had previously been charged off in a prior period, discussed above.

Total Gas Operating Revenues decreased $2.7 million, or 1.7%, in 2010 compared to 2009. The decrease in Total Gas Operating Revenues in 2010 reflects lower Purchased Gas costs of $5.9 million partially offset by higher C&LM revenues of $0.9 million and higher sales margin of $2.3 million.

Natural gas sales margin increased $2.3 million in 2010 compared to 2009, reflecting the effect of the ordered refund of $4.9 million of natural gas supply costs recorded in 2009, discussed above. Absent the effect of this refund, natural gas sales margin decreased $2.6 million in 2010 compared to 2009, principally due to lower sales of natural gas, which reflect the effect of the milder winter heating season in the early part of 2010 compared to 2009.

Electric Sales, Revenues and Margin

Kilowatt-hour Sales—Unitil's total electric kWh sales decreased 0.5% in 2011 compared to 2010 reflecting slightly higher sales to residential customers offset by lower sales to C&I business customers. The increased sales to residential customers reflect customer growth partially offset by the effect of the weather in 2011 compared to 2010. There were 14.6% fewer Cooling Degree Days in 2011 compared to 2010. On a weather-normalized basis, kWh sales in 2011 increased 0.4% compared to 2010.

As discussed above, under revenue decoupling for the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company's Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes. In 2011, approximately 10% of the Company's electric kWh sales were decoupled from revenue and sales margin.

Unitil's total electric kWh sales increased 4.5% in 2010 compared to 2009. Electric kWh sales to residential customers and C&I customers increased 5.5% and 3.8%, respectively, in 2010 compared to 2009. The increased sales reflect higher than average summer temperatures in the Company's utility service territories in 2010 where there were approximately 61% more Cooling Degree Days in the three month period ended September 30, 2010, compared to the prior year, coupled with an improving regional economy. According to ISO-New England, the regional transmission operator in New England, July of 2010 was the second-hottest July in New England since 1960 and New England's all-time electricity consumption for one month was recorded in that month. On a weather-normalized basis, kWh sales in 2010 increased 1.6% compared to 2009.

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

kWh Sales (millions)				Change			
				2011 vs. 2010		2010 vs. 2009	
	2011	2010	2009	kWh	%	kWh	%
Residential	**682.8**	681.2	645.9	1.6	0.2%	35.3	5.5%
Commercial / Industrial	**999.3**	1,009.9	972.9	(10.6)	(1.0%)	37.0	3.8%
Total kWh Sales	**1,682.1**	1,691.1	1,618.8	(9.0)	(0.5%)	72.3	4.5%

Electric Operating Revenues and Sales Margin—The following table details Total Electric Operating Revenue and Sales Margin for the last three years by major customer class:

Electric Operating Revenues (millions)				Change			
				2011 vs. 2010		2010 vs. 2009	
	2011	2010	2009	$	%(1)	$	%(1)
Electric Operating Revenue:							
Residential	**$100.8**	$108.5	$108.9	$ (7.7)	(3.8%)	$ (0.4)	(0.2%)
Commercial / Industrial	**87.3**	95.2	101.0	(7.9)	(3.9%)	(5.8)	(2.7%)
Total Electric Operating Revenue	**$188.1**	$203.7	$209.9	$(15.6)	(7.7%)	$ (6.2)	(2.9%)
Cost of Electric Sales:							
Purchased Electricity	**$114.2**	$137.7	$151.6	$(23.5)	(11.5%)	$(13.9)	(6.6%)
Conservation & Load Management	**6.3**	6.0	3.1	0.3	0.1%	2.9	1.4%
Total Cost of Electric Sales	**$120.5**	$143.7	$154.7	$(23.2)	(11.4%)	$(11.0)	(5.2%)
Electric Sales Margin	**$ 67.6**	$ 60.0	$ 55.2	$ 7.6	3.7%	$ 4.8	2.3%

(1) Represents change as a percent of Total Electric Operating Revenue.

Total Electric Operating Revenues decreased $15.6 million, or 7.7%, in 2011 compared to 2010. Total Electric Operating Revenues include the recovery of approved costs of electric sales, which are recorded as Purchased Electricity and C&LM in Operating Expenses. The net decrease in Total Electric Operating Revenues in 2011 reflects lower Purchased Electricity revenues of $23.5 million partially offset by higher C&LM revenues of $0.3 million and higher sales margin of $7.6 million.

The Purchased Electricity and C&LM components of Total Electric Operating Revenue decreased a combined $23.2 million, or 11.4%, of Total Electric Operating Revenues in 2011 compared to 2010, primarily reflecting lower electric commodity costs and an increase in the amount of electricity purchased by customers directly from third-party suppliers, partially offset by higher spending on energy efficiency and conservation programs. Purchased Electricity revenues include the recovery of the cost of electric supply as well as other energy supply related restructuring costs, including long-term power supply contract buyout costs. C&LM revenues include the recovery of the approved cost of energy efficiency and conservation programs. The Company recovers the approved cost of Purchased Electricity and C&LM in its rates at cost on a pass through basis.

Electric sales margin increased $7.6 million in 2011 compared to 2010, reflecting higher electric distribution rates of $7.8 million, partially offset by reduced margins on lower unit sales of ($0.2 million).

Total Electric Operating Revenues decreased $6.2 million, or 2.9%, in 2010 compared to 2009. The net decrease in Total Electric Operating Revenues in 2010 reflects lower Purchased Electricity costs of $13.9 million offset by higher C&LM revenues of $2.9 million and higher sales margin of $4.8 million.

Electric sales margin increased $4.8 million in 2010 compared to 2009. The increase in electric sales margin reflects higher electric kWh sales and an electric rate increase, implemented in July 2010 for the Company's New Hampshire electric distribution utility.

Operating Revenue—Other

Total Other Revenue increased $0.9 million in 2011 compared to 2010 and $0.3 million in 2010 compared to 2009. These increases were the result of growth in revenues from the Company's non-regulated energy brokering business, Usource. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

The following table details total Other Revenue for the last three years:

Other Revenue (millions)

				Change			
				2011 vs. 2010		2010 vs. 2009	
	2011	2010	2009	$	%	$	%
Usource	$5.5	$4.6	$4.3	$0.9	19.6%	$0.3	7.0%
Total Other Revenue	$5.5	$4.6	$4.3	$0.9	19.6%	$0.3	7.0%

Operating Expenses

Purchased Gas—Purchased Gas includes the cost of natural gas purchased and manufactured to supply the Company's total gas supply requirements. Purchased Gas decreased $1.4 million, or 1.6%, in 2011 compared to 2010. This decrease reflects a credit of $4.5 million for the recovery of Purchased Gas costs that had previously been charged off in a prior period, discussed above, lower natural gas commodity costs and an increase in the amount of natural gas purchased by customers directly from third-party suppliers, partially offset by higher sales of natural gas. The Company recovers the approved costs of Purchased Gas in its rates at cost on a pass through basis and therefore changes in approved expenses do not affect earnings.

In 2010, Purchased Gas decreased $5.9 million, or 6.1%, compared to 2009. This decrease reflects the effect of the ordered refund of $4.9 million of Purchased Gas costs recorded in 2009, discussed above. Absent the effect of this refund, Purchased Gas decreased $1.0 million in 2010 compared to 2009, principally due to lower sales of natural gas, which reflect the effect of the milder winter heating season in the early part of 2010 compared to 2009, partially offset by higher natural gas commodity prices in 2010.

Purchased Electricity—Purchased Electricity includes the cost of electric supply as well as other energy supply related restructuring costs, including power supply buyout costs. Purchased Electricity decreased $23.5 million, or 17.1%, in 2011 compared to 2010. This decrease primarily reflects lower electric commodity costs and an increase in the amount of electricity purchased by customers directly from third-party suppliers. The Company recovers the approved costs of Purchased Electricity in its rates at cost and therefore changes in approved expenses do not affect earnings.

In 2010, Purchased Electricity expenses decreased $13.9 million, or 9.2%, compared to 2009, reflecting an increase in the amount of electricity purchased by customers directly from third-party suppliers and lower electric commodity costs, partially offset by increased sales.

Operation and Maintenance—O&M expense includes electric and gas utility operating costs, and the operating costs of the Company's non-regulated business activities. Total O&M expenses increased $2.7 million, or 5.5%, in 2011 compared to 2010. The changes in O&M expenses reflect higher utility operating costs of $1.9 million and higher employee compensation and benefit costs of $1.8 million, partially offset by a credit of $1.0 million for proceeds from insurance related settlements. Utility operating costs primarily consist of utility distribution and transmission system maintenance costs, bad debt expenses, office expenses and insurance costs. Utility operating costs in 2011 include approximately $1.7 million of spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

In 2010, total O&M expense increased $4.1 million, or 9.2%, compared to 2009. The changes in O&M expenses reflect higher compensation and benefit expenses of $2.7 million and higher utility operating costs of $1.4 million. O&M expenses in 2010 reflect the full integration of Northern Utilities and Granite State into the Company's consolidated operating results.

Conservation & Load Management—C&LM expenses are expenses associated with the development, management, and delivery of the Company's energy efficiency programs. Energy efficiency programs are designed, in conformity to state regulatory requirements, to help consumers use natural gas and electricity more efficiently and thereby decrease their energy costs. Programs are tailored to residential, small business and large business customer groups and provide educational materials, technical assistance, and rebates that contribute toward the cost of purchasing and installing approved measures. Approximately 74% of these costs are related to electric operations and 26% to gas operations.

Total Conservation & Load Management expenses decreased $0.3 million, in 2011 compared to 2010. These costs are collected from customers on a fully reconciling basis and therefore, fluctuations in program costs do not affect earnings.

Total Conservation & Load Management expenses increased $3.8 million in 2010 compared to 2009.

Depreciation and Amortization—Depreciation and Amortization expense increased $0.4 million, or 1.4%, in 2011 compared to 2010 reflecting normal utility plant additions, amortization of previously deferred storm charges and changes in depreciation rates resulting from the Company's recently completed base rate cases.

In 2010, Depreciation and Amortization expense increased $1.5 million, or 5.5%, compared to 2009. This increase reflects higher depreciation on normal utility plant additions partially offset by lower amortization expense in the current year.

Local Property and Other Taxes—Local Property and Other Taxes increased $1.8 million, or 16.1%, in 2011 compared to 2010. This increase reflects higher state and local property tax rates on higher levels of utility plant in service.

In 2010, Local Property and Other Taxes increased $0.8 million, or 7.7%, compared to 2009. This increase reflects higher state and local property tax rates on higher levels of utility plant in service and higher payroll taxes on higher compensation expenses.

Federal and State Income Taxes—Federal and State Income Taxes increased $5.5 million in 2011 compared to 2010 due to higher pre-tax earnings in 2011 compared to 2010 (See Note 7 to the accompanying Consolidated Financial Statements).

Federal and State Income Taxes decreased $0.9 million in 2010 compared to 2009 due to lower pre-tax operating income in 2010 compared to 2009 (See Note 7 to the accompanying Consolidated Financial Statements).

Other Non-operating Expenses (Income)—Other Non-operating Expenses (Income) increased $0.1 million in 2011 compared to 2010 and was flat in 2010 compared to 2009.

Interest Expense, net

Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. Certain reconciling rate mechanisms used by the Company's distribution utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated (See Note 3 to the accompanying Consolidated Financial Statements).

Interest Expense, net increased $2.3 million in 2011 compared to 2010 due to lower interest income recorded on regulatory assets, including a non-recurring pre-tax charge, in the third quarter of 2011, against interest income of $1.8 million related to the final regulatory order issued in the Company's Massachusetts base rate case. Interest expense also reflects the issuance of a total of $40 million of long-term notes by two of the Company's operating utilities, Unitil Energy and Northern Utilities, in March 2010.

In 2010, Interest Expense, net increased $2.3 million compared to 2009. In March 2010, Unitil Energy and Northern Utilities collectively issued $40 million of long-term debt which contributed to the higher interest expense in 2010.

LIQUIDITY, COMMITMENTS AND CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent and future periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities. The Company initially supplements internally generated funds through bank borrowings, as needed, under its unsecured short-term revolving credit facility. Periodically, the Company replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets. Additionally, with respect to public offerings of securities, the Company files registration statements with the Securities and Exchange Commission under the Securities Act of 1933, as amended. The Company's utility operations are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The amount, type and timing of any future financing will vary from year to year based on capital needs and maturity or redemptions of securities.

The Company, along with its subsidiaries, are individually and collectively members of the Unitil Cash Pool (the Cash Pool). The Cash Pool is the financing vehicle for day-to-day cash borrowing and investing. The Cash Pool allows for an efficient exchange of cash among the Company and its subsidiaries. The interest rates charged to the subsidiaries for borrowing from the Cash Pool are based on actual interest costs from lenders under the Company's revolving credit facility. At December 31, 2011 and 2010, all of the Company's subsidiaries were in compliance with the regulatory requirements to participate in the Cash Pool.

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. The borrowing limit under the revolving credit facility was $115.0 million at December 31, 2011 and $80.0 million at December 31, 2010. There was $87.9 million and $66.8 million in short-term debt outstanding through bank borrowings under the revolving credit facility at December 31, 2011 and 2010, respectively. The total amount of credit available under the Company's revolving credit facility was $27.1 million and $13.2 million at December 31, 2011 and 2010, respectively. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of December 31, 2011 and 2010, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

On October 12, 2011, Unitil entered into the Fifth Amendment agreement with Bank of America, N.A., as administrative agent, and a syndicate of other lenders party thereto, further amending the revolving credit agreement dated as of November 26, 2008. The revolving credit agreement was previously amended on January 2, 2009, March 16, 2009, October 13, 2009 and October 8, 2010 to, among other things, increase the maximum borrowings under the facility, provide for a base rate interest rate option, reflect letter of credit availability, modify certain financial reporting requirements and extend the scheduled termination date of the facility. The Fifth Amendment agreement increased the maximum borrowings under the facility to $115 million, changed the additional interest margin applicable to borrowings at a fluctuating rate of interest per annum equal to the daily London Interbank Offered Rate from 2.00% to 1.75%, and changed the annual letter of credit fee from 1.625% of the daily amount available to be drawn under letters of credit issued under the credit facility to 1.500% of such daily amount. Also, see Credit Arrangements in Note 3.

The continued availability of various methods of financing, as well as the choice of a specific form of security for such financing, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of earnings, cash flows and financial position; and the competitive pricing offered by financing sources.

Contractual Obligations

The table below lists the Company's significant contractual obligations as of December 31, 2011.

		Payments Due by Period			
Significant Contractual Obligations (millions) as of December 31, 2011	**Total**	**2012**	**2013-2014**	**2015-2016**	**2017 & Beyond**
Long-term Debt	$288.3	$ 0.5	$ 3.0	$ 21.5	$263.3
Interest on Long-term Debt	264.0	19.9	39.8	39.1	165.2
Gas Supply Contracts	252.8	43.1	78.8	73.7	57.2
Power Supply Contract Obligations	12.9	8.7	1.7	0.9	1.6
Other	5.0	2.0	2.1	0.7	0.2
Total Contractual Cash Obligations	$823.0	$74.2	$125.4	$135.9	$487.5

The Company and its subsidiaries have material energy supply commitments that are discussed in Note 5 to the accompanying Consolidated Financial Statements. Cash outlays for the purchase of electricity and natural gas to serve customers are subject to reconciling recovery through periodic changes in rates, with carrying charges on deferred balances. From year to year, there are likely to be timing differences associated with the cash recovery of such costs, creating under- or over-recovery situations at any point in time. Rate recovery mechanisms are typically designed to collect the under-recovered cash or refund the over-collected cash over subsequent periods of less than a year.

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of December 31, 2011, there were approximately $37.2 million of guarantees outstanding and the longest term guarantee extends through February 2014.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $14.9 million and $11.7 million outstanding at December 31, 2011 and 2010, respectively, related to these asset management agreements. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011. The amount of natural gas inventory released in December 2010, which was payable in January 2011, is $3.9 million and recorded in Accounts Payable at December 31, 2010.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of December 31, 2011, the principal amount outstanding for the 8% Unitil Realty notes was $3.3 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

Benefit Plan Funding

The Company, along with its subsidiaries, made cash contributions to its Pension Plan in the amount of $8.8 million and $4.3 million in 2011 and 2010, respectively. The Company, along with its subsidiaries, contributed $3.5 million to Voluntary Employee Benefit Trusts (VEBT) in 2010. No contributions were made to the VEBTs in 2011. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan and the VEBTs in 2012 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these benefit plans. (See Note 9 to the accompanying Consolidated Financial Statements.)

Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements. (See Note 3 to the accompanying Consolidated Financial Statements.)

Cash Flows

Unitil's utility operations, taken as a whole, are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash (in millions) for 2011 and 2010.

	2011	2010
Cash Provided by Operating Activities	**$45.9**	$25.9

Cash Provided by Operating Activities—Cash Provided by Operating Activities was $45.9 million in 2011, an increase of $20.0 million over 2010. Cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes, was $54.4 million in 2011 compared to $49.0 million in 2010, representing an increase of $5.4 million. Working capital changes in Current Assets and Liabilities resulted in a ($13.7) million net use of cash in 2011, compared to a ($12.1) million net use of cash in 2010. Deferred Regulatory and Other Charges resulted in a $7.5 million source of cash in 2011, compared to a ($4.5) million use of cash in 2010. All Other, net operating activities resulted in a use of cash of $(2.3) million in 2011 compared to a use of cash of ($6.5) million in 2010.

	2011	2010
Cash (Used in) Investing Activities	**$(57.1)**	$(49.6)

Cash (Used in) Investing Activities—Cash Used in Investing Activities was ($57.1) million for 2011 compared to ($49.6) million in 2010. The capital spending in both periods is representative of normal distribution utility capital expenditures reflecting normal electric and gas utility system additions. Capital expenditures are projected to be approximately ($59) million in 2012.

	2011	2010
Cash Provided by Financing Activities	**$9.8**	$24.9

Cash Provided by Financing Activities—Cash Provided by Financing Activities was $9.8 million in 2011 compared to $24.9 million in 2010. In 2011, sources of cash from financing activities included proceeds from issuance of short-term debt of $21.1 million, an increase in gas inventory financing of $4.6

million and the issuance of common stock of $1.0 million. Uses of cash included regular quarterly dividend payments on common and preferred stock of ($15.2) million, payment of long term debt of ($0.5) million and all other financing activities which resulted in a use of ($1.2) million.

FINANCIAL COVENANTS AND RESTRICTIONS

The agreements under which the Company's and its subsidiaries' long-term debt were issued contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions and business combinations and covenants restricting the ability to (i) pay dividends, (ii) incur indebtedness and liens, (iii) merge or consolidate with another entity or (iv) sell, lease or otherwise dispose of all or substantially all assets. (See Note 3 to the accompanying Consolidated Financial Statements.)

The long-term debt and preferred stock of Unitil, Unitil Energy, Fitchburg, Northern Utilities, Granite State and Unitil Realty are privately held, and the Company does not issue commercial paper. For these reasons, the debt securities of Unitil and its subsidiaries are not publicly rated.

The Company's revolving credit facility contains customary terms and conditions for credit facilities of this type, including certain financial covenants, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter.

The Company and its subsidiaries are currently in compliance with all such covenants in these debt instruments.

DIVIDENDS

Unitil's annualized common dividend was $1.38 per common share in 2011, 2010 and 2009. Unitil's dividend policy is reviewed periodically by the Board of Directors. Unitil has maintained an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January, 2012 meeting, the Unitil Board of Directors declared a quarterly dividend on the Company's common stock of $0.345 per share. The amount and timing of all dividend payments are subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors.

LEGAL PROCEEDINGS

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in late 2012. The Company continues to believe the suit is without merit and will defend itself vigorously.

On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered Fitchburg to refund $4.6

million of natural gas costs, plus interest. The MDPU's original order issued in 2009 found that the Company had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that the Company's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund $4.6 million, plus interest, in favor of a $0.2 million refund, plus interest. See additional discussion below in Regulatory Matters.

REGULATORY MATTERS

Overview (Unitil Energy, Fitchburg, and Northern Utilities)—Unitil's distribution utilities deliver electricity and/or natural gas to customers in the Company's service territories at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil Energy, Fitchburg, and Northern Utilities recover the cost of providing distribution service to their customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. As a result of the restructuring of the utility industry in New Hampshire, Massachusetts and Maine, most Unitil customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers have the opportunity to purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers, however, continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next one to three years, is $34.7 million as of December 31, 2011 including $12.4 million recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Fitchburg—Increase in Base Rates Approved—On August 1, 2011, the MDPU issued an order approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of Fitchburg. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs. The order provides resolution to the open regulatory matters concerning the ratemaking treatment and cost recovery related to the December 2008 ice storm event.

Granite State—Increase in Base Rates Approved—On January 31, 2011, the FERC approved a settlement agreement providing for an increase of $1.7 million in annual revenue, based on new gas transportation rates to be effective January 1, 2011. Subsequently, on August 31, 2011, the FERC approved an amendment to the settlement agreement which provides for an additional increase of approximately $0.5 million in Granite State's annual revenues effective August 1, 2011. Under the amended settlement agreement, beginning in 2012, Granite State is permitted to file limited annual rate adjustment filings to recover the revenue requirements for certain specified future capital cost additions to transmission plant projects. The limited rate adjustments would be effective August 1 of each year, and are projected to conclude in 2014 when the major projects will be completed. The annual revenue increases for the limited rate adjustments are estimated to be approximately $0.5 million each year during 2012 through 2014.

Unitil Energy—Increase in Base Rates Approved—On April 26, 2011, the NHPUC approved a final rate settlement which makes permanent a temporary increase of $5.2 million in annual revenue effective July 1, 2010, and provides for an additional increase of $5.0 million in annual revenue effective May 1, 2011.

The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million to $2.0 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than 7% and a sharing of earnings with customers if its return on equity is greater than 10% in a calendar year. The settlement provides for a return on equity of 9.67%, a common equity ratio of 45.45% and an overall weighted cost of capital of 8.39% to determine changes to distribution rate levels.

The settlement approved Unitil Energy's proposal for an augmented vegetation management program and reliability enhancement program. Under the augmented vegetation management program, Unitil Energy will be increasing its vegetation management spending from a test-year spending level of approximately $0.7 million to $3.1 million per year by 2013. Under the new reliability enhancement program, Unitil Energy will spend $1.8 million annually towards targeted projects designed to enhance system reliability. The funding for both of these programs is included in the future rate increases discussed above.

The settlement provides for recovery of deferred December 2008 ice storm and February 2010 wind storm costs of approximately $7.6 million, including carrying charges. These costs will be recovered over eight years in the form of a tariff surcharge. Finally, the settlement establishes a major storm reserve of $400,000 annually, which will be used to recover costs associated with responding to and recovering from future qualifying major storm events.

Northern Utilities—Base Rate Case Filings—In May 2011, Northern Utilities filed two separate rate cases with the NHPUC and MPUC requesting approval to increase its natural gas distribution base rates in New Hampshire and Maine, respectively.

On November 29, 2011, the MPUC approved a comprehensive settlement agreement providing for a $7.8 million permanent increase in annual distribution revenue for Northern Utilities' Maine operations, effective January 1, 2012, and an additional permanent increase in annual distribution revenue of $0.85 million to recover the costs of 2011 cast iron pipe replacement capital spending effective May 1, 2012. The settlement is inclusive of an earlier settlement for a temporary rate increase of $3.5 million in annual distribution revenue effective November 1, 2011. The settlement also precludes Northern Utilities from filing for a new base rate increase with an effective date prior to January 1, 2014.

In New Hampshire, Northern Utilities requested an increase of $5.2 million in annual gas distribution base revenue, which represents an increase of approximately 8.1%. On July 22, 2011, the NHPUC approved a settlement for a temporary rate increase of approximately $1.7 million in annual revenue effective August 1, 2011. Once permanent rates are approved by the NHPUC, they will be reconciled back to August 1, 2011. The Company is currently in settlement discussions with the NHPUC and a final rate order is expected in the first quarter of 2012.

Fitchburg—Management Audit—As a result of its investigation of Fitchburg's preparation for, and response to, the December 2008 ice storm, the MDPU ordered a comprehensive independent management audit of Fitchburg's management practices. The management audit, which was performed by Jacobs Consultancy, Inc. (Jacobs), was completed and the audit report was submitted by Jacobs to the MDPU on April 13, 2011. The audit report found Unitil's management practices to be comprehensive, sound and in-line with industry practice. It also included sixteen recommendations intended to further improve the results of Unitil's management strategy, and acknowledged that many of these recommendations were already being implemented by the Company. On September 1, 2011, the MDPU issued its order with respect to the audit, accepting the majority of Jacob's audit report, and requiring the company to implement the remaining recommendations, as well as provide semi-annual status updates as to the company's implementation progress. On September 30, 2011, the Company filed its first implementation status report with the MDPU.

Fitchburg—Electric Operations—On November 30, 2011, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan. The filing includes the reconciliation of costs and revenues for a number of surcharges and cost factors which are under individual review in separate proceedings before the MDPU, including the Pension/PBOP

Adjustment, Residential Assistance Adjustment Factor, Net Metering Recovery Surcharge, Attorney General Consultant Expense Factor and Revenue Decoupling Adjustment Factor. The rates were approved effective January 1, 2012, subject to reconciliation pending investigation by the MDPU. This matter remains pending. Final orders on Fitchburg's 2009 and 2010 annual reconciliation filings also remain pending.

Fitchburg—Gas Operations—On November 2, 2011, the SJC issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered Fitchburg to refund $4.6 million of natural gas costs, plus interest. The MDPU's original order issued in 2009 found that the Company had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that the Company's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund $4.6 million, plus interest, in favor of a $0.2 million refund, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the decision, the Regulatory Liability was adjusted and the Company recognized a credit of $4.7 million in the fourth quarter of 2011.

On December 28, 2011, the MDPU approved Fitchburg's proposal to discontinue the previously ordered refund of the $4.6 million of natural gas costs, and to begin the recoupment of the amounts previously refunded, with interest, effective January 1, 2012. In order to minimize the rate impact on customers, the recoupment will occur over the next three winter heating seasons.

Fitchburg—Storm Cost Deferral Petition—On December 16, 2011, Fitchburg filed a request with the MDPU for authorization to defer, for future recovery in rates, the costs incurred to perform storm-related emergency repairs on its electric distribution system as a result of two recent storms, Tropical Storm Irene, which occurred on August 28, 2011, and a severe snow storm, which occurred on October 29-30, 2011. Fitchburg estimates that it incurred $1.5 million in costs for Tropical Storm Irene and $3.2 million in costs for the October snow storm. Fitchburg also requested that it be allowed to accrue carrying charges on the deferred amount. This matter remains pending.

Fitchburg—Other—On February 11, 2009, the SJC issued its decision in the Attorney General's (AG) appeal of the MDPU orders relating to Fitchburg's recovery of bad debt expense. The SJC agreed with the AG that the MDPU was required to hold hearings regarding changes in Fitchburg's tariff and rates, and on that basis vacated the MDPU orders. The SJC, however, declined to rule on an appropriate remedy, and remanded the cases back to the MDPU for consideration of that issue. In the Company's August 1, 2011 rate decision the MDPU held that the approval of dollar for dollar collection of supply-related bad debt in the Company's rate cases in 2006 (gas) and 2007 (electric) satisfied the requirement for a hearing ordered by the SJC. The matter of how to address the amounts collected by Fitchburg between the time the MDPU first approved dollar for dollar collection of the Company's bad debt, and the rate decisions in 2006 and 2007, remains pending before the MDPU.

On July 2, 2008, the Governor of Massachusetts signed into law "The Green Communities Act" (the GC Act), an energy policy statute designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, special tariffs to allow the net metering of customer-owned renewable generation, and terms and conditions for purchasing supplier receivables. Fitchburg's three year energy efficiency investment plans, plans to establish smart grid pilot programs, net metering tariffs and proposals to purchase long-term contracts for renewable energy have been approved by the MDPU. Terms and conditions for purchasing supplier receivables are under review in a separately designated docket.

On March 1, 2011, Fitchburg submitted its 2010 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for both its gas and electric divisions. On January 13, 2012, the MDPU issued its order approving the 2010 Service Quality Report for Fitchburg's gas division. On January 26, 2011, the MDPU issued orders with respect to Fitchburg's 2008 and 2009 Service Quality Reports for its electric division. Fitchburg failed to meet certain of its service quality benchmarks in 2008, and a penalty of $100,478 was ordered to be refunded to its electric customers. The Company refunded this amount to customers in their June and July 2011 billings. For 2009 performance, no net penalty was assessed. As required by the order, on February 16, 2011 Fitchburg filed a report regarding the actions it has taken to improve its performance in the metrics it had not met.

Unitil Energy—Annual Rate Reconciliation Filing—On July 29, 2011, the NHPUC approved Unitil Energy's annual reconciliation and rate filing under its restructuring plan, for rates effective August 1, 2011, including reconciliation of prior year costs and revenues.

Unitil Energy—Billing—In August 2011, Unitil Energy and one of its larger customers in New Hampshire settled a lawsuit filed by the customer in June 2011 regarding a billing error that resulted from a transformer connected to the customer's meter, which had been mislabeled by the manufacturer, and caused Unitil Energy to overcharge the customer for bills issued from October 2004 through January 2011. The amount of the customer's overpayment was calculated to be $1.8 million (Distribution and Other Delivery Charges—$0.5 million; Supply Charges—$1.3 million). As a result of the settlement, Unitil Energy reimbursed the customer $1.8 million plus $0.3 million of interest. The Company recognized a non-recurring charge of $0.4 million for distribution charges plus interest in 2011.

As a result of this metering issue, which was discovered in February 2011, certain other customers in the Company's service territory were under-billed from October 2004 through January 2011 for supply charges. Accordingly, the Company has requested authorization from the NHPUC to process the billing correction. The Company's request remains pending before the NHPUC.

Northern Utilities—NOPV—On November 21, 2008, the MPUC issued an order approving a settlement agreement resolving a number of Notices of Probable Violation (NOPVs) of certain safety related procedures and rules by Northern Utilities. Under the Settlement, Northern Utilities will incur total expenditures of approximately $3.8 million for safety related improvements to Northern Utilities' distribution system to ensure compliance with the relevant state and federal gas safety laws, for which no rate recovery will be allowed. These compliance costs were accrued by Northern Utilities prior to the acquisition date and the remaining amount on the Company's consolidated balance sheet at December 31, 2011 was $0.8 million.

Northern Utilities—Cast Iron Pipe Replacement Program—On July 30, 2010, the MPUC approved a Settlement Agreement providing for an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. Under the Agreement, Northern Utilities will proceed with a comprehensive upgrade and replacement program (the Program), which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The Agreement establishes the objective of completing the Program by the end of the 2024 construction season.

Northern Utilities—Maine Sales Tax Under-Collection—As previously reported, during 2011 the Company determined that during the conversion of the Northern Utilities customer portfolio from the prior owner to Unitil's customer information system, a portion of Northern Utilities' commercial and industrial customers were incorrectly converted as exempt from Maine sales tax. This issue has been resolved with Maine Revenue Services and the MPUC and the Company has collected substantially all of the arrears.

Unitil Corporation—FERC Audit—On November 3, 2011, the FERC commenced an audit of Unitil Corporation, including its associated service company and its electric and natural gas distribution companies. Among other requirements, the audit will evaluate the Company's compliance with: i) cross-subsidization restrictions on affiliate transactions; ii) regulations under the Energy Policy Act of 2005; and the iii) uniform system of accounts for centralized service companies. The Company expects the final audit report will be issued by December 31, 2012.

ENVIRONMENTAL MATTERS

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2011, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations, could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Northern Utilities' Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Also, see Note 5 to the accompanying Consolidated Financial Statements for additional information on Environmental Matters.

EMPLOYEES AND EMPLOYEE RELATIONS

As of December 31, 2011, the Company and its subsidiaries had 454 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of December 31, 2011, 151 of the Company's employees were represented by labor unions. These employees are covered by four separate collective bargaining agreements which expire on March 31, 2012, May 31, 2012, May 31, 2013 and June 5, 2014. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. In making those estimates and assumptions, the Company is sometimes required to make difficult, subjective and/or complex judgments about the impact of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. The following is a summary of the Company's most critical accounting policies, which are defined as those policies where judgments or uncertainties could materially affect the application of those policies. For a complete discussion of the Company's significant accounting policies, refer to the financial statements and Note 1: Summary of Significant Accounting Policies.

Regulatory Accounting—The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the Financial Accounting Standards Board Accounting Standards Codification (FASB Codification). In accordance with the FASB Codification, the Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

The FASB Codification specifies the economic effects that result from the cause and effect relationship of costs and revenues in the rate-regulated environment and how these effects are to be accounted for by a regulated enterprise. Revenues intended to cover some costs may be recorded either before or after the costs are incurred. If regulation provides assurance that incurred costs will be recovered in the future, these costs would be recorded as deferred charges or "regulatory assets." If revenues are recorded for costs that are expected to be incurred in the future, these revenues would be recorded as deferred credits or "regulatory liabilities."

The Company's principal regulatory assets and liabilities are included on the Company's Consolidated Balance Sheet and a summary of the Company's Regulatory Assets is provided in Note 1 thereto. The Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements.

The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Utility Revenue Recognition—Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, for which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company's other electric and natural gas distribution utilities are not subject to RDM.

Allowance for Doubtful Accounts—The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

Retirement Benefit Obligations—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The FASB Codification requires companies to record on their balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates.

The Company's RBO and reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO are affected by actual employee demographics, the level of contributions made to the plans, earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs. If these assumptions were changed, the resultant change in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material impact on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on an assessment of current market conditions using high quality corporate bond interest rate indices and pension yield curves. For the years ended December 31, 2011 and 2010, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $325,000 and $300,000, respectively, in the Net Periodic Benefit Cost for the Pension Plan. For the years ended December 31, 2011 and 2010, a 1.0% increase in the assumption of health care cost trend rates would have resulted in increases in the Net Periodic Benefit Cost for the PBOP Plan of $909,000 and $728,000, respectively. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for those same time periods would have resulted in decreases in the Net Periodic Benefit Cost for the PBOP Plan of $705,000 and $565,000, respectively. (See Note 9 to the accompanying Consolidated Financial Statements).

Income Taxes—The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's Consolidated Balance Sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the Consolidated Statements of Earnings.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Depreciation—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements.

Commitments and Contingencies—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2011, the Company is not aware of any material commitments or contingencies other than those disclosed in the Significant Contractual Obligations table in the Contractual Obligations section above and the Commitments and Contingencies footnote to the Company's consolidated financial statements below.

Refer to "Recently Issued Accounting Pronouncements" in Note 1 of the Notes of Consolidated Financial Statements for information regarding recently issued accounting standards.

For further information regarding these types of activities, see Note 1, "Summary of Significant Accounting Policies," Note 7, "Income Taxes," Note 4, "Energy Supply," Note 9, "Retirement Benefit Plans," and Note 5, "Commitment and Contingencies," to the consolidated financial statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Please also refer to Item 1A. "Risk Factors".

INTEREST RATE RISK

As discussed above, Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of debt outstanding represents long-term notes bearing fixed rates of interest. Changes in market interest rates do not affect interest expense resulting from these outstanding long-term debt securities. However, the Company periodically repays its short-term debt borrowings through the issuance of new long-term debt securities. Changes in market interest rates may affect the interest rate and corresponding interest expense on any new issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was $25 million for the period of one year, a change in interest rates of 1% would result in a change in annual interest expense of approximately $250,000. The average interest rate on short-term borrowings was 2.2%, 2.3%, and 3.4% during 2011, 2010, and 2009, respectively.

MARKET RISK

Although Unitil's three distribution utilities 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 electric power and natural gas supply costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed above and below in Regulatory Matters, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Unitil Corporation and subsidiaries:

We have audited the accompanying consolidated balance sheets of Unitil Corporation and subsidiaries (the Company) as of December 31, 2011 and 2010, and the related consolidated statements of earnings, cash flows and changes in common stock equity for both of the two years in the period ended December 31, 2011. We also have audited Unitil Corporation and subsidiaries' internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that *(a)* pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; *(b)* provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and *(c)* provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Unitil Corporation and subsidiaries as of December 31, 2011 and 2010, and the consolidated results of its operations and its cash flows for each of the years in the two-year period ended December 31, 2011 in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, Unitil Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2011, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ McGladrey & Pullen, LLP
Boston, Massachusetts
February 1, 2012

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Unitil Corporation and subsidiaries:

We have audited the accompanying consolidated statements of earnings, cash flows and changes in common stock equity for the year ended December 31, 2009. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated results of its operations and its cash flows for the year ended December 31, 2009 in conformity with accounting principles generally accepted in the United States of America.

/s/ Caturano and Company, P.C.
Boston, Massachusetts
February 10, 2010

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CONSOLIDATED STATEMENTS OF EARNINGS

(Millions, except common shares and per share data)

Year Ended December 31,	2011	2010	2009
Operating Revenues:			
Gas	**$ 159.2**	$ 150.1	$152.8
Electric	**188.1**	203.7	209.9
Other	**5.5**	4.6	4.3
Total Operating Revenues	**352.8**	358.4	367.0
Operating Expenses:			
Purchased Gas	**89.1**	90.5	96.4
Purchased Electricity	**114.2**	137.7	151.6
Operation and Maintenance	**51.5**	48.8	44.7
Conservation & Load Management	**8.5**	8.8	5.0
Depreciation and Amortization	**29.3**	28.9	27.4
Provisions for Taxes:			
Local Property and Other	**13.0**	11.2	10.4
Federal and State Income	**10.0**	4.5	5.4
Total Operating Expenses	**315.6**	330.4	340.9
Operating Income	**37.2**	28.0	26.1
Other Non-Operating Expenses	**0.4**	0.3	0.3
Income Before Interest Expense	**36.8**	27.7	25.8
Interest Expense, net	**20.4**	18.1	15.8
Net Income	**16.4**	9.6	10.0
Less Dividends on Preferred Stock	**0.1**	0.1	0.1
Earnings Applicable to Common Shareholders	**$ 16.3**	$ 9.5	$ 9.9
Average Common Shares Outstanding (000's)—Basic	**10,880**	10,823	9,647
Average Common Shares Outstanding (000's)—Diluted	**10,883**	10,824	9,647
Earnings per Common Share—Basic and Diluted	**$ 1.50**	$ 0.88	$ 1.03

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

CONSOLIDATED BALANCE SHEETS *(Millions)*

ASSETS

December 31,	2011	2010
Utility Plant:		
Electric	**$333.3**	$321.5
Gas	**382.3**	360.1
Common	**29.8**	30.2
Construction Work in Progress	**28.3**	16.6
Utility Plant	**773.7**	728.4
Less: Accumulated Depreciation	**263.0**	251.9
Net Utility Plant	**510.7**	476.5
Current Assets:		
Cash	**7.5**	8.9
Accounts Receivable, net	**44.2**	36.9
Accrued Revenue	**56.6**	46.7
Refundable Taxes	**—**	7.5
Gas Inventory	**14.8**	10.6
Material and Supplies	**3.6**	2.9
Prepayments and Other	**4.5**	3.6
Total Current Assets	**131.2**	117.1
Noncurrent Assets:		
Regulatory Assets	**139.8**	143.0
Other Noncurrent Assets	**18.5**	23.0
Total Noncurrent Assets	**158.3**	166.0
TOTAL ASSETS	**$800.2**	$759.6

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

CONSOLIDATED BALANCE SHEETS (cont.) *(Millions)*

CAPITALIZATION AND LIABILITIES

December 31,	2011	2010
Capitalization:		
Common Stock Equity	**$191.7**	$189.0
Preferred Stock	**2.0**	2.0
Long-Term Debt, Less Current Portion	**287.8**	288.3
Total Capitalization	**481.5**	479.3
Current Liabilities:		
Long-Term Debt, Current Portion	**0.5**	0.5
Accounts Payable	**26.4**	26.5
Short-Term Debt	**87.9**	66.8
Energy Supply Contract Obligations	**21.1**	17.0
Taxes Payable	**1.0**	—
Other Current Liabilities	**17.5**	16.1
Total Current Liabilities	**154.4**	126.9
Deferred Income Taxes	**46.3**	43.8
Noncurrent Liabilities:		
Energy Supply Contract Obligations	**4.2**	12.6
Retirement Benefit Obligations	**91.2**	74.0
Environmental Obligations	**14.5**	14.5
Other Noncurrent Liabilities	**8.1**	8.5
Total Noncurrent Liabilities	**118.0**	109.6
TOTAL CAPITALIZATION AND LIABILITIES	**$800.2**	$759.6

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

CONSOLIDATED STATEMENTS OF CASH FLOWS *(Millions)*

Year Ended December 31,	2011	2010	2009
Operating Activities:			
Net Income	**$ 16.4**	$ 9.6	$ 10.0
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:			
Depreciation and Amortization	**29.3**	28.9	27.4
Deferred Taxes Provision	**8.7**	10.5	7.1
Changes in Working Capital Items:			
Accounts Receivable	**(7.3)**	(3.4)	6.2
Accrued Revenue	**(9.9)**	(2.7)	12.9
Taxes Refundable / Payable	**8.5**	(5.8)	1.5
Gas Inventory	**(4.2)**	3.7	17.3
Accounts Payable	**(0.1)**	1.4	(3.4)
Other Changes in Working Capital Items	**(0.7)**	(5.3)	(5.1)
Deferred Regulatory and Other Charges	**7.5**	(4.5)	(26.0)
Other, net	**(2.3)**	(6.5)	3.0
Cash Provided by Operating Activities	**45.9**	25.9	50.9
Investing Activities:			
Property, Plant and Equipment Additions	**(57.1)**	(49.6)	(58.7)
Acquisitions, net	**—**	—	(6.9)
Cash (Used In) Investing Activities	**(57.1)**	(49.6)	(65.6)
Financing Activities:			
Proceeds from (Repayment of) Short-Term Debt, net	**21.1**	2.3	(9.6)
Proceeds from Issuance (Repayment) of Long-Term Debt, net	**(0.5)**	39.5	(0.4)
Net Increase (Decrease) in Gas Inventory Financing	**4.6**	(2.2)	(21.8)
Dividends Paid	**(15.2)**	(15.0)	(13.2)
Proceeds from Issuance of Common Stock	**1.0**	0.9	56.4
Other, net	**(1.2)**	(0.6)	(0.5)
Cash Provided by Financing Activities	**9.8**	24.9	10.9
Net Increase (Decrease) in Cash	**(1.4)**	1.2	(3.8)
Cash at Beginning of Year	**8.9**	7.7	11.5
Cash at End of Year	**$ 7.5**	$ 8.9	$ 7.7
Supplemental Information:			
Interest Paid	**$ 21.2**	$ 20.5	$ 19.3
Income Taxes (Refunded) Paid	**$ (7.3)**	$ 2.3	$ (3.8)

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

CONSOLIDATED STATEMENTS OF CHANGES IN COMMON STOCK EQUITY

(Millions)

	Common Equity	Retained Earnings	Total
Balance at January 1, 2009	$102.7	$ 36.8	**$139.5**
Net Income for 2009		10.0	**10.0**
Dividends		(13.2)	**(13.2)**
Shares Issued Under Stock Plans	0.4		**0.4**
Issuance of 43,615 Common Shares	0.9		**0.9**
Issuance of 2,970,000 Common Shares (See Note 2)	55.5		**55.5**
Balance at December 31, 2009	159.5	33.6	**193.1**
Net Income for 2010		9.6	**9.6**
Dividends		(15.0)	**(15.0)**
Shares Issued Under Stock Plans	0.4		**0.4**
Issuance of 41,455 Common Shares	0.9		**0.9**
Balance at December 31, 2010	160.8	28.2	**189.0**
Net Income for 2011		16.4	**16.4**
Dividends		(15.2)	**(15.2)**
Shares Issued Under Stock Plans	0.5		**0.5**
Issuance of 39,473 Common Shares	1.0		**1.0**
Balance at December 31, 2011	$162.3	$ 29.4	**$191.7**

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

Note 1: Summary of Significant Accounting Policies

Nature of Operations—Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite State), Unitil Power Corp. (Unitil Power), Unitil Realty Corp. (Unitil Realty), Unitil Service Corp. (Unitil Service) and its non-regulated business unit Unitil Resources, Inc. (Unitil Resources). Usource, Inc. and Usource L.L.C. are wholly-owned subsidiaries of Unitil Resources.

The Company's results will reflect the seasonal nature of the natural gas distribution business. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher due to heating-related requirements, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Unitil's principal business is the local distribution of electricity in the southeastern seacoast and capital city areas of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire; Fitchburg, which operates in Massachusetts; and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the "distribution utilities").

Granite State is an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine, New Hampshire and Massachusetts. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to North American pipeline supplies. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third-party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy's customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly- owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to a national client base of large commercial and industrial customers.

Basis of Presentation

Principles of Consolidation—The Company's consolidated financial statements include the accounts of Unitil and all of its wholly-owned subsidiaries and all intercompany transactions are eliminated in consolidation.

Regulatory Accounting—The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the Massachusetts Department of Public Utilities (MDPU), Unitil Energy is regulated by the New Hampshire Public Utilities Commission (NHPUC) and Northern Utilities is regulated by the Maine Public Utilities Commission (MPUC) and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the Financial Accounting Standards Board Accounting Standards Codification (FASB Codification). The Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

Regulatory Assets consist of the following (millions)	December 31, 2011	December 31, 2010
Energy Supply Contract Obligations	**$ 12.9**	$ 21.7
Deferred Restructuring Costs	**21.8**	25.0
Subtotal—Restructuring Related Items	**34.7**	46.7
Retirement Benefit Obligations	**55.3**	47.1
Income Taxes	**10.9**	12.7
Environmental Obligations	**17.5**	20.3
Deferred Storm Charges	**22.4**	21.0
Other	**17.8**	10.9
Total Regulatory Assets	**$158.6**	$158.7
Less: Current Portion of Regulatory Assets [(1)]	**18.8**	15.7
Regulatory Assets—noncurrent	**$139.8**	$143.0

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

Generally, the Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Cash—Cash includes all cash and cash equivalents to which the Company has legal title. Cash equivalents include short-term investments with original maturities of three months or less and interest bearing deposits. The Company's cash and cash equivalents are held at financial institutions and at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Under the Independent System Operator—New England (ISO-NE) Financial Assurance Policy (Policy), Unitil's affiliates Unitil Energy, Fitchburg and Unitil Power are required to provide assurance of their ability to satisfy their obligations to ISO-NE. Under this Policy, Unitil's affiliates provide cash deposits covering approximately 2-1/2 months of outstanding obligations. On December 31, 2011 and 2010, the Unitil affiliates had deposited $4.6 million and $7.0 million, respectively to satisfy their ISO-NE obligations. In addition, Northern Utilities has cash margin deposits to satisfy requirements for its natural gas hedging program. On December 31, 2011 and 2010, there was $2.6 million and $1.5 million, respectively, deposited for this purpose.

Goodwill and Intangible Assets—As a result of the acquisitions of Northern Utilities and Granite State, the Company recognized a bargain purchase adjustment as a reduction to Utility Plant, to be amortized over a ten year period, beginning with the date of the Acquisitions, as authorized by regulators. As of December 31, 2011, the unamortized balance of the bargain purchase adjustment was $17.1 million, to be amortized over the next seven years.

Off-Balance Sheet Arrangements—As of December 31, 2011, the Company does not have any significant arrangements that would be classified as Off-Balance Sheet Arrangements. In the ordinary course of business, the Company does contract for certain office equipment, vehicles and other equipment under operating leases (See Note 3).

Derivatives—The Company has a regulatory commission approved hedging program for Northern Utilities designed to fix a portion of its gas supply costs for the coming year of service. In order to fix these costs, the Company purchases natural gas futures contracts on the New York Mercantile Exchange (NYMEX) that correspond to the associated delivery month. Any gains or losses resulting from the change in the fair value of these derivatives are passed through to ratepayers directly through a regulatory commission approved recovery mechanism. The fair value of these derivatives is determined using Level 2 inputs (valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived principally from market data), specifically based on the NYMEX closing prices for outstanding contracts as of the balance sheet date. As a result of the ratemaking process, the Company records gains and losses resulting from the change in fair value of the derivatives as regulatory liabilities or assets, then reclassifies these gains or losses into Purchased Gas when the gains and losses are passed through to customers in accordance with rate reconciling mechanisms.

As of December 31, 2011 and December 31, 2010, the Company had 1.6 billion and 1.3 billion cubic feet (BCF), respectively, outstanding in natural gas purchase contracts under its hedging program.

The tables below show derivatives, which are part of the regulatory approved hedging program, that are not designated as hedging instruments, under FASB ASC 815-20. As discussed above, the change in fair value related to these derivatives is recorded initially as a Regulatory Asset then reclassified to Purchased Gas in accordance with the recovery mechanism. The tables below include disclosure of the Regulatory Asset and reclassifications from the Regulatory Asset into Purchased Gas.

Fair Value Amount (millions) Offset in Regulatory Assets (1), as of:

		Fair Value	
Description	**Balance Sheet Location**	**December 31, 2011**	**December 31, 2010**
Natural Gas Futures Contracts	Other Current Liabilities	**$1.7**	$0.8
Natural Gas Futures Contracts	Other Noncurrent Liabilities	**0.6**	0.2
Total		**$2.3**	$1.0

(1) The current portion of Regulatory Assets is recorded as Accrued Revenue on the Company's Consolidated Balance Sheets.

	Twelve Months Ended December 31,	
(millions)	**2011**	**2010**
Amount of (Gain) / Loss Recognized in Regulatory Assets for Derivatives:		
Natural Gas Futures Contracts	**$2.9**	$3.9
Amount of Loss Reclassified into Consolidated Statements of Earnings(2):		
Purchased Gas	**$1.6**	$5.2

(2) These amounts are offset in the Consolidated Statements of Earnings with the recognition of accrued revenue as a component of Gas Operating Revenue and therefore there is no effect on earnings.

Utility Revenue Recognition—Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, for which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company's other electric and natural gas distribution utilities are not subject to RDM.

Revenue Recognition—Non-regulated Operations—Usource, Unitil's competitive energy brokering subsidiary, records energy brokering revenues based upon the estimated amount of electricity and gas delivered to customers through the end of the accounting period.

Allowance for Doubtful Accounts—The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company.

Retirement Benefit Obligations—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The Company records on its balance sheets as an asset or liability the overfunded or underfunded status of its retirement benefit obligations (RBO) based on the projected benefit obligations. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates. (See Note 9).

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and requires disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Commitments and Contingencies—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2011, the Company is not aware of any material commitments or contingencies other than those disclosed in the Commitments and Contingencies footnote to the Company's consolidated financial statements below. (See Note 5).

Utility Plant—The cost of additions to Utility Plant and the cost of renewals and betterments are capitalized. Cost consists of labor, materials, services and certain indirect construction costs, including an allowance for funds used during construction (AFUDC). The average interest rates applied to AFUDC were 2.28%, 2.25% and 3.24% in 2011, 2010 and 2009, respectively. The costs of current repairs and minor replacements are charged to appropriate operating expense accounts. The original cost of utility plant retired or otherwise disposed of and the cost of removal, less salvage, are charged to the accumulated provision for depreciation. The Company includes in its mass asset depreciation rates, which are periodically reviewed as part of its ratemaking proceedings, depreciation amounts to provide for future negative salvage value. At December 31, 2011 and 2010, the Company estimates that the negative salvage value of future retirements recorded on the consolidated balance sheets in Accumulated Depreciation is $46.5 million and $40.8 million, respectively.

Depreciation and Amortization—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets, and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements. 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: 2011 – 3.43%, 2010 – 3.99% and 2009 – 4.02%.

Gas Inventory—The weighted average cost methodology is used to value natural gas in storage.

Environmental Matters—The Company's past and present operations include activities that are generally subject to extensive federal and state environmental laws and regulations. The Company has recovered or will recover substantially all of the costs of the environmental remediation work performed to date from customers or from its insurance carriers. The Company believes it is in compliance with all applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2011, there are no material losses that would require additional liability reserves to be recorded other than those disclosed in Note 5, Commitments and Contingencies. Changes in future environmental compliance regulations or in future cost estimates of environmental remediation costs could have a material effect on the Company's financial position if those amounts are not recoverable in regulatory rate mechanisms.

Stock-based Employee Compensation—Unitil accounts for stock-based employee compensation using the fair value-based method (See Note 2).

Sales and Consumption Taxes—The Company bills its customers sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's Consolidated Statements of Earnings.

Income Taxes—The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's Consolidated Balance Sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the Consolidated Statements of Earnings.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. In accordance with the FASB Codification, the Company periodically assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Dividends—The Company's dividend policy is reviewed periodically by the Board of Directors. The amount and timing of all dividend payments is subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors. For the years ended December 31, 2011, 2010 and 2009, the Company paid a dividend at an annual rate of $1.38 per common share.

Other Recently Issued Pronouncements—In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities." The amendments in this ASU require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The Company does not expect that the adoption of ASU 2011-11 will have a significant, if any, impact on the Company's Consolidated Financial Statements.

In May 2011, the FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS", (ASU 2011-04). This update changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. This update is effective for reporting periods beginning on or after December 15, 2011, with early adoption prohibited, and requires prospective application. The Company does not expect that the adoption of ASU 2011-04 will have a significant, if any, impact on the Company's Consolidated Financial Statements.

Subsequent Events—The Company evaluates all events or transactions through the date of the related filing. During the period through the date of this filing, the Company did not have any material subsequent events that impacted its consolidated financial statements.

Reclassifications—Certain amounts previously reported have been reclassified to improve the financial statements' presentation and to conform to current year presentation.

Note 2: Equity

The Company has common stock and certain of our subsidiaries have preferred stock outstanding. Details regarding these forms of capitalization follow:

Common Stock

The Company's common stock trades under the symbol, "UTL." On April 21, 2011, the Company's shareholders approved an increase in the authorized shares of the Company's common stock. Shareholders approved an amendment to the Company's Articles of Incorporation to increase the authorized number of shares of the Company's common stock, from 16,000,000 shares to 25,000,000 shares in the aggregate. The Company had 10,954,065, and 10,890,262 of common shares outstanding at December 31, 2011 and December 31, 2010, respectively.

Dividend Reinvestment and Stock Purchase Plan—During 2011, the Company sold 39,473 shares of its common stock, at an average price of $24.97 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) plans resulting in net proceeds of $1.0 million. The DRP 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. During 2010 and 2009, the Company raised $0.9 million and $0.9 million, respectively, of additional common equity through the issuance of 41,455 and 43,615 shares, respectively, of its common stock in connection with its DRP and 401(k) plans.

Shares Repurchased, Cancelled and Retired—Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on March 24, 2011, the Company may periodically repurchase shares of its Common Stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer. (See Part II, Item 5 for additional information). During 2011, 2010 and 2009, the Company repurchased 8,765, 3,225 and 3,619 shares of its common stock, respectively, pursuant to the Rule 10b5-1 trading plan. The expense recognized by the Company for these repurchases was $0.2 million, $0.1 million and $0.1 million in 2011, 2010 and 2009, respectively.

During 2011, 2010 and 2009, the Company did not cancel or retire any of its common stock.

Stock-Based Compensation Plans—Unitil maintains a stock plan. The Company accounts for its stock-based compensation plan in accordance with the provisions of the FASB Codification and measures compensation costs at fair value at the date of grant. Details of the plan are as follows:

Stock Plan—The Company maintains the Amended and Restated Unitil Corporation 2003 Stock Plan (the Stock Plan). Participants in the Stock Plan are selected by the Compensation Committee of the Board of Directors from the eligible Participants to receive an annual award of restricted shares of Company common stock. The Compensation Committee has the power to determine the sizes of awards; determine the terms and conditions of awards in a manner consistent with the Stock Plan; construe and interpret the Stock Plan and any agreement or instrument entered into under the Stock Plan as they apply to participants; establish, amend, or waive rules and regulations for the Stock Plan's administration as they apply to participants; and, subject to the provisions of the Stock Plan, amend the terms and conditions of any outstanding award to the extent such terms and conditions are within the discretion of the Compensation Committee as provided for in the Stock Plan. Awards of restricted shares fully vest over a period of four years at a rate of 25% each year.

During the vesting period, dividends on restricted shares underlying the award may be credited to the participant's account. Awards may be grossed up to offset the participant's tax obligations in connection with the award. Prior to the end of the vesting period, the restricted shares are subject to forfeiture if the participant ceases to be employed by the Company other than due to the participant's death. The maximum number of shares of restricted stock available for awards to participants under the Stock Plan is 177,500. The maximum aggregate number of shares of restricted stock that may be awarded in any one calendar year to any one participant is 20,000. In the event of any change in capitalization of the Company, the Compensation Committee is authorized to make proportionate adjustments to prevent dilution or enlargement of rights, including, without limitation, an adjustment in the maximum number and kinds of shares available for awards and in the annual award limit.

Restricted shares issued for 2009 – 2011 in conjunction with the Stock Plan are presented in the following table:

Issuance Date	Shares	Aggregate Market Value (millions)
2/17/09	32,260	$0.7
2/5/10	12,520	$0.3
2/9/11	24,330	$0.6

The compensation expense associated with the issuance of shares under the Stock Plan is being recorded over the vesting period and was $0.7 million, $0.5 million and $0.7 million in 2011, 2010 and 2009, respectively. There were 33,731 and 29,521 non-vested shares under the Stock Plan as of December 31, 2011 and 2010, respectively. The weighted average grant date fair value of these shares was

$21.93 per share and $21.77 per share, respectively. At December 31, 2011, there was approximately $0.9 million of total unrecognized compensation cost under the Stock Plan which is expected to be recognized over approximately 2.4 years. There were no forfeitures or cancellations under the Stock Plan during 2011.

The Stock Plan also includes restricted stock units as a type of award that the Company may grant to the Company's employees, Directors or consultants. There were no restricted stock units issued under the Stock Plan during 2011.

Unitil Corporation 1998 Stock Option Plan—The "Unitil Corporation 1998 Stock Option Plan" became effective on December 11, 1998 and was terminated by the Board of Directors on January 16, 2003. There was no compensation expense associated with this plan in 2011, 2010 and 2009. The plan has remained in effect solely for the purposes of the continued administration of any options outstanding under the plan. No further grants of options have been made under this plan since it was terminated by the Board of Directors in 2003. As of December 31, 2011, 2010 and 2009, there was no aggregate intrinsic value of the options exercisable. As of December 31, 2011, all options under this plan have expired.

	2011		**2010**		**2009**	
	Number of Shares	**Average Exercise Price**	**Number of Shares**	**Average Exercise Price**	**Number of Shares**	**Average Exercise Price**
Beginning Options Outstanding	**33,000**	**$25.88**	63,500	$28.90	97,200	$27.16
Options Granted	**—**	**—**	—	—	—	—
Options Exercised	**—**	**—**	—	—	—	—
Options Forfeited / Expired	**(33,000)**	**$25.88**	(30,500)	$32.17	(33,700)	$23.88
Ending Options Outstanding	**—**	**$ —**	33,000	$25.88	63,500	$28.90
Options Vested and Exercisable- end of year	**—**	**$ —**	33,000	$25.88	63,500	$28.90

Preferred Stock

Two of Unitil's distribution companies, Unitil Energy and Fitchburg, have an aggregate of $2.0 million of preferred stock outstanding. At December 31, 2011, Unitil Energy has $0.2 million of 6.00% Series Non-Redeemable, Non-Cumulative Preferred Stock series outstanding and Fitchburg has two series of Redeemable, Cumulative Preferred Stock outstanding, $0.8 million of 5.125% Series and $1.0 million of 8.00% Series.

Fitchburg is 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. In addition, Fitchburg may opt to redeem the Redeemable, Cumulative Preferred Stock at a given redemption price, plus accrued dividends.

The aggregate purchases of Redeemable, Cumulative Preferred Stock during 2011, 2010 and 2009 related to the annual redemption offer were $8,600, $25,000 and $26,000, respectively. The aggregate amount of sinking fund requirements of the Redeemable, Cumulative Preferred Stock for each of the five years following 2011 is $117,000 per year.

Earnings Per Share

The following table reconciles basic and diluted earnings per share.

(Millions except shares and per share data)	**2011**	**2010**	**2009**
Earnings Available to Common Shareholders	**$ 16.3**	$ 9.5	$ 9.9
Weighted Average Common Shares Outstanding—Basic (000's)	**10,880**	10,823	9,647
Plus: Diluted Effect of Incremental Shares (000's)	**3**	1	—
Weighted Average Common Shares Outstanding—Diluted (000's)	**10,883**	10,824	9,647
Earnings per Share—Basic and Diluted	**$ 1.50**	$ 0.88	$ 1.03

Weighted average options to purchase 33,000 and 63,500 shares of common stock were outstanding during 2010 and 2009, respectively, but were not included in the computation of Weighted Average Common Shares Outstanding for purposes of computing diluted earnings per share, because the effect would have been antidilutive. Additionally, 1,642, 6,164 and 28,963 weighted average non-vested restricted shares for 2011, 2010 and 2009, respectively, were not included in the above computation because the effect would have been antidilutive.

Note 3: Long-Term Debt, Credit Arrangements, Leases and Guarantees

The Company funds a portion of its operations through the issuance of long-term debt and through short-term borrowings under its revolving credit facility. The Company's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their machinery, vehicles and office equipment. Details regarding long-term debt, short-term debt and leases follow:

Long-Term Debt and Interest Expense

Long-Term Debt Structure and Covenants—The agreements under which the long-term debt of Unitil and its utility subsidiaries, Unitil Energy, Fitchburg, Northern Utilities, and Granite State, were issued contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions and business combinations, as described below.

The long-term debt of Unitil is issued under Unsecured Promissory Notes with negative pledge provisions. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for Unitil to issue new long-term debt, the covenants of the existing long-term agreement(s) must be satisfied, including that Unitil have total funded indebtedness less than 70% of total capitalization, and earnings available for interest equal to at least two times the interest charges for funded indebtedness. Each future senior long-term debt issuance of Unitil will rank pari passu with all other senior unsecured long-term debt issuances. The Unitil agreement requires that if Unitil defaults on any other future long-term debt agreement(s), it would constitute a default under its present long-term debt agreement. Furthermore, the default provisions are triggered by the defaults of Unitil Energy and Fitchburg or certain other actions against Unitil subsidiaries.

Substantially all of the property of Unitil Energy is subject to liens of indenture under which First Mortgage Bonds (FMB) have been issued. In order to issue new FMB, the customary covenants of the existing Unitil Energy Indenture Agreement must be met, including that Unitil Energy have sufficient available net bondable plant to issue the securities and projected earnings available for interest charges equal to at least two times the annual interest requirement. The Unitil Energy agreements further require that if Unitil Energy defaults on any Unitil Energy FMB, it would constitute a default for all Unitil Energy FMB. The Unitil Energy default provisions are not triggered by the actions or defaults of Unitil or its other subsidiaries.

All of the long-term debt of Fitchburg, Northern Utilities and Granite State are issued under Unsecured Promissory Notes with negative pledge provisions. Each issue of long-term debt ranks pari passu with its other senior unsecured long-term debt within that subsidiary. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for Fitchburg, Northern Utilities or Granite State to issue new long-term debt, the covenants of the existing long-term agreements of that subsidiary must be satisfied, including that the subsidiary have total funded indebtedness less than 65% of total capitalization. Additionally, to issue new long-term debt, Fitchburg must maintain earnings available for interest equal to at least two times the interest charges for funded indebtedness. As with the Unitil Energy agreements, the Fitchburg, Northern Utilities and Granite State agreements each require that if that subsidiary defaults on any of its own long-term debt agreements, it would constitute a default under all of that subsidiary's long-term debt agreements. Each of the Fitchburg, Northern Utilities and Granite State default provisions are not triggered by the actions or defaults of Unitil or any of its other subsidiaries.

The Unitil, Unitil Energy, Fitchburg, Northern Utilities and Granite State long-term debt instruments and agreements contain covenants restricting the ability of each company to incur liens and to enter into sale and leaseback transactions, and restricting the ability of each company to consolidate with, to merge with or into, or to sell or otherwise dispose of all or substantially all of its assets. The Granite State notes are guaranteed by Unitil for the payment of principal, interest and other amounts payable. This guarantee will terminate if Granite State is reorganized and merges with and into Northern Utilities.

At December 31, 2011, there were no restrictions on Unitil's Retained Earnings for the payment of common dividends. Unitil Energy, Fitchburg, Northern Utilities and Granite State pay dividends to their sole shareholder, Unitil Corporation, and these dividends are the primary source of cash for the payment of dividends to Unitil's common shareholders.

Debt Repayment—The total aggregate amount of debt repayments relating to bond issues and normal scheduled long-term debt repayments amounted to $462,055, $426,643, and $393,946 in 2011, 2010, and 2009, respectively.

The aggregate amount of bond repayment requirements and normal scheduled long-term debt repayments for each of the five years following 2011 is: 2012 – $500,405; 2013 – $541,938; 2014 – $2,486,919; 2015 – $4,035,633; and 2016 – $17,421,724, respectively.

Long-Term Debt Issuances

On March 2, 2010, both Unitil Energy and Northern Utilities closed long-term financings:

(i) Unitil Energy closed $15,000,000 of First Mortgage Bonds, through a private placement marketing process to institutional investors. The First Mortgage Bonds have a coupon rate of 5.24% and have a final maturity of ten years. Unitil Energy used the net proceeds from this long-term financing to repay short-term debt and for general corporate purposes.

(ii) Northern Utilities closed $25,000,000 of Senior Unsecured Notes, through a private placement marketing process to institutional investors. The Senior Unsecured Notes have a coupon rate of 5.29% and have a final maturity of ten years. Northern Utilities used the net proceeds from this long-term financing to repay short-term debt and for general corporate purposes.

Fair Value of Long-Term Debt—Currently, the Company believes that there is no active market in the Company's debt securities, which have all been sold through private placements. If there were an active market for the Company's debt securities, the fair value of the Company's long-term debt would be estimated based on 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 estimating the fair value of the Company's long-term debt, the assumed market yield reflects the Moody's Baa Utility Bond Average Yield for December 2011. The carrying value of the Company's long-term debt at December 31, 2011 is $288.3 million. The fair value of the Company's long-term debt at December 31, 2011 is estimated to be approximately $338.7 million. Costs, including prepayment costs, associated with the early settlement of long-term debt are not taken into consideration in determining fair value.

Details on long-term debt at December 31, 2011 and 2010 are shown below:

Long-Term Debt (millions)	December 31, 2011	December 31, 2010
Unitil Corporation Senior Notes:		
6.33% Notes, Due May 1, 2022	**$ 20.0**	$ 20.0
Unitil Energy First Mortgage Bonds:		
5.24% Series, Due March 2, 2020	**15.0**	15.0
8.49% Series, Due October 14, 2024	**15.0**	15.0
6.96% Series, Due September 1, 2028	**20.0**	20.0
8.00% Series, Due May 1, 2031	**15.0**	15.0
6.32% Series, Due September 15, 2036	**15.0**	15.0
Fitchburg Long-Term Notes:		
6.75% Notes, Due November 30, 2023	**19.0**	19.0
7.37% Notes, Due January 15, 2029	**12.0**	12.0
7.98% Notes, Due June 1, 2031	**14.0**	14.0
6.79% Notes, Due October 15, 2025	**10.0**	10.0
5.90% Notes, Due December 15, 2030	**15.0**	15.0
Northern Utilities Senior Notes:		
6.95% Senior Notes, Series A, Due December 3, 2018	**30.0**	30.0
5.29% Senior Notes, Due March 2, 2020	**25.0**	25.0
7.72% Senior Notes, Series B, Due December 3, 2038	**50.0**	50.0
Granite State Senior Notes:		
7.15% Senior Notes, Due December 15, 2018	**10.0**	10.0
Unitil Realty Corp. Senior Secured Notes:		
8.00% Notes, Due August 1, 2017	**3.3**	3.8
Total Long-Term Debt	**288.3**	288.8
Less: Current Portion	**0.5**	0.5
Total Long-Term Debt, Less Current Portion	**$287.8**	$288.3

Interest Expense, net—Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this monthly tracking and reconciling process will produce either an under-collected or an over-collected balance of costs. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Consistent with regulatory precedent, interest income is recorded on an under-collection of costs, which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

A summary of interest expense and interest income is provided in the following table:

Interest Expense, net (millions)

	2011	2010	2009
Interest Expense			
Long-term Debt	**$20.3**	$20.0	$18.2
Short-term Debt	**1.7**	1.7	2.1
Regulatory Liabilities	**—**	0.3	0.3
Subtotal Interest Expense	**22.0**	22.0	20.6
Interest Income			
Regulatory Assets	**(1.1)**	(3.5)	(3.6)
AFUDC[1] and Other	**(0.5)**	(0.4)	(1.2)
Subtotal Interest Income	**(1.6)**	(3.9)	(4.8)
Total Interest Expense, net	**$20.4**	$18.1	$15.8

(1) AFUDC—Allowance for Funds Used During Construction

Credit Arrangements

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. The borrowing limit under the revolving credit facility was $115.0 million at December 31, 2011 and $80.0 million at December 31, 2010. There was $87.9 million and $66.8 million in short-term debt outstanding through bank borrowings under the revolving credit facility at December 31, 2011 and December 31, 2010, respectively. The total amount of credit available under the Company's revolving credit facility was $27.1 million and $13.2 million at December 31, 2011 and December 31, 2010, respectively. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of December 31, 2011 and December 31, 2010, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

On October 12, 2011, Unitil entered into the Fifth Amendment agreement with Bank of America, N.A., as administrative agent, and a syndicate of other lenders party thereto, further amending the revolving credit agreement dated as of November 26, 2008. The revolving credit agreement was previously amended on January 2, 2009, March 16, 2009, October 13, 2009 and October 8, 2010 to, among other things, increase the maximum borrowings under the facility, provide for a base rate interest rate option, reflect letter of credit availability, modify certain financial reporting requirements and extend the scheduled termination date of the facility. The Fifth Amendment agreement increased the maximum borrowings under the facility to $115 million, changed the additional interest margin applicable to borrowings at a fluctuating rate of interest per annum equal to the daily London Interbank Offered Rate from 2.00% to 1.75%, and changed the annual letter of credit fee from 1.625% of the daily amount available to be drawn under letters of credit issued under the credit facility to 1.500% of such daily amount.

The weighted average interest rates on all short-term borrowings were 2.2%, 2.3%, and 3.4% during 2011, 2010, and 2009, respectively.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $14.9 million and $11.7 million outstanding at December 31, 2011 and 2010, respectively, related to these asset management agreements. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011. The amount of natural gas inventory released in December 2010, which was payable in January 2011, is $3.9 million and recorded in Accounts Payable at December 31, 2010.

Leases

Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

Total rental expense under operating leases charged to operations for the years ended December 31, 2011, 2010 and 2009 amounted to $1.4 million, $1.0 million and $1.0 million respectively. Fitchburg leases its operations facility in Fitchburg, Massachusetts under an operating lease, with a primary term through January 31, 2013. The lease agreement allows for three additional five-year renewal periods at the option of Fitchburg.

The following is a schedule of future operating lease payment obligations and future minimum lease payments under capital leases as of December 31, 2011:

Year Ending December 31, (000's)	Operating Leases	Capital Leases
2012	$1,187	$ 829
2013	822	513
2014	584	161
2015	474	28
2016	240	9
2017 – 2021	178	—
Total Payments	**$3,485**	**$1,540**

Guarantees

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of December 31, 2011, there were approximately $37.2 million of guarantees outstanding and the longest term guarantee extends through February 2014.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of December 31, 2011, the principal amount outstanding for the 8% Unitil Realty notes was $3.3 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

Note 4: Energy Supply

Natural Gas Supply

Unitil manages gas supply for customers served by Northern Utilities in Maine and New Hampshire as well as customers served by Fitchburg in Massachusetts.

Fitchburg's residential and C&I business customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors. Many large and some medium C&I customers purchase their supplies from third-party suppliers, while most of Fitchburg's residential and small C&I customers continue to purchase their supplies at regulated rates from Fitchburg. Northern Utilities' C&I customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors, and third-party supply is prevalent among Northern Utilities' larger C&I customers. Most small C&I customers, as well as all residential customers, purchase their gas supply from Northern Utilities under regulated rates and tariffs. The approved costs associated with the acquisition of such wholesale natural gas supplies for customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically-adjusted rates and are included in Purchased Gas in the Consolidated Statements of Earnings.

On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered the Company's electric and natural gas distribution utility, Fitchburg, to refund $4.6 million of natural gas costs, plus interest. The

MDPU's original order, issued in 2009, found that Fitchburg had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that Fitchburg's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund $4.6 million, plus interest, in favor of a $0.2 million refund, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the decision, the Regulatory Liability has been adjusted and the Company recognized a pre-tax credit of $4.7 million in the fourth quarter of 2011. This credit is recognized on the Company's 2011 Consolidated Statement of Earnings as a $4.5 million reduction in Purchased Gas expense and a reduction of $0.2 million in Interest Expense, net.

Regulated Natural Gas Supply

Fitchburg purchases natural gas under contracts of one year or less, as well as from producers and marketers on the spot market. Fitchburg arranges for gas delivery to its system through its own long-term contracts with Tennessee Gas Pipeline, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to storage facilities within Fitchburg's service territory.

Fitchburg has available under firm contract 14,057 MMbtu per day for transportation and underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Northern Utilities purchases a majority of its natural gas from U.S. domestic and Canadian suppliers under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern Utilities arranges for gas delivery to its system through its own long-term contracts with various interstate pipeline and storage facilities, through peaking supply contracts delivered to its system, or in the case of LNG, to truck supplies to storage facilities within Northern Utilities' service territory.

Northern Utilities has available under firm contract 100,000 MMbtu per day of year-round and seasonal transportation capacity to its distribution facilities, and 3.4 Bcf of underground storage. As a supplement to pipeline natural gas, Northern Utilities owns an LNG storage and vaporization facility. This plant is used principally during peak load periods to augment the supply of pipeline natural gas.

Electric Power Supply

The restructuring of the electric utility industry in New Hampshire required the divestiture of Unitil's power supply arrangements and the procurement of replacement supplies, which provided the flexibility for migration of customers to and from utility energy service. Fitchburg, Unitil Energy, and Unitil Power each are members of the New England Power Pool (NEPOOL) and participate in the ISO New England, Inc. (ISO-NE) markets for the purpose of facilitating these wholesale electric power supply transactions, which are necessary to serve Unitil's customers.

As a result of restructuring of the electric utility industry in Massachusetts and New Hampshire, Unitil's customers in both New Hampshire and Massachusetts have the opportunity to purchase their electric supply from competitive third-party energy suppliers. As of December 2011, 106 or 71% of Unitil's largest New Hampshire customers, representing 25% of total New Hampshire electric energy sales, and 28 or 93% of Unitil's largest Massachusetts customers, representing 33% of total Massachusetts electric energy sales, are purchasing their electric power supply in the competitive market.

Regulated Electric Power Supply

In order to provide regulated electric supply service to their customers, Unitil's electric distribution utilities enter into load-following wholesale electric power supply contracts with various wholesale suppliers.

Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service energy supply. MDPU policy dictates the pricing structure and duration of each of these contracts.

Currently, all Basic Service power supply contracts for large general accounts are three months in duration and provide 100% of supply requirements. Basic Service power supply contracts for residential, small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements.

Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. Unitil Energy procures Default Service supply for its large general service accounts through competitive solicitations for power contracts of three months in duration for 100% of supply requirements. Unitil Energy procures Default Service supply for its other customers through a series of two one-year contracts and two two-year contracts, each providing 25% of the total supply requirements of the group.

The NHPUC and MDPU regularly review alternatives to their procurement policy, which may lead to future changes in this regulated power supply procurement structure.

Regional Electric Transmission and Power Markets

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economic manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England is performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated power system operation in a reliable manner and a supportive business environment for the development of competitive electric markets.

Electric Power Supply Divestiture

In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The companies have a continuing obligation to submit regulatory filings that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Note 5: Commitments and Contingencies

Regulatory Matters

Overview (Unitil Energy, Fitchburg, and Northern Utilities)—Unitil's distribution utilities deliver electricity and/or natural gas to customers in the Company's service territories at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil Energy, Fitchburg, and Northern Utilities recover the cost of providing distribution service to their customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. As a result of the restructuring of the utility industry in New Hampshire, Massachusetts and Maine, most Unitil customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers have the opportunity to purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers, however, continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next one to three years, is $34.7 million as of December 31, 2011 including $12.4 million recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Fitchburg—Increase in Base Rates Approved—On August 1, 2011, the MDPU issued and order approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of Fitchburg. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs. The order provides resolution to the open regulatory matters concerning the ratemaking treatment and cost recovery related to the December 2008 ice storm event.

Granite State—Increase in Base Rates Approved—On January 31, 2011, the FERC approved a settlement agreement providing for an increase of $1.7 million in annual revenue, based on new gas transportation rates to be effective January 1, 2011. Subsequently, on August 31, 2011, the FERC approved an amendment to the settlement agreement which provides for an additional increase of approximately $0.5 million in Granite State's annual revenues effective August 1, 2011. Under the amended settlement agreement, beginning in 2012, Granite State is permitted to file limited annual rate adjustment filings to recover the revenue requirements for certain specified future capital cost additions to transmission plant projects. The limited rate adjustments would be effective August 1 of each year, and are projected to conclude in 2014 when the major projects will be completed. The annual revenue increases for the limited rate adjustments are estimated to be approximately $0.5 million each year during 2012 through 2014.

Unitil Energy—Increase in Base Rates Approved—On April 26, 2011, the NHPUC approved a final rate settlement which makes permanent a temporary increase of $5.2 million in annual revenue effective July 1, 2010, and provides for an additional increase of $5.0 million in annual revenue effective May 1, 2011.

The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million to $2.0 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than 7% and a sharing of earnings with customers if its return on equity is greater than 10% in a calendar year. The settlement provides for a return on equity of 9.67%, a common equity ratio of 45.45% and an overall weighted cost of capital of 8.39% to determine changes to distribution rate levels.

The settlement approved Unitil Energy's proposal for an augmented vegetation management program and reliability enhancement program. Under the augmented vegetation management program, Unitil Energy will be increasing its vegetation management spending from a test-year spending level of approximately $0.7 million to $3.1 million per year by 2013. Under the new reliability enhancement program, Unitil Energy will spend $1.8 million annually towards targeted projects designed to enhance system reliability. The funding for both of these programs is included in the future rate increases discussed above.

The settlement provides for recovery of deferred December 2008 ice storm and February 2010 wind storm costs of approximately $7.6 million, including carrying charges. These costs will be recovered over eight years in the form of a tariff surcharge. Finally, the settlement establishes a major storm reserve of $400,000 annually, which will be used to recover costs associated with responding to and recovering from future qualifying major storm events.

Northern Utilities—Base Rate Case Filings—In May 2011, Northern Utilities filed two separate rate cases with the NHPUC and MPUC requesting approval to increase its natural gas distribution base rates in New Hampshire and Maine, respectively.

On November 29, 2011, the MPUC approved a comprehensive settlement agreement providing for a $7.8 million permanent increase in annual distribution revenue for Northern Utilities' Maine operations, effective January 1, 2012, and an additional permanent increase in annual distribution revenue of $0.85 million to recover the costs of 2011 cast iron pipe replacement capital spending effective May 1, 2012. The settlement is inclusive of an earlier settlement for a temporary rate increase of $3.5 million in annual distribution revenue effective November 1, 2011. The settlement also precludes Northern Utilities from filing for a new base rate increase with an effective date prior to January 1, 2014.

In New Hampshire, Northern Utilities requested an increase of $5.2 million in annual gas distribution base revenue, which represents an increase of approximately 8.1%. On July 22, 2011, the NHPUC approved a settlement for a temporary rate increase of approximately $1.7 million in annual revenue effective August 1, 2011. Once permanent rates are approved by the NHPUC, they will be reconciled back to August 1, 2011. The Company is currently in settlement discussions with the NHPUC and a final rate order is expected in the first quarter of 2012.

Fitchburg—Management Audit—As a result of its investigation of Fitchburg's preparation for, and response to, the December 2008 ice storm, the MDPU ordered a comprehensive independent management audit of Fitchburg's management practices. The management audit, which was performed by Jacobs Consultancy, Inc. (Jacobs), was completed and the audit report was submitted by Jacobs to the MDPU on April 13, 2011. The audit report found Unitil's management practices to be comprehensive, sound and in-line with industry practice. It also included sixteen recommendations intended to further improve the results of Unitil's management strategy, and acknowledged that many of these recommendations were already being implemented by the Company. On September 1, 2011, the MDPU issued its order with respect to the audit, accepting the majority of Jacob's audit report, and requiring the company to implement the remaining recommendations, as well as provide semi-annual status updates as to the company's implementation progress. On September 30, 2011, the Company filed its first implementation status report with the MDPU.

Fitchburg—Electric Operations—On November 30, 2011, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan. The filing includes the reconciliation of costs and revenues for a number of surcharges and cost factors which are under individual review in separate proceedings before the MDPU, including the Pension/PBOP Adjustment, Residential Assistance Adjustment Factor, Net Metering Recovery Surcharge, Attorney General Consultant Expense Factor and Revenue Decoupling Adjustment Factor. The rates were approved effective January 1, 2012, subject to reconciliation pending investigation by the MDPU. This matter remains pending. Final orders on Fitchburg's 2009 and 2010 annual reconciliation filings also remain pending.

Fitchburg—Gas Operations—On November 2, 2011, the SJC issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered Fitchburg to refund $4.6 million of natural gas costs, plus interest. The MDPU's original order issued in 2009 found that the Company had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that the Company's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund $4.6 million, plus interest, in favor of a $0.2 million refund, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the decision, the Regulatory Liability was adjusted and the Company recognized a credit of $4.7 million in the fourth quarter of 2011.

On December 28, 2011, the MDPU approved Fitchburg's proposal to discontinue the previously ordered refund of the $4.6 million of natural gas costs, and to begin the recoupment of the amounts previously refunded, with interest, effective January 1, 2012. In order to minimize the rate impact on customers, the recoupment will occur over the next three winter heating seasons.

Fitchburg—Storm Cost Deferral Petition—On December 16, 2011, Fitchburg filed a request with the MDPU for authorization to defer, for future recovery in rates, the costs incurred to perform storm-related emergency repairs on its electric distribution system as a result of two recent storms, Tropical Storm Irene, which occurred on August 28, 2011, and a severe snow storm, which occurred on October 29-30, 2011. Fitchburg estimates that it incurred $1.5 million in costs for Tropical Storm Irene and $3.2 million in costs for the October snow storm. Fitchburg also requested that it be allowed to accrue carrying charges on the deferred amount. This matter remains pending.

Fitchburg—Other—On February 11, 2009, the Massachusetts Supreme Judicial Court (SJC) issued its decision in the Attorney General's (AG) appeal of the MDPU orders relating to Fitchburg's recovery of bad debt expense. The SJC agreed with the AG that the MDPU was required to hold hearings regarding changes in Fitchburg's tariff and rates, and on that basis vacated the MDPU orders. The SJC, however, declined to rule on an appropriate remedy, and remanded the cases back to the MDPU for consideration of that issue. In the Company's August 1, 2011 rate decision the MDPU held that the approval of dollar for dollar collection of supply-related bad debt in the Company's rate cases in 2006 (gas) and 2007 (electric) satisfied the requirement for a hearing ordered by the SJC. The matter of how to address the amounts collected by Fitchburg between the time the MDPU first approved dollar for dollar collection of the Company's bad debt, and the rate decisions in 2006 and 2007, remains pending before the MDPU.

On July 2, 2008, the Governor of Massachusetts signed into law "The Green Communities Act" (the GC Act), an energy policy statute designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, special tariffs to allow the net metering of customer-owned renewable generation, and terms and conditions for purchasing supplier receivables. Fitchburg's three year energy efficiency investment plans, plans to establish smart grid pilot programs, net metering tariffs and proposals to purchase long-term contracts for renewable energy have been approved by the MDPU. Terms and conditions for purchasing supplier receivables are under review in a separately designated docket.

On March 1, 2011, Fitchburg submitted its 2010 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for both its gas and electric divisions. On January 13, 2012, the MDPU issued its order approving the 2010 Service Quality Report for Fitchburg's gas division. On January 26, 2011, the MDPU issued orders with respect to Fitchburg's 2008 and 2009 Service Quality Reports for its electric division. Fitchburg failed to meet certain of its service quality benchmarks in 2008, and a penalty of $100,478 was ordered to be refunded to its electric customers. The Company refunded this amount to customers in their June and July 2011 billings. For 2009 performance, no net penalty was assessed. As required by the order, on February 16, 2011 Fitchburg filed a report regarding the actions it has taken to improve its performance in the metrics it had not met.

Unitil Energy—Annual Rate Reconciliation Filing—On July 29, 2011, the NHPUC approved Unitil Energy's annual reconciliation and rate filing under its restructuring plan, for rates effective August 1, 2011, including reconciliation of prior year costs and revenues.

Unitil Energy—Billing—In August 2011, Unitil Energy and one of its larger customers in New Hampshire settled a lawsuit filed by the customer in June 2011 regarding a billing error that resulted from a transformer connected to the customer's meter, which had been mislabeled by the manufacturer, and caused Unitil Energy to overcharge the customer for bills issued from October 2004 through January 2011. The amount of the customer's overpayment was calculated to be $1.8 million (Distribution and Other Delivery Charges—$0.5 million; Supply Charges—$1.3 million). As a result of the settlement, Unitil Energy reimbursed the customer $1.8 million plus $0.3 million of interest. The Company recognized a non-recurring charge of $0.4 million for distribution charges plus interest in 2011.

As a result of this metering issue, which was discovered in February 2011, certain other customers in the Company's service territory were under-billed from October 2004 through January 2011 for supply charges. Accordingly, the Company has requested authorization from the NHPUC to process the billing correction. The Company's request remains pending before the NHPUC.

Northern Utilities—NOPV—On November 21, 2008, the MPUC issued an order approving a settlement agreement resolving a number of Notices of Probable Violation (NOPVs) of certain safety related procedures and rules by Northern Utilities. Under the Settlement, Northern Utilities will incur total expenditures of approximately $3.8 million for safety related improvements to Northern Utilities' distribution system to ensure compliance with the relevant state and federal gas safety laws, for which no rate recovery will be allowed. These compliance costs were accrued by Northern Utilities prior to the acquisition date and the remaining amount on the Company's consolidated balance sheet at December 31, 2011 was $0.8 million.

Northern Utilities—Cast Iron Pipe Replacement Program—On July 30, 2010, the MPUC approved a Settlement Agreement providing for an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. Under the Agreement, Northern Utilities will proceed with a comprehensive upgrade and replacement program (the Program), which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The Agreement establishes the objective of completing the Program by the end of the 2024 construction season.

Northern Utilities—Maine Sales Tax Under-Collection—As previously reported, during 2011 the Company determined that during the conversion of the Northern Utilities customer portfolio from the prior owner to Unitil's customer information system, a portion of Northern Utilities' commercial and industrial customers were incorrectly converted as exempt from Maine sales tax. This issue has been resolved with Maine Revenue Services and the MPUC and the Company has collected substantially all of the arrears.

Unitil Corporation—FERC Audit—On November 3, 2011, the FERC commenced an audit of Unitil Corporation, including its associated service company and its electric and natural gas distribution companies. Among other requirements, the audit will evaluate the Company's compliance with: i) cross-subsidization restrictions on affiliate transactions; ii) regulations under the Energy Policy Act of 2005; and the iii) uniform system of accounts for centralized service companies. The Company expects the final audit report will be issued by December 31, 2012.

Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

A putative class action complaint was filed against Fitchburg on January 7, 2009 in Worcester Superior Court in Worcester, Massachusetts, captioned Bellerman v. Fitchburg Gas and Electric Light Company. On April 1, 2009, an Amended Complaint was filed in Worcester Superior Court and served on Fitchburg. The Amended Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Amended Complaint includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. The Company anticipates that the court will decide whether the lawsuit is appropriate for class action treatment in late 2012. The Company continues to believe the suit is without merit and will defend itself vigorously.

On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an order issued on November 2, 2009 by the MDPU in which the MDPU ordered Fitchburg to refund $4.6 million of natural gas costs, plus interest. The MDPU's original order issued in 2009 found that the Company had engaged in certain price stabilization practices for the 2007 / 2008 and 2008 / 2009 heating seasons without the MDPU's prior approval and that the Company's natural gas purchasing practices were imprudent. The Company appealed the MDPU's decision to the SJC. The SJC's decision vacates the MDPU's order to refund $4.6 million, plus interest, in favor of a $0.2 million refund, plus interest. See additional discussion above in Regulatory Matters.

Environmental Matters

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2011, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, there can be no assurance that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations, could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg has proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allows Fitchburg to work towards temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Fitchburg is in the process of developing long-range plans for a feasible permanent remediation solution for the Sawyer Passway site, including alternatives for re-use of the site. Included on the Company's Consolidated Balance Sheets at December 31, 2011 and 2010 in Environmental Obligations are accrued liabilities totaling $12.0 million and $12.0 million, respectively, related to estimated future clean-up costs for permanent remediation of the Sawyer Passway site. A corresponding Regulatory Asset was recorded to reflect that the recovery of this environmental remediation cost is probable through the regulatory process. The amounts recorded do not assume any amounts are recoverable from insurance companies or other third-parties.

Northern Utilities Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Included in the Company's Consolidated Balance Sheets at December 31, 2011 and 2010 are current and non-current accrued liabilities totaling $2.7 million and $2.6 million, respectively, associated with Northern Utilities environmental remediation obligations for these former MGP sites. A corresponding Regulatory Asset was recorded to reflect that the recovery of these environmental remediation cost is probable through the regulatory process.

The Company's ultimate liability for future environmental remediation costs, including MGP site costs, may vary from estimates, which may be adjusted as new information or future developments become available. Based on the Company's current assessment of its environmental responsibilities, existing legal requirements and regulatory policies, the Company does not believe that these environmental costs will have a material adverse effect on the Company's consolidated financial position or results of operations.

The following table shows the balances and activity in the Company's liability for Environmental Obligations for 2011 and 2010.

ENVIRONMENTAL OBLIGATIONS

(Millions)	December 31, 2011	December 31, 2010
Total Environmental Obligations—Balance at Beginning of Period	**$14.6**	$14.5
Changes in Estimates	**0.1**	0.2
Liabilities Assumed	**—**	—
Less: Payments / Reductions	**—**	0.1
Total Environmental Obligations—Balance at End of Period	**14.7**	14.6
Less: Current Portion (1)	**0.2**	0.1
Environmental Obligations – noncurrent – Balance at End of Period	**$14.5**	$14.5

(1) Reflects amounts included in Other Current Liabilities on the Company's Consolidated Balance Sheets.

Note 6: Bad Debts

Unitil's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. In 2011, 2010 and 2009, the Company recorded provisions for the energy commodity portion of bad debts of $1.8 million, $1.4 million and $1.9 million, respectively. These provisions were recognized in Purchased Electricity and Purchased Gas expense as the associated electric and gas utility revenues were billed. Purchased Electricity and Purchased Gas costs are recovered from customers through periodic rate reconciling mechanisms.

The following table shows the balances and activity in the Company's Allowance for Doubtful Accounts for 2009 – 2011 ($ millions):

ALLOWANCE FOR DOUBTFUL ACCOUNTS

	Balance at Beginning of Period	(a) Other	Provision	Recoveries	Accounts Written Off	Balance at End of Period
Year Ended December 31, 2011						
Electric	**$1.8**	**$ —**	**$2.1**	**$0.2**	**$2.4**	**$1.7**
Gas	**0.7**	**—**	**2.2**	**0.3**	**2.7**	**0.5**
Other	**0.1**	**—**	**—**	**—**	**—**	**0.1**
	$2.6	**$ —**	**$4.3**	**$0.5**	**$5.1**	**$2.3**
Year Ended December 31, 2010						
Electric	$1.7	$ —	$2.0	$0.2	$2.1	$1.8
Gas	0.7	—	2.5	0.4	2.9	0.7
Other	0.1	—	—	—	—	0.1
	$2.5	$ —	$4.5	$0.6	$5.0	$2.6
Year Ended December 31, 2009						
Electric	$1.1	$ —	$2.3	$0.2	$1.9	$1.7
Gas	1.8	0.5	1.4	0.3	3.3	0.7
Other	0.1	—	—	—	—	0.1
	$3.0	$0.5	$3.7	$0.5	$5.2	$2.5

(a) Includes Allowance for Doubtful Accounts of Northern Utilities and Granite State, which were acquired on December 1, 2008.

Note 7: Income Taxes

Provisions for Federal and State Income Taxes reflected as operating expenses in the accompanying consolidated statements of earnings for the years ended December 31, 2011, 2010 and 2009 are shown in the table below:

	($000's)		
	2011	**2010**	**2009**
Current Federal Tax Provision (Benefit)			
Current Benefit of Operating Loss Carrybacks	**$ —**	$ (6,026)	$(3,226)
Total Current Federal Tax Provision (Benefit)	**—**	(6,026)	(3,226)
Deferred Federal Tax Provision (Benefit)			
Utility Plant Differences	**13,002**	11,821	8,716
Net Operating Loss Carryforwards	**(4,844)**	(5,520)	—
Regulatory Assets and Liabilities	**513**	3,338	(1,308)
Other, net	**(695)**	(480)	(120)
Total Deferred Federal Tax Provision (Benefit)	**7,976**	9,159	7,288
Total Federal Tax Provision	**7,976**	3,133	4,062
State			
Current	**1,358**	28	1,578
Deferred	**691**	1,303	(218)
Total State Tax Provision	**2,049**	1,331	1,360
Total Provision for Federal and State Income Taxes	**$10,025**	$ 4,464	$ 5,422

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

	2011	**2010**	**2009**
Statutory Federal Income Tax Rate	**34%**	34%	34%
Income Tax Effects of:			
State Income Taxes, Net	**5**	6	6
Utility Plant Differences	**(1)**	(7)	(3)
Other, Net	**—**	(1)	(1)
Effective Income Tax Rate	**38%**	32%	36%

Temporary differences which gave rise to deferred tax assets and liabilities in 2011 and 2010 are shown below:

Deferred Income Taxes (000's)	**2011**	**2010**
Depreciation and Utility Plant	**$ 57,809**	$ 44,608
Net Operating Loss Carryforwards	**(11,656)**	(8,567)
AMT Tax Credit Carryforwards	**(1,366)**	(1,366)
Regulatory Assets / Liabilities & Mechanisms	**32,627**	33,421
Retirement Benefit Obligations	**(33,591)**	(25,155)
Other, net	**2,463**	883
Total Deferred Income Tax Liabilities	**$ 46,286**	$ 43,824

The Company is subject to federal and state income taxes as well as various other business taxes. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes which requires an asset and liability approach for the financial accounting and reporting of income taxes.

Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

The Company filed its tax returns for the year ended December 31, 2010 with the Internal Revenue Service (IRS) in September 2011. As a result, the Company generated net operating loss (NOL) carryforwards for income tax purposes of $9.5 million.

As of December 31, 2011, the Company had recorded cumulative federal and state NOL carryforward assets of $11.7 million to offset against taxes payable in future periods. If unused, the Company's state NOL carryforward assets will begin to expire in 2019 and the federal NOL carryforward assets will begin to expire in 2029. In addition, at December 31, 2011, the Company had $1.4 million of Alternative Minimum Tax (AMT) credit carryforwards to offset future AMT taxes payable indefinitely.

In its federal income tax return filings for the year ended December 31, 2009, the Company recognized NOL carrybacks against its federal taxable income for the years ended December 31, 2004, 2005, and 2007 in the amounts of $1.1 million, $12.8 million, and $9.6 million, respectively. The carryback of the 2009 NOL resulted in tax refunds of $7.5 million, which were received in 2011.

According to Internal Revenue Code (IRC) rules, NOL refunds in excess of $2.0 million fall under the jurisdiction of the Joint Committee of Congress (Joint Committee) and are subject to review by the IRS and attorneys of the Joint Committee. As a result, the Company, on April 1, 2011, received notice that its federal income tax return filing for the year ended December 31, 2009 would be under examination by the IRS. The IRS is currently performing field work as part of their audit procedures. In addition, because of the application of the 2009 NOL, tax periods ended December 31, 2004, 2005 and 2007 are subject to examination to the extent of the application of the NOL to those periods. The Company believes that the ultimate resolution of this examination will not have a material impact on the Company's consolidated financial position or results of operations.

On March 3, 2011 the Company received notice of approval from the Joint Committee regarding the settlement between the Company and the IRS for tax years ending December 31, 2006, December 31, 2007, and December 31, 2008, which were previously under examination. As a result of the settlement, in November 2010, the Company paid $1.7 million and $0.2 million in taxes and interest, respectively, principally for certain timing items deducted in 2008 related to emergency storm restoration costs; which, upon IRS review, were allowed to be deducted in the 2009 federal income tax returns. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the Consolidated Statements of Earnings.

The Company evaluated its tax positions at December 31, 2011 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any unrecognized tax liabilities or assets as defined by the FASB Codification is required. The Company does not have any unrecognized tax positions for which it is reasonably possible that the total amounts recognized will significantly change within the next 12 months. The Company remains subject to examination by Federal, Maine, Massachusetts, and New Hampshire tax authorities for the tax periods ended December 31, 2008; December 31, 2009; and December 31, 2010.

Note 8: Segment Information

Unitil reports four segments: utility electric operations, utility gas operations, other, and non-regulated. Unitil's principal business is the local distribution of electricity in the southeastern seacoast and state capital regions of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine.

Granite State is an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to North American pipeline supplies. Granite State derives its revenues principally from the transmission services provided to Northern Utilities and, to a lesser extent, third-party marketers.

Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly-owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to a national client base of large commercial and industrial customers. Unitil Realty and Unitil Service provide centralized facilities, operations and administrative services to support the affiliated Unitil companies. Unitil Resources and Usource are included in the Non-Regulated column below.

Unitil Realty, Unitil Service and the holding company are included in the "Other" column of the table below. Unitil Service provides centralized management and administrative services, including information systems management and financial record keeping. Unitil Realty owns certain real estate, principally the Company's corporate headquarters. The earnings of the holding company are principally derived from income earned on short-term investments and real property owned for Unitil and its subsidiaries' use.

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 and preferred stock dividends. Expenses used to determine operating income before taxes are charged directly to each segment or are allocated based on cost allocation factors included in rate applications approved by the NHPUC, MDPU, and MPUC. Assets allocated to each 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, 2011, 2010 and 2009 (Millions):

Year Ended December 31, 2011	Electric	Gas	Other	Non-Regulated	Total
Revenues	**$188.1**	**$159.2**	**$ —**	**$5.5**	**$352.8**
Interest Income	**0.7**	**0.5**	**0.1**	**0.1**	**1.4**
Interest Expense	**9.4**	**10.7**	**1.7**	**—**	**21.8**
Depreciation & Amortization Expense	**14.2**	**13.6**	**1.5**	**—**	**29.3**
Income Tax Expense (Benefit)	**5.2**	**4.3**	**(0.6)**	**1.1**	**10.0**
Segment Profit (Loss)	**7.8**	**6.7**	**0.1**	**1.7**	**16.3**
Segment Assets	**380.7**	**407.5**	**6.5**	**5.5**	**800.2**
Capital Expenditures	**20.3**	**33.6**	**3.2**	**—**	**57.1**

Year Ended December 31, 2010	Electric	Gas	Other	Non-Regulated	Total
Revenues	$203.7	$150.1	$ —	$4.6	$358.4
Interest Income	3.2	0.5	0.2	0.1	4.0
Interest Expense	9.6	10.5	2.0	—	22.1
Depreciation & Amortization Expense	13.9	14.2	0.8	—	28.9
Income Tax Expense (Benefit)	3.7	(0.7)	0.5	1.0	4.5
Segment Profit (Loss)	8.0	1.4	(1.4)	1.5	9.5
Segment Assets	377.7	370.8	5.7	5.4	759.6
Capital Expenditures	19.8	27.4	2.4	—	49.6

Year Ended December 31, 2009	Electric	Gas	Other	Non-Regulated	Total
Revenues	$209.9	$152.8	$ —	$4.3	$367.0
Interest Income	3.6	0.5	0.7	—	4.8
Interest Expense	9.1	9.7	1.8	—	20.6
Depreciation & Amortization Expense	14.0	12.8	0.6	—	27.4
Income Tax Expense	2.4	1.9	0.1	1.0	5.4
Segment Profit	4.9	3.3	0.1	1.6	9.9
Segment Assets	365.6	349.7	7.3	2.6	725.2
Capital Expenditures	27.7	30.0	1.0	—	58.7

Note 9: Retirement Benefit Plans

The Company sponsors the following retirement benefit plans to provide certain pension and postretirement benefits for its retirees and current employees as follows:

- The Unitil Corporation Retirement Plan (Pension Plan)—The Pension Plan is a defined benefit pension plan. Under the Pension Plan, retirement benefits are based upon an employee's level of compensation and length of service. In September 2009, the Company amended the Pension Plan as follows:
  - The Pension Plan was closed to non-union employees hired on or after January 1, 2010.

- All non-union employees hired before January 1, 2010 had a choice of either:
    - Remaining in the Pension Plan with the existing set of benefits, or
    - Electing to move to Unitil Corporation's enhanced Tax Deferred Savings and Investment Plan. Non-union employees who elected this option received a frozen benefit from the existing Pension Plan for all of the benefits that they had accrued to December 31, 2009. This frozen benefit will not grow with future salary increases or future service. Non-union employees who elected this option will receive an enhanced employer matching contribution as well as a Company contribution in the Unitil Corporation Tax Deferred Savings and Investment Plan.
    - Union employees were not affected by this amendment.

In September 2010, the Company amended the Pension Plan as follows:

- The Pension Plan was closed to United Steelworker Local 12012-6 employees hired on or after January 1, 2011.
- All United Steelworker Local 12012-6 employees hired before January 1, 2011 had a choice of either:
    - Remaining in the Pension Plan with the existing set of benefits, or
    - Electing to move to Unitil Corporation's enhanced Tax Deferred Savings and Investment Plan. The United Steelworker Local 12012-6 employees who elected this option received a frozen benefit from the existing Pension Plan for all of the benefits that they had accrued to December 31, 2010. This frozen benefit will not grow with future salary increases or future service. The employees who elected this option will receive an enhanced employer matching contribution as well as a Company contribution in the Unitil Corporation Tax Deferred Savings and Investment Plan.
    - All other union employees were not affected by this amendment.

- The Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan)—The PBOP Plan provides health care and life insurance benefits to retirees. The Company has established Voluntary Employee Benefit Trusts (VEBT), into which it funds contributions to the PBOP Plan. In 2009, the Company made the following changes to the PBOP Plan.

Changes to Utility Workers Union of America Local 341 Benefits

A new Collective Bargaining Agreement (Agreement) was entered into between Northern Utilities, Granite State and the Utility Workers Union of America Local 341 (UWUA) for the period April 1, 2009 through March 31, 2012. Included in the Agreement were changes to retiree medical benefits under the Plan. These changes are as follows:

- Retirees under sixty-five (65) years and their dependents will be covered by the medical benefits provided by the PBOP Plan. Early retirees will be responsible for contributing 20% of the premium for medical insurance for themselves and their dependents until age sixty-five (65).
- Retirees over sixty-five (65) years will be covered by a Supplement to Medicare Plan and will be responsible for a 20% premium cost sharing.
- For all employees hired on or after April 1, 2009, no post-65 retiree medical coverage will be provided.
- The Company is to determine post-65 drug coverage to be offered to all future retirees eligible for retiree medical.

These above-referenced retiree medical provisions were effective January 1, 2010.

Changes to United Steelworker Local 12012-6 Benefits

A new Collective Bargaining Agreement (Agreement) was entered into between Northern Utilities and United Steelworker Local 12012-6 (USW) for the period June 6, 2010 through June 5, 2014. Included in the Agreement were changes to retiree medical benefits under the Plan. These changes are as follows:

- Retirees under sixty-five (65) years and their dependents will be covered by the medical benefits provided by the PBOP Plan. Early retirees will be responsible for contributing 20% of the premium for medical insurance for themselves and their dependents until age sixty-five (65).
- Retirees over sixty-five (65) years will be covered by a Supplement to Medicare Plan and will be responsible for a 20% premium cost sharing.
- For all employees hired on or after June 6, 2010, no post-65 retiree medical coverage will be provided.

These above-referenced retiree medical provisions were effective June 6, 2010.

Changes to Non-Union Employee Benefits

In September 2009, the Company announced the following PBOP Plan changes, effective January 1, 2010, for non-union employees:

- Employees who retire on or after January 1, 2010 will pay 20% of the cost of their retiree medical benefits.
- Employees who retire on or after January 1, 2010 will not receive any cash payments towards their Medicare premiums.
- Employees who are hired on or after January 1, 2010 will only be provided with company subsidized medical insurance until they reach age 65 and will not receive a Medicare supplement plan after age 65.

- The Unitil Corporation Supplemental Executive Retirement Plan (SERP)—The SERP is an unfunded retirement plan, with participation limited to executives selected by the Board of Directors.

Effective with the acquisitions of Northern Utilities and Granite State, the Company assumed the assets and obligations of the Northern Utilities and Granite State pension plans with respect to active union employees. All other active employees of Northern Utilities and Granite State effectively became members of the Company's Pension Plan as of the acquisitions closing date.

Certain employees of Northern Utilities qualified for participation in the Company's PBOP Plan effective with the acquisition closing date.

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

	2011	2010	2009
Used to Determine Plan costs for years ended December 31:			
Discount Rate (1)	**5.35%**	5.75%	6.25%
Rate of Compensation Increase	**3.50%**	3.50%	3.50%
Expected Long-term rate of return on plan assets	**8.50%**	8.50%	8.50%
Health Care Cost Trend Rate Assumed for Next Year	**7.00%**	7.50%	8.00%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%	4.00%
Year that Ultimate Health Care Cost Trend Rate is reached	**2017**	2017	2017
Effect of 1% Increase in Health Care Cost Trend Rate (000's)	**$ 909**	$ 728	$ 735
Effect of 1% Decrease in Health Care Cost Trend Rate (000's)	**$ (705)**	$ (565)	$ (576)

(1) As a result of the changes to the PBOP Plan in September 2009 discussed above, the Company was required to update the discount rate used in determining the PBOP Plan costs for the remainder of 2009. Based on the market rates for long-term bonds at that time, the Company assumed a discount rate of 5.50% for the PBOP Plan from September through December of 2009.

Used to Determine Benefit Obligations at December 31:

Discount Rate	**4.60%**	5.35%	5.75%
Rate of Compensation Increase	**3.00%**	3.50%	3.50%
Health Care Cost Trend Rate Assumed for Next Year	**6.50%**	7.00%	7.50%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%	4.00%
Year that Ultimate Health care Cost Trend Rate is reached	**2017**	2017	2017
Effect of 1% Increase in Health Care Cost Trend Rate (000's)	**$ 9,109**	$ 7,530	$ 5,887
Effect of 1% Decrease in Health Care Cost Trend Rate (000's)	**$(7,217)**	$(5,997)	$(4,704)

The Discount Rate assumptions used in determining retirement plan costs and retirement plan obligations are based on an assessment of current market conditions using high quality corporate bond interest rate indices and pension yield curves. For 2011, 2010 and 2009, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $325,000, $300,000 and $300,000, respectively, in the Net Periodic Benefit Cost (NPBC). The Rate of Compensation Increase assumption used for 2011, 2010 and 2009 was 3.50%, based on the expected long-term increase in compensation costs for personnel covered by the plans.

The following table provides the components of the Company's Retirement plan costs ($000's):

	Pension Plan			**PBOP Plan**			**SERP**		
	2011	**2010**	**2009**	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Service Cost	**$ 2,941**	$ 2,608	$ 2,282	**$ 1,918**	$ 1,466	$ 1,417	**$285**	$285	$217
Interest Cost	**4,684**	4,457	4,294	**2,279**	2,016	2,269	**227**	227	181
Expected Return on Plan Assets	**(4,840)**	(4,181)	(4,432)	**(818)**	(599)	(440)	**—**	—	—
Prior Service Cost Amortization	**249**	253	264	**1,729**	1,579	1,634	**11**	2	(2)
Transition Obligation Amortization	**—**	—	—	**21**	21	21	**—**	—	—
Curtailment Loss	**—**	41	32	**—**	—	—	**—**	—	—
Actuarial Loss Amortization	**3,132**	2,406	1,598	**—**	—	—	**78**	133	70
Sub-total	**6,166**	5,584	4,038	**5,129**	4,483	4,901	**601**	647	466
Amounts Capitalized and Deferred	**(2,590)**	(2,240)	(1,409)	**(1,622)**	(1,183)	(1,642)	**—**	—	—
NPBC Recognized	**$ 3,576**	$ 3,344	$ 2,629	**$ 3,507**	$ 3,300	$ 3,259	**$601**	$647	$466

The estimated amortizations related to Actuarial Loss and Prior Service Cost included in the Company's Retirement plan costs over the next fiscal year is $3.8 million, $1.9 million and $0.1 million for the Pension, PBOP and SERP plans, respectively.

The Company bases the actuarial determination of pension expense on a market-related valuation of assets, which reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a three-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the fair value of assets. Since the market-related value of assets recognizes gains or losses over a three-year period, the future value of the market-related assets will be impacted as previously deferred gains or losses are recognized. The Company's pension expense for the years 2011, 2010 and 2009 before capitalization and deferral was $6.2 million, $5.6 million and $4.0 million, respectively. Had the Company used the fair value of assets instead of the market-related value, pension expense for the years 2011, 2010 and 2009 would have been $5.7 million, $6.2 million and $6.3 million respectively.

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

	Pension Plan		PBOP Plan		SERP	
Change in Plan Assets:	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Plan Assets at Beginning of Year	**$ 54,100**	$ 47,082	**$ 8,862**	$ 6,306	**$ —**	$ —
Actual Return on Plan Assets	**225**	5,901	**108**	922	**—**	—
Employer Contributions	**8,813**	4,302	**—**	3,482	**53**	53
Participant Contributions	**—**	—	**13**	—	**—**	—
Acquired Plan Assets	**—**	—	**—**	—	**—**	—
Benefits Paid	**(3,438)**	(3,185)	**(1,644)**	(1,848)	**(53)**	(53)
Plan Assets at End of Year	**$ 59,700**	$ 54,100	**$ 7,339**	$ 8,862	**$ —**	$ —
Change in PBO:						
PBO at Beginning of Year	**$ 89,393**	$ 79,288	**$ 43,344**	$ 35,694	**$ 4,263**	$ 3,979
Service Cost	**2,941**	2,608	**1,918**	1,466	**285**	285
Interest Cost	**4,684**	4,457	**2,279**	2,016	**227**	227
Participant Contributions	**—**	—	**13**	—	**—**	—
Plan Amendments	**—**	—	**—**	1,683	**—**	138
Curtailment Gain	**—**	(1)	**—**	—	**—**	—
Benefits Paid	**(3,438)**	(3,185)	**(1,644)**	(1,848)	**(53)**	(53)
Actuarial (Gain) or Loss	**9,139**	6,226	**5,020**	4,333	**(107)**	(313)
PBO at End of Year	**$102,719**	$ 89,393	**$ 50,930**	$ 43,344	**$ 4,615**	$ 4,263
Funded Status: Assets vs PBO	**$ (43,019)**	$(35,293)	**$(43,591)**	$(34,482)	**$(4,615)**	$(4,263)

The Company has recorded on its consolidated balance sheets as a liability the underfunded status of their retirement benefit obligations based on the projected benefit obligation. The Company has recognized Regulatory Assets of $55.3 million and $47.1 million at December 31, 2011 and 2010, respectively, to recognize the future collection of these plan obligations in electric and gas rates.

The Accumulated Benefit Obligation (ABO) is required to be disclosed for all plans where the ABO is in excess of plan assets. The difference between the PBO and the ABO is that the PBO includes projected compensation increases. The ABO for the Pension Plan was $91.3 million and $78.4 million as of December 31, 2011 and 2010, respectively. The ABO for the SERP was $0.5 million and $0.5 million as of December 31, 2011 and 2010, respectively. For the PBOP Plan, the ABO and PBO are the same.

On August 17, 2006, the Pension Protection Act of 2006 (PPA) was signed into law. Included in the PPA were new minimum funding rules which went into effect for plan years beginning in 2008. The funding target was 100% of a plan's liability (as determined under the PPA) with any shortfall amortized over seven years, with lower (92% – 100%) funding targets available to well-funded plans during the transition period. Due to the significant declines in the valuation of capital markets during 2008, the Worker, Retiree, and Employer Recovery Act of 2008 (Recovery Act) was signed into law on December 23, 2008. Included in the Recovery Act are temporary modifications to the minimum funding rules set forth in the PPA such that all plans, except those that were subject to deficit reduction contribution requirements in 2007, are allowed to amortize any shortfall from the lower funding targets, rather than the 100% target, for the 2008 – 2010 plan years. The Company's Pension Plan was 80% funded under the requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as of January 1, 2010 which resulted in a shortfall of $10.2 million. This shortfall is being amortized over seven years with annual payments of $1.7 million, beginning in 2010. The $1.7 million payments for 2010 and 2011 are included in the Employer Contributions amounts shown in the table below. On June 25, 2010, the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (Relief Act) was signed into law. The pension relief portion of the Relief Act provides two alternative shortfall amortization periods to the seven year amortization period required under the PPA. The Company has evaluated the two alternative shortfall amortization periods under the Relief Act and made the decision to continue with the seven year amortization period. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan in 2012 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these Pension Plan costs.

The following table represents employer contributions, participant contributions and benefit payments ($000's).

	Pension Plan			PBOP Plan			SERP		
	2011	**2010**	**2009**	**2011**	**2010**	**2009**	**2011**	**2010**	**2009**
Employer Contributions	**$8,813**	$4,302	$4,227	**$ —**	$3,482	$2,800	**$53**	$53	$53
Participant Contributions	**$ —**	$ —	$ —	**$ 13**	$ —	$ —	**$—**	$—	$—
Benefit Payments	**$3,438**	$3,185	$3,742	**$1,644**	$1,848	$1,731	**$53**	$53	$53

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

	Estimated Future Benefit Payments		
	Pension	**PBOP**	**SERP**
2012	$ 4,040	$ 1,762	$ 52
2013	4,197	1,835	302
2014	4,466	1,941	301
2015	4,570	2,035	299
2016	4,738	2,088	298
2017 - 2021	$28,659	$12,214	$1,497

The Expected Long-Term Rate of Return on Pension Plan assets assumption used by the Company is developed based on input from actuaries and investment managers. The Company's Expected Long-Term Rate of Return on Pension Plan assets is based on target investment allocation of 48% in common stock equities, 47% in fixed income securities and 5% in a combined equity and debt fund. The Company's Expected Long-Term Rate of Return on PBOP Plan assets is based on target investment allocation of 55% in common stock equities and 45% in fixed income securities. The actual investment allocations are shown in the tables below.

Pension Plan	**Target Allocation 2012**	**Actual Allocation at December 31,**		
		2011	**2010**	**2009**
Equity Funds	48%	**49%**	58%	59%
Debt Funds	47%	**46%**	42%	40%
Asset Allocation Fund[(1)]	5%	**5%**	0%	1%
Total		**100%**	100%	100%

(1) Represents investments in an asset allocation fund. This fund invests in both equity and debt securities.

PBOP Plan	**Target Allocation 2012**	**Actual Allocation at December 31,**		
		2011	**2010**	**2009**
Equity Funds	55%	**55%**	56%	56%
Debt Funds	45%	**45%**	44%	44%
Total		**100%**	100%	100%

The combination of these target allocations and expected returns resulted in the overall assumed long-term rate of return of 8.50% for 2011. The Company evaluates the actuarial assumptions, including the expected rate of return, at least annually. The desired investment objective is a long-term rate of return on assets that is approximately 5 – 6% greater than the assumed rate of inflation as measured by the Consumer Price Index. The target rate of return for the Plans has been based upon an analysis of historical returns supplemented with an economic and structural review for each asset class.

The FASB Codification defines fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the FASB Codification are described below:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument’s level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company’s own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

Valuation Techniques

There have been no changes in the valuation techniques used during the current period.

Assets measured at fair value on a recurring basis for the Pension Plan as of December 31, 2011 and 2010 are as follows ($000’s):

	Fair Value Measurements at Reporting Date Using			
Description	**Balance as of December 31, 2011**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Pension Plan Assets:				
Mutual Funds:				
Equity Funds	$29,094	$29,094	$—	$—
Fixed Income Funds	27,697	27,697	—	—
Asset Allocation Fund	2,909	2,909	—	—
Total Assets	$59,700	$59,700	$—	$—

Description	Balance as of December 31, 2010	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension Plan Assets:				
Mutual Funds:				
Equity Funds	$31,625	$31,625	$—	$—
Fixed Income Funds	22,475	22,475	—	—
Total Assets	$54,100	$54,100	$—	$—

Assets measured at fair value on a recurring basis for the PBOP Plan as of December 31, 2011 and 2010 are as follows ($000's):

Description	Balance as of December 31, 2011	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PBOP Plan Assets:				
Mutual Funds:				
Fixed Income Funds	$3,311	$3,311	$—	$—
Index Funds	2,977	2,977		
Equity Funds	1,051	1,051		
Total Assets	$7,339	$7,339	$—	$—

Description	Balance as of December 31, 2010	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
PBOP Plan Assets:				
Mutual Funds:				
Fixed Income Funds	$3,936	$3,936	$—	$—
Index Funds	3,580	3,580		
Equity Funds	1,346	1,346		
Total Assets	$8,862	$8,862	$—	$—

Employee 401(k) Tax Deferred Savings Plan—The Company sponsors the Unitil Corporation Tax Deferred Savings and Investment Plan (the 401(k) Plan) under Section 401(k) of the Internal Revenue Code and covering substantially all of the Company's employees. Participants may elect to defer current compensation by contributing to the plan. Employees may direct, at their sole discretion, the investment of their savings plan balances (both the employer and employee portions) into a variety of investment options, including a Company common stock fund.

In September 2009, the Company amended the Plan as follows:

For current non-union employees who elect to stay with the Company's existing Pension Plan, there will be no changes in the 401(k) Plan. For those employees, the Company will continue to match contributions, with a maximum matching contribution of 3% of current compensation and those participants will be 100% vested in these company matching contributions once they have completed three years of service.

For non-union employees who are hired on or after January 1, 2010, and for non-union employees who elect to move from the Company's existing Pension Plan and accept a frozen pension benefit, the Company will provide the following enhancements to the 401(k) Plan:

- The Company will contribute 4% of base pay each year, regardless of whether or not the non-union employee elects to contribute to the 401(k) Plan.
- The Company will increase the matching contributions from 3% of base pay to 6% of base pay. This will be a 100% match of the first 6% of the non-union employee's contributions.
- All Company contributions will be 100% vested at all times.
- New non-union employees will be automatically enrolled in the 401(k) Plan following the completion of 1,000 hours of service, with the automatic contribution rate of 3%. This contribution rate will automatically increase by 1% on January 1 of each year until the non-union employee's contribution is 10% of pay. Non-union employees may elect to opt-out of the automatic enrollment and/or automatic increase features of the enhanced 401(k) Plan.

The Company's contributions to the 401(k) Plan were $1,190,000, $980,000 and $671,000 for the years ended December 31, 2011, 2010, and 2009, respectively.

Note 10: Quarterly Financial Information (unaudited; Millions, except per share data)

Quarterly earnings per share may not agree with the annual amounts due to rounding and the impact of additional common share issuances. Basic and Diluted Earnings per Share are the same for the periods presented.

	Three Months Ended							
	March 31,		June 30,		September 30,		December 31,	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Total Operating Revenues	**$115.4**	$113.0	**$ 69.5**	$ 71.4	**$ 73.2**	$ 76.1	**$ 94.7**	$ 97.9
Operating Income	**$ 13.4**	$ 10.9	**$ 4.2**	$ 2.6	**$ 5.2**	$ 4.7	**$ 14.4**	$ 9.8
Net Income (Loss) Applicable to Common	**$ 8.7**	$ 6.5	**$ (0.8)**	$ (2.1)	**$ (1.6)**	$ (0.1)	**$ 10.0**	$ 5.2
	Per Share Data:							
Earnings Per Common Share	**$ 0.81**	$ 0.61	**$ (0.08)**	$ (0.19)	**$ (0.15)**	$ (0.01)	**$ 0.92**	$ 0.48
Dividends Paid Per Common Share	**$0.345**	$0.345	**$0.345**	$0.345	**$0.345**	$0.345	**$0.345**	$0.345

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2011. Based on this evaluation, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of December 31, 2011 that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

Under the supervision and with the participation of management, including the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, Unitil management has evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2011, based upon criteria established in the "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, Unitil management concluded that Unitil's internal control over financial reporting was effective as of December 31, 2011.

McGladrey and Pullen, LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2011, as stated in their report which appears in Part II, Item 8 herein.

Changes in Internal Control over Financial Reporting

There have been no changes in Unitil's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the fiscal quarter ended December 31, 2011 that have materially affected, or are reasonably likely to materially affect, Unitil's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers of the Registrant and Corporate Governance

Information required by this Item is set forth in Part I, Item 1 of this Form 10-K and in the "Proposal 1: Election of Directors" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012. Information regarding the Company's Audit Committee is set forth in the "Corporate Governance and Policies of the Board" and "Committees of the Board" sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012. Information regarding the Company's Code of Ethics is set forth in the "Corporate Governance and Policies of the Board" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012.

Item 11. Executive Compensation

Information required by this Item is set forth in the "Compensation Discussion and Analysis" and "Compensation of Named Executive Officers" sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this Item is set forth in the "Beneficial Ownership" and "Compensation of Directors" sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012, as well as the Equity Compensation Plan Benefit Information table in Part II, Item 5 of this Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this Item is set forth in the "Transactions with Related Persons" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012.

Item 14. Principal Accountant Fees and Services

Information required by this Item is set forth in the "Principal Accountant Fees and Services" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 19, 2012.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) and (2) – **LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES**

The following financial statements are included herein under Part II, Item 8, Financial Statements and Supplementary Data:

- Reports of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets—December 31, 2011 and 2010
- Consolidated Statements of Earnings for the years ended December 31, 2011, 2010, and 2009
- Consolidated Statements of Cash Flows for the years ended December 31, 2011, 2010, and 2009
- Consolidated Statements of Changes in Common Stock Equity for the years ended December 31, 2011, 2010, and 2009
- Notes to Consolidated Financial Statements

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions, are not applicable, or information required is included in the financial statements or notes thereto and, therefore, have been omitted.

(3) – **LIST OF EXHIBITS**

Exhibit Number	Description of Exhibit	Reference*
3.1	Articles of Incorporation of the Company.	Exhibit 3.1 to Form S-14 Registration Statement 2-93769 dated October 12, 1984
3.2	Articles of Amendment to the Articles of Incorporation Filed on March 4, 1992.	Exhibit 3.2 to Form 10-K for 1991
3.3	Articles of Amendment to the Articles of Incorporation Filed on September 23, 2008.	Exhibit 3.3 to Form S-3/A Registration Statement 333-15282 dated November 25, 2008
3.4	Articles of Amendment to the Articles of Incorporation Filed on April 27, 2011	Annex A to Form DEF 14A dated March 14, 2011
3.5	By-laws of the Company.	Exhibit 4.4 to Form S-8 Registration Statement 333-73327 dated March 4, 1999
3.6	Amended By-laws of the Company.	Exhibit 3.1 to Form 8-K dated September 21, 2011
3.7	Articles of Exchange of Concord Electric Company (CECo), Exeter & Hampton Electric Company (E&H) and the Company.	Exhibit 3.3 to 10-K for 1984
3.8	Articles of Exchange of CECo, E&H, and the Company—Stipulation of the Parties Relative to Recordation and Effective Date.	Exhibit 3.4 to Form 10-K for 1984
3.9	The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg Gas and Electric Light Company (Fitchburg) and UMC Electric Co., Inc. (UMC).	Exhibit 25(b) to Form 8-K dated March 1, 1989

Exhibit Number	Description of Exhibit	Reference*
3.10	Amendment No. 1 to The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg and UMC.	Exhibit 28(b) to Form 8-K dated December 14, 1989
3.11	Stock Purchase Agreement among Nisource Inc., Bay State Gas Company and Unitil Corporation	Exhibit 2.1 to Form 8-K dated February 20, 2008
4.1	Twelfth Supplemental Indenture of Unitil Energy Systems, Inc., successor to Concord Electric Company, dated as of December 2, 2002, amending and restating the Concord Electric Company Indenture of Mortgage and Deed of Trust dated as of July 15, 1958.	Exhibit 4.1 to Form 10-K for 2002
4.2	Fitchburg Note Agreement dated November 30, 1993 for the 6.75% Notes due November 23, 2023.	Exhibit 4.18 to Form 10-K for 1993
4.3	Fitchburg Note Agreement dated January 26, 1999 for the 7.37% Notes due January 15, 2028.	Exhibit 4.25 to Form 10-K for 1999
4.4	Fitchburg Note Agreement dated June 1, 2001 for the 7.98% Notes due June 1, 2031.	Exhibit 4.6 to Form 10-Q for June 30, 2001
4.5	Unitil Realty Corp. Note Purchase Agreement dated July 1, 1997 for the 8.00% Senior Secured Notes due August 1, 2017.	Exhibit 4.22 to Form 10-K for 1997
4.6	Fitchburg Note Agreement dated October 15, 2003 for the 6.79% Notes due October 15, 2025.	Exhibit 4.7 to Form 10-K for 2003
4.7	Fitchburg Note Agreement dated December 21, 2005 for the 5.90% Notes due December 15, 2030.	**
4.8	Thirteenth Supplemental Indenture of Unitil Energy Systems, Inc., dated as of September 26, 2006.	**
4.9	Unitil Corporation Note Purchase Agreement, dated as of May 2, 2007, for the 6.33% Senior Notes due May 1, 2022.	**
4.10	Northern Utilities Note Purchase Agreement, dated as of December 3, 2008, for the 6.95% Senior Notes, Series A due December 3, 2018 and the 7.72% Senior Notes, Series B due December 3, 2038.	Exhibit 4.1 to Form 8-K dated December 3, 2008
4.11	Granite State Note Purchase Agreement, dated as of December 15, 2008, for the 7.15% Senior Notes due December 15, 2018.	Exhibit 99.1 to Form 8-K dated December 15, 2008
4.12	Northern Utilities Note Purchase Agreement, dated as of March 2, 2010, for the 5.29% Senior Notes, due March 2, 2020.	Exhibit 4.1 to Form 8-K dated March 2, 2010
4.13	Fourteenth Supplemental Indenture of Unitil Energy Systems, Inc., dated as of March 2, 2010.	Exhibit 4.4 to Form 8-K dated March 2, 2010
10.1	Unitil System Agreement dated June 19, 1986 providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.9 to Form 10-K for 1986
10.2	Supplement No. 1 to Unitil System Agreement providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.8 to Form 10-K for 1987
10.3	Transmission Agreement between Unitil Power Corp. and Public Service Company of New Hampshire, effective November 11, 1992.	Exhibit 10.6 to Form 10-K for 1993

Exhibit Number	Description of Exhibit	Reference*
10.4 ***	Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.	Exhibit 10.2 to Form 8-K dated June 19, 2008
10.5 ***	Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.	Exhibit 10.3 to Form 8-K dated June 19, 2008
10.6 ***	Amended and Restated Unitil Corporation Supplemental Executive Retirement Plan effective as of December 31, 2007.	Exhibit 10.4 to Form 8-K dated June 19, 2008
10.7 ***	Unitil Corporation 1998 Stock Option Plan.	Exhibit 10.12 to Form 10-K for 1998
10.8 ***	Amended and Restated Unitil Corporation Management Incentive Plan effective as of June 19, 2008 as further amended on December 1, 2008.	Exhibit 10.8 to Form 10-K for 2008
10.9	Entitlement Sale and Administrative Service Agreement with Select Energy.	Exhibit 10.14 to Form 10-K for 1999
10.10	Amended and Restated Unitil Corporation 2003 Stock Plan.	Exhibit 10.1 to Form 8-K dated March 24, 2011
10.11	Portfolio Sale and Assignment and Transition Service and Default Service Supply Agreement By and Among Unitil Power Corp., Unitil Energy Systems, Inc. and Mirant Americas Energy Marketing, LP.	Exhibit 10.17 to Form 10-K for 2002
10.12	Unitil Corporation Tax Deferred Savings and Investment Plan—Trust Agreement.	Exhibit 10.1 to Form 10-Q for September 30, 2004
10.13***	Amended and Restated Employment Agreement effective as of November 1, 2009 by and between Unitil Corporation and Robert G. Schoenberger.	Exhibit 10.1 to Form 8-K dated September 23, 2009
10.14	Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated November 26, 2008
10.15	Amendment Agreement dated as of January 2, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated January 2, 2009
10.16	Amendment Agreement dated as of March 16, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated March 16, 2009
10.17	Amendment Agreement dated as of October 13, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated October 13, 2009
10.18	Fourth Amendment Agreement dated October 8, 2010 by and among Unitil Corporation and Bank of America, N.A.	Exhibit 10.5 to Form 8-K dated October 8, 2010
10.19	Fifth Amendment Agreement dated October 12, 2011 by and among Unitil Corporation and Bank of America, N.A.	Exhibit 10.6 to Form 8-K dated October 12, 2011
10.20	Credit Agreement between Unitil Corporation and Royal Bank of Canada dated December 1, 2008.	Exhibit 10.2 to Form 8-K dated November 26, 2008
10.21	Transition Services Agreement between Unitil Corporation and NiSource, Inc. dated December 1, 2008.	Exhibit 10.3 to Form 8-K dated November 26, 2008
10.22	Parent Guaranty of Unitil Corporation for the Granite State 7.15% Senior Notes due December 15, 2018.	Exhibit 10.1 to Form 8-K dated December 15, 2008
10.23	Unitil Corporation—Compensation of Directors.	Filed herewith

Exhibit Number	Description of Exhibit	Reference*
11.1	Statement Re: Computation in Support of Earnings per Share For the Company.	Filed herewith
12.1	Statement Re: Computation in Support of Ratio of Earnings to Fixed Charges for the Company.	Filed herewith
16.1	Letter Re: Change in Certifying Accountant	Exhibit 16.1 to Form 8-K dated September 22, 2010
21.1	Statement Re: Subsidiaries of Registrant.	Filed herewith
23.1	Consent of Independent Registered Public Accounting Firm.	Filed herewith
23.2	Consent of Independent Registered Public Accounting Firm.	Filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.3	Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith
99.1	Unitil Corporation Press Release Dated January 31, 2012 Announcing Earnings For the Quarter and Year Ended December 31, 2011	Filed herewith
101.INS	XBRL Instance Document.	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

* The exhibits referred to in this column by specific designations and dates have heretofore been filed with the Securities and Exchange Commission under such designations and are hereby incorporated by reference.

** In accordance with Item 601(b)(4)(iii)(A) of Federal Securities Regulation S-K, the instrument defining the debt of the Registrant and its subsidiary, described above, has been omitted but will be furnished to the Commission upon request.

*** These exhibits represent a management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITIL CORPORATION

Date February 1, 2012

By /s/ ROBERT G. SCHOENBERGER

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

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ ROBERT G. SCHOENBERGER **Robert G. Schoenberger**	Principal Executive Officer; Director	February 1, 2012
/s/ MARK H. COLLIN **Mark H. Collin**	Principal Financial Officer	February 1, 2012
/s/ LAURENCE M. BROCK **Laurence M. Brock**	Principal Accounting Officer	February 1, 2012
/s/ MICHAEL J. DALTON **Michael J. Dalton**	Director	February 1, 2012
/s/ ALBERT H. ELFNER, III **Albert H. Elfner, III**	Director	February 1, 2012
/s/ M. BRIAN O'SHAUGHNESSY **M. Brian O'Shaughnessy**	Director	February 1, 2012
/s/ WILLIAM D. ADAMS **William D. Adams**	Director	February 1, 2012
/s/ DR. SARAH P. VOLL **Dr. Sarah P. Voll**	Director	February 1, 2012
/s/ EBEN S. MOULTON **Eben S. Moulton**	Director	February 1, 2012
/s/ DAVID P. BROWNELL **David P. Brownell**	Director	February 1, 2012
/s/ EDWARD F. GODFREY **Edward F. Godfrey**	Director	February 1, 2012
/s/ MICHAEL B. GREEN **Michael B. Green**	Director	February 1, 2012
/s/ DR. ROBERT V. ANTONUCCI **Dr. Robert V. Antonucci**	Director	February 1, 2012

EXHIBIT INDEX

Exhibit No.	Description
10.23	Unitil Corporation—Compensation of Directors
11.1	Computation in Support of Earnings per Share
12.1	Computation in Support of Ratio of Earnings to Fixed Charges
21.1	Subsidiaries of Registrant
23.1	Consent of Independent Registered Public Accounting Firm
23.2	Consent of Independent Registered Public Accounting Firm
31.1-31.3	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1	Unitil Corporation Press Release Dated January 31, 2012 Announcing Earnings For the Quarter and Year Ended December 31, 2011
101.INS	XBRL Instance Document.
101.SCH	XBRL Taxonomy Extension Schema Document.
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.

Exhibit 11.1

UNITIL CORPORATION

COMPUTATION IN SUPPORT OF EARNINGS PER SHARE

	Year Ended December 31,		
	2011	2010	2009
EARNINGS PER SHARE (000's, except per share data)			
Net Income	**$16,439**	$ 9,616	$10,049
Less: Dividend Requirements on Preferred Stock	**131**	132	134
Net Income Applicable to Common Stock	**$16,308**	$ 9,484	$ 9,915
Average Number of Common Shares Outstanding—Basic	**10,880**	10,823	9,647
Dilutive Effect of Stock Options and Restricted Stock	**3**	1	—
Average Number of Common Shares Outstanding—Diluted	**10,883**	10,824	9,647
Earnings Per Share—Basic	**$ 1.50**	$ 0.88	$ 1.03
Earnings Per Share—Diluted	**$ 1.50**	$ 0.88	$ 1.03

Exhibit 12.1

UNITIL CORPORATION

COMPUTATION IN SUPPORT OF RATIO OF EARNINGS TO FIXED CHARGES

	Year Ended December 31,				
(000's, except ratios)	**2011**	2010	2009	2008	2007
Earnings:					
Net Income, per Consolidated Statement of Earnings	**$16,439**	$ 9,616	$10,049	$ 9,735	$ 8,746
Federal and State Income Taxes included in Operations	**10,025**	4,464	5,220	4,450	4,482
Interest on Long-Term Debt	**19,987**	19,664	17,961	11,795	10,919
Amortization of Debt Discount Expense	**340**	307	233	151	136
Other Interest	**1,760**	2,015	2,474	1,156	1,949
Total	**$48,551**	$36,066	$35,937	$27,287	$26,232
Fixed Charges:					
Interest of Long-Term Debt	**$19,987**	$19,664	$17,961	$11,795	$10,919
Amortization of Debt Discount Expense	**340**	307	233	151	136
Other Interest	**1,760**	2,015	2,474	1,156	1,949
Pre-tax Preferred Stock Dividend Requirements	**211**	194	208	199	213
Total	**$22,298**	$22,180	$20,876	$13,301	$13,217
Ratio of Earnings to Fixed Charges	**2.18**	1.63	1.72	2.05	1.98

Exhibit 21.1

Subsidiaries of Registrant

The Company or the registrant has eight wholly-owned subsidiaries, seven of which are corporations organized under the laws of the State of New Hampshire: Unitil Energy Systems, Inc., Northern Utilities, Inc., Granite State Gas Transmission, Inc., Unitil Power Corp., Unitil Realty Corp., Unitil Resources, Inc. and Unitil Service Corp. The eighth, Fitchburg Gas and Electric Light Company, is organized under the laws of the State of Massachusetts. Usource, Inc., which is a corporation organized under the laws of the State of Delaware, is a wholly-owned subsidiary of Unitil Resources, Inc. Usource, Inc. is the sole member of Usource L.L.C., which is a corporation organized under the laws of the State of Delaware.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of Unitil Corporation and subsidiaries on Form S-3 (File No. 333-168394 effective July 29, 2010), Form S-3 (File No. 333-158537 effective April 29, 2009), Form S-3 (File No. 333-152823 effective December 5, 2008), Form S-8 (File No. 333-114978 effective April 29, 2004) and on Form S-8 (File No. 333-42266 effective July 26, 2000) of our report dated February 1, 2012, relating to the consolidated financial statements of Unitil Corporation and subsidiaries (the Company) as of December 31, 2011 and 2010 and the years ending December 31, 2011 and 2010 and the effectiveness of the Company's internal control over financial reporting as of December 31, 2011, appearing in the Annual Report of the Company on Form 10-K for the year ended December 31, 2011.

/s/ McGladrey & Pullen, LLP
Boston, Massachusetts
February 1, 2012

Exhibit 23.2

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements of Unitil Corporation and subsidiaries on Form S-3 (File No. 333-168394 effective July 29, 2010), Form S-3 (File No. 333-158537 effective April 29, 2009), Form S-3 (File No. 333-152823 effective December 5, 2008), Form S-8 (File No. 333-114978 effective April 29, 2004), and on Form S-8 (File No. 333-42266 effective July 26, 2000) of the report of Caturano and Company, P.C. (whose name has since been changed to Caturano and Company, Inc.) dated February 10, 2010, relating to the consolidated financial statements of Unitil Corporation and subsidiaries (the Company) for the year ending December 31, 2009, appearing in the Annual Report of the Company on Form 10-K for the year ended December 31, 2011.

/s/ Caturano and Company, Inc.
Boston, Massachusetts
February 1, 2012

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Schoenberger, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 1, 2012

/s/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark H. Collin, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 1, 2012

/s/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

Exhibit 31.3

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurence M. Brock, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 1, 2012

/s/ Laurence M. Brock

Laurence M. Brock
Chief Accounting Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Unitil Corporation (the "Company") on Form 10-K for the year ending December 31, 2011 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Robert G. Schoenberger, Chief Executive Officer and President, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Chief Accounting Officer, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Signature	Capacity	Date
/s/ Robert G. Schoenberger Robert G. Schoenberger	Chief Executive Officer and President	February 1, 2012
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	February 1, 2012
/s/ Laurence M. Brock Laurence M. Brock	Chief Accounting Officer	February 1, 2012

INFORMATION

2012 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 19, 2012, at 10:30 a.m.

Transfer Agent

The Company's Transfer Agent, Computershare Investor Services ("Computershare"), is responsible for all shareholder records, including Common Stock issuance and transfer; and the distribution of dividends, tax documents and annual meeting materials to registered holders. Shareholder requests regarding these and other matters can be addressed by corresponding directly with Computershare at:

Mail: PO Box 43078
Providence, RI 02940-3078
Telephone: 800-736-3001
Website: www.computershare.com/investor

For information about the Company and your investment, you may also call the Company directly, toll-free, at: 800-999-6501 and ask for the Shareholder Representative; or visit the Investor Relations page at www.unitil.com; or contact us at InvestorRelations@unitil.com.

PROGRAMS AND PLANS

Dividend Reinvestment Plan

A Dividend Reinvestment and Stock Purchase Plan is available to registered holders of the Company's Common Stock. This Plan provides shareholders with an economical means to increase their investment in the Company each quarter by reinvesting their dividends without broker fees. For additional information or enrollment, please contact the Company or Computershare.

Dividend Direct Deposit

Dividend Direct Deposit Service is available without charge to shareholders of record of the Company's Common Stock. For further information or enrollment in this service, please contact the Company or Computershare.

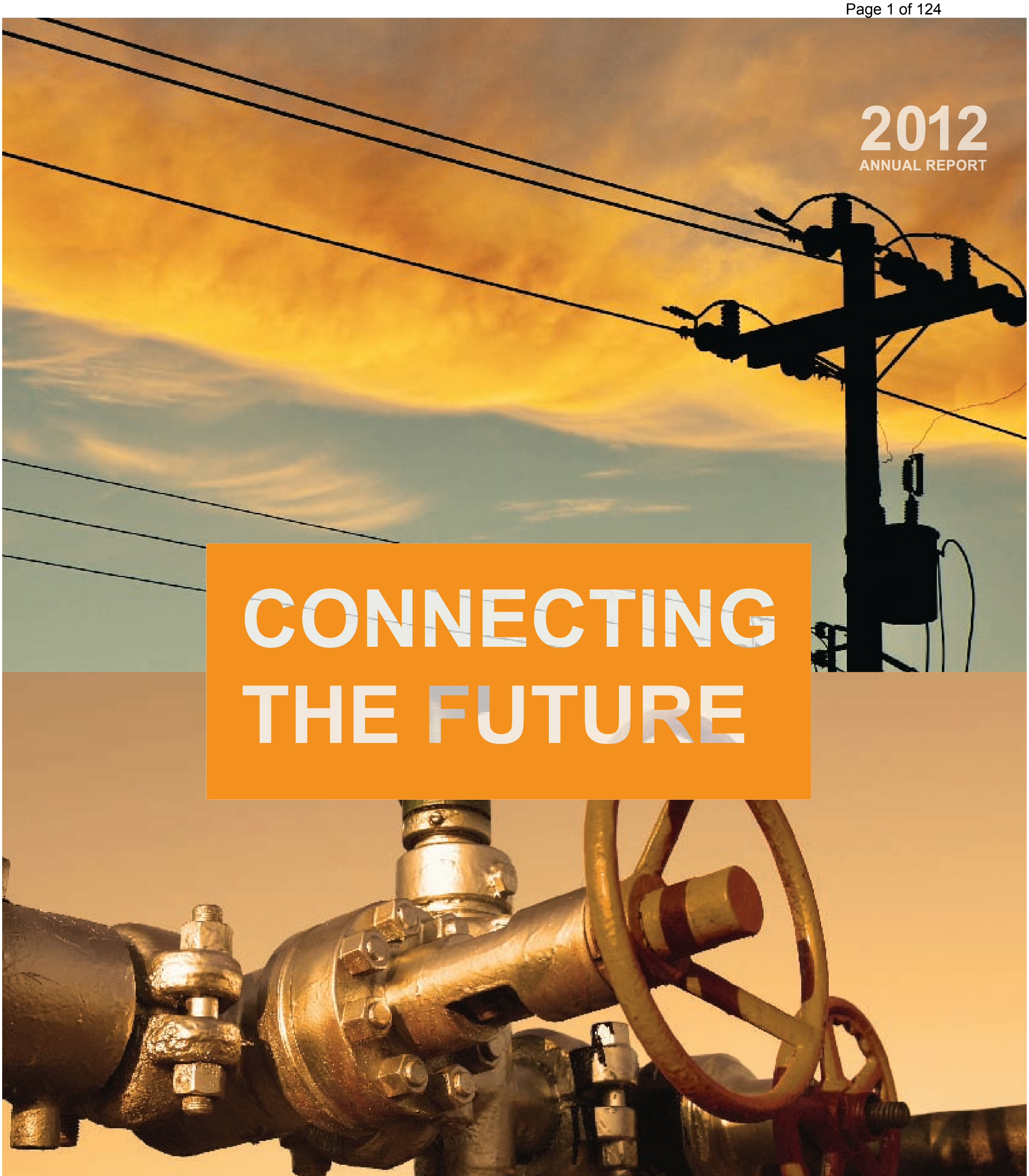
Direct Registration

The Company's Common Stock is eligible for Direct Registration or "DRS", which is available without charge to shareholders of record. DRS is a service within the securities industry that allows shares to be held and tracked electronically, without having to retain a physical stock certificate. For additional information, please contact Computershare at:

Mail: PO Box 43084
Providence, RI 02940-3084
Telephone: 800-935-9330
Website: www.computershare.com/investor

Unitil Corporation • 6 Liberty Lane West • Hampton, NH 03842-1720

002CS-N0375

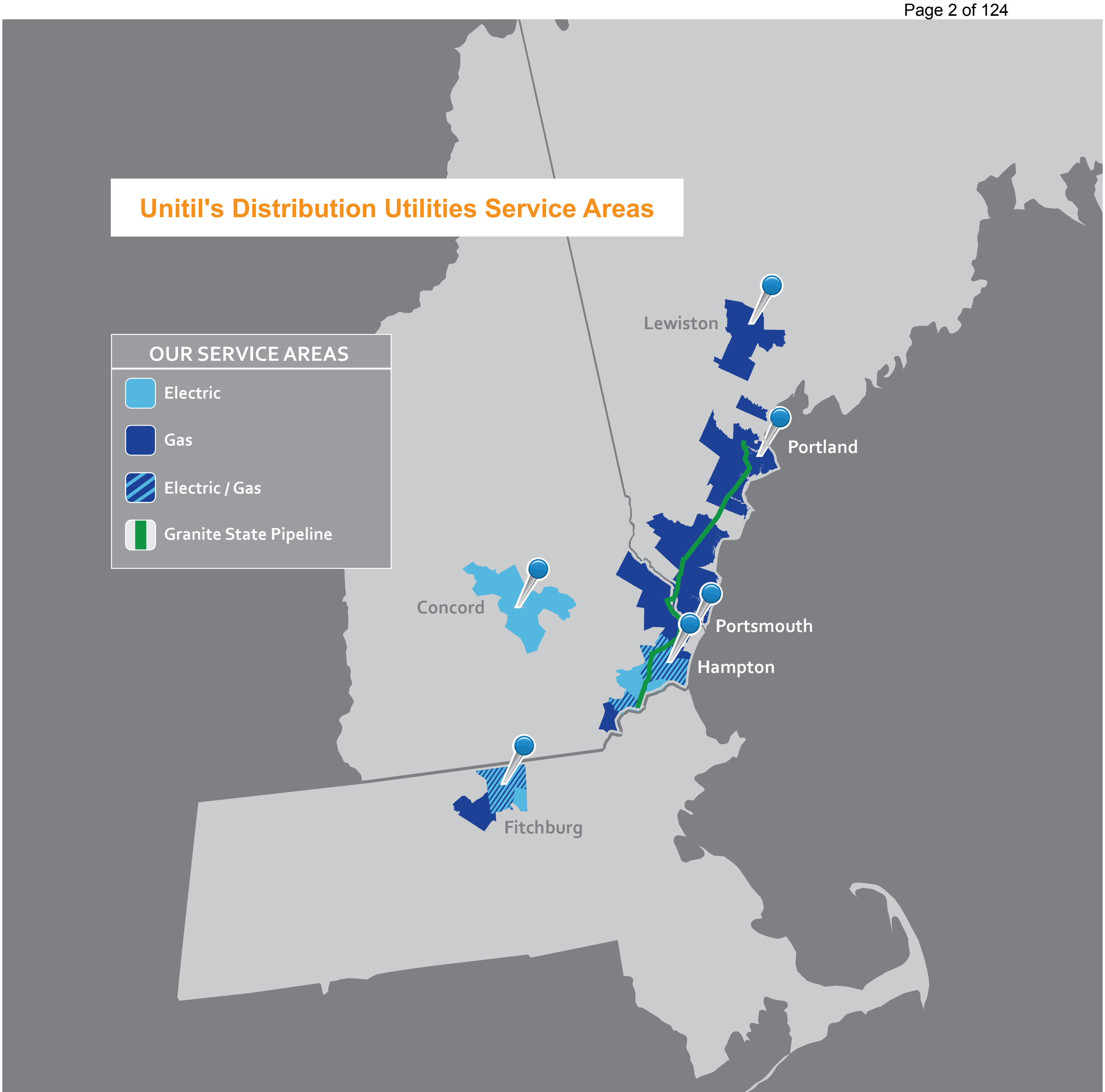


2012
ANNUAL REPORT

CONNECTING THE FUTURE

Unitil
energy for life

Unitil's Distribution Utilities Service Areas

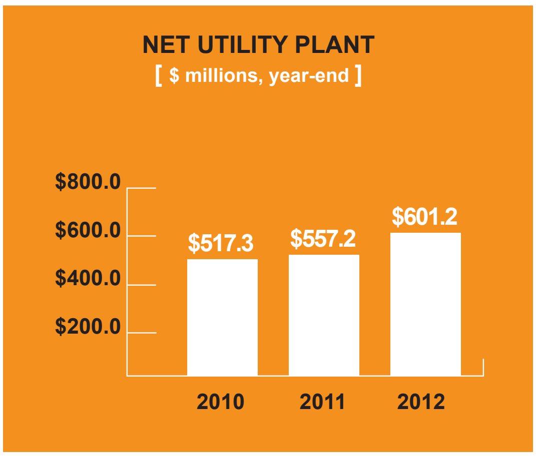


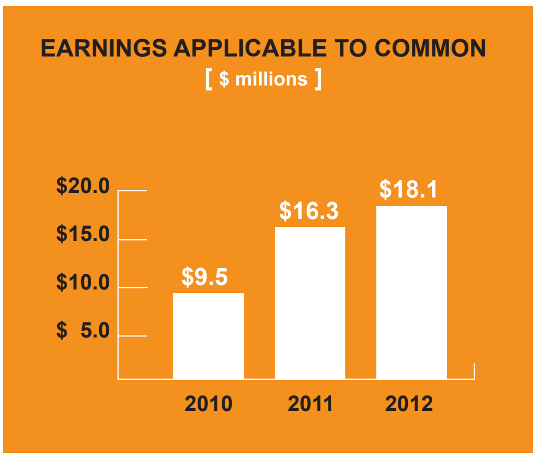
ABOUT UNITIL

Unitil Corporation ("Unitil") provides energy for life by safely and reliably delivering natural gas and electricity in New England. We are committed to the communities we serve and to developing people, business practices, and technologies that lead to dependable, more efficient energy. Unitil is a public utility holding company with operations in Maine, New Hampshire and Massachusetts. Together, Unitil's operating utilities serve approximately 101,700 electric customers and 73,700 natural gas customers. Other subsidiaries include Usource, Unitil's non-regulated business segment. For more information about our people, technologies, and community involvement please visit www.unitil.com.

HIGHLIGHTS

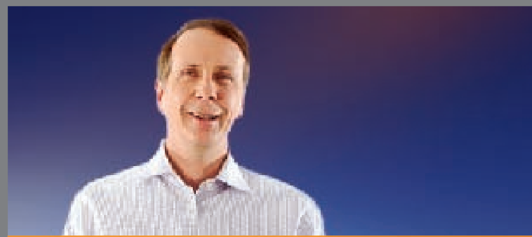
	2012	2011	2010
FINANCIAL DATA (Millions)			
Total Operating Revenues	$353.1	$352.8	$358.4
Total Operating Income	$36.5	$37.2	$28.0
Earnings Applicable to Common	$18.1	$16.3	$9.5
Capital Expeditures	$68.5	$57.1	$49.6
Net Utility Plant	$601.2	$557.2	$517.3
COMMON SHARE DATA			
Diluted Earnings Per Share	$1.43	$1.50	$0.88
Dividends Paid Per Common Share	$1.38	$1.38	$1.38
Book Value Per Share (Year-End)	$18.90	$17.50	$17.35
Market Price (Year-End)	$25.92	$28.38	$22.74
Average Common Shares Outstanding (000's)	12,672	10,883	10,824
OPERATING DATA			
Electric Distribution Sales (Millions of kWh)	1,653.8	1,682.1	1,691.1
Firm Gas Distribution Sales (Millions of Therms)	181.3	186.9	172.9
Customers Served (Year-End)	175,396	173,249	171,609
Electric Customers Served (Year -End)	101,674	101,354	100,858
Gas Customers Served (Year-End)	73,722	71,895	70,751





TURNING IDEAS INTO REALITY

Unitil's major strategic initiatives successfully drove our growth in 2012. Throughout the past year we achieved significant milestones and put all the right elements in place to continue our progress. Here are some highlights:



Bob Schoenberger
Chairman of the Board, CEO & President

In a challenging economy we reported net income of $18.1 million for 2012 – an increase of $1.8 million, or 11 percent, over the $16.3 million we reported in 2011. These results – the highest net income in our company's history – reflect our core focus on customer service and satisfaction, natural gas customer growth, the expansion of our non-regulated energy brokering business, and a disciplined regulatory agenda.

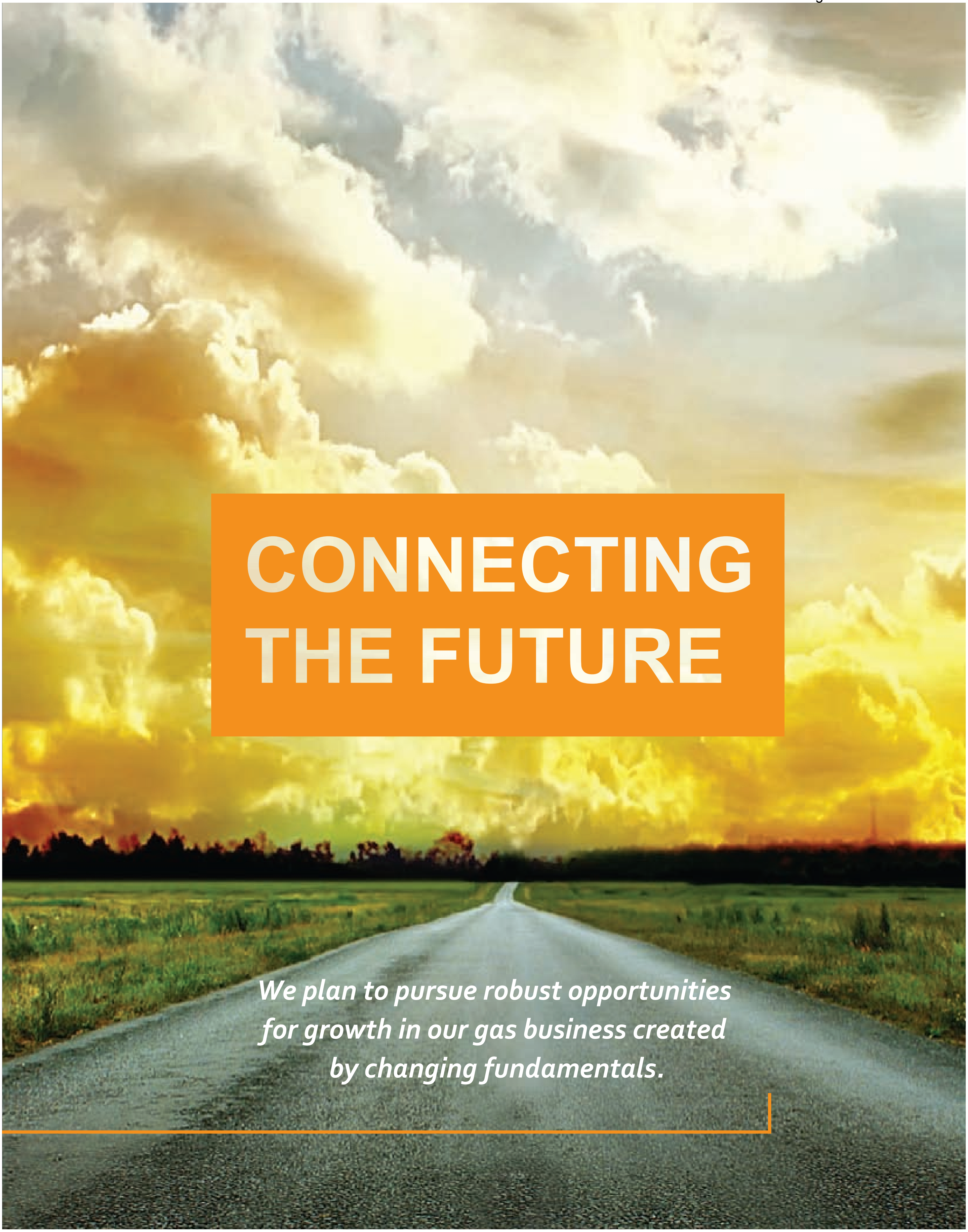
Abundant natural gas supply pushed prices to near historic lows. We believe this trend combined with the high reliability, environmental benefits, and efficiency of natural gas to drive customer demand to an all-time high. We plan to pursue robust opportunities for growth in our gas business created by these changing fundamentals. In 2012 alone, we added and converted more than 2,000 gas customers – up 50 percent from the prior year. We will grow our investment in the gas business aggressively and double our level of activity in 2013.

Hurricane Sandy struck the eastern seaboard in October with flooding rain and damaging winds. As those who live in the northeast recall, Sandy came on the heels of two major storms in 2011 – Hurricane Irene and the October Nor'easter – consecutively testing our resolve to become a premier emergency management organization. In response, Unitil's storm preparedness and customer service began to pay a special dividend for our company. The New Hampshire Public Utilities Commission called our October Nor'easter restoration efforts a "model" for other utilities to follow. And the Edison Electric Institute awarded us the 2012 Emergency Recovery Award for restoring electric power to our customers within 48 hours of Sandy's peak. Thanks to the skill and dedication of our people, we will continue to improve as an industry leader in storm preparedness and emergency response.

Usource, our non-regulated energy brokering business, also executed successfully on its strategic growth plan, recording revenues of $5.5 million in 2012 and establishing a forward book of revenues of $8.2 million. Usource currently manages more than $660 million annually in gas and electric energy contracts for more than 1,200 customers. In addition, Usource has consistently achieved an approximate profit margin of 30 percent and a customer retention rate exceeding 90 percent. We recently expanded Usource's operations and sales force and look forward to its increasing contribution to our consolidated financial results.

We have demonstrated a successful regulatory track record over the past few years, including the resetting of rates across all of our gas and electric utilities. As a result, we increased our natural gas and electric sales margins by more than 30 percent. We will continue to build on this track record through a thoughtful regulatory strategy and strong relationships with our regulators.

By combining our strategic growth plans with a solid regulatory agenda and a best-in-the-business philosophy towards customer service, we will continue to nurture growth for our shareholders, customers, and employees. Additional details outlining our strategic initiatives in 2012 and plans for the future follow this letter.



CONNECTING THE FUTURE

We plan to pursue robust opportunities for growth in our gas business created by changing fundamentals.

GAS GROWTH

57%

At Unitil, we embrace new ideas to become more reliable, efficient, and dependable. We turn these ideas into a better quality of life for our customers and our communities, a better company for our employees, and a better return on investment for our shareholders. Today, natural gas offers an opportunity to meet all of these goals simultaneously.

As the United States evaluates its ongoing energy needs, natural gas has emerged as a viable option for many homeowners and businesses. Natural gas provides an "always on" fuel source for our customers, eliminating the need to refill fuel tanks and the risk of running dry during cold winter months. Natural gas is also plentiful and sustainable, with industry estimates of a 100-year domestic supply driven by newly available resources. And natural gas is more environmentally friendly than any other fuel source—something we can all feel good about.

With gas, we are connecting families and workplaces across Massachusetts, New Hampshire, and Maine with the energy that will fuel them today and tomorrow. From our perspective, the future of energy must include such reliable, affordable, and environmentally friendly options for our customers. So, we are excited to launch our natural gas customer growth initiative. As we look ahead to 2013 and beyond, we are well positioned to expand our gas business to bring the sustainable option of natural gas to more customers. This, in turn, will bring even greater value to our shareholders.

71%

In 2013 alone, we expect 4,000 customer additions and conversions. This is double what we added in 2012—and 200 percent ahead of 2011. In 2014 and beyond, we expect to increase our growth activity even further, with an anticipated 5,000 customer additions and conversions per year. Our current combined on-the-main gas penetration rate is only 57 percent; through our aggressive gas distribution growth program we expect to achieve a combined on-the-main penetration rate of 71 percent by 2016, a figure which compares favorably to average penetration rates across New England.

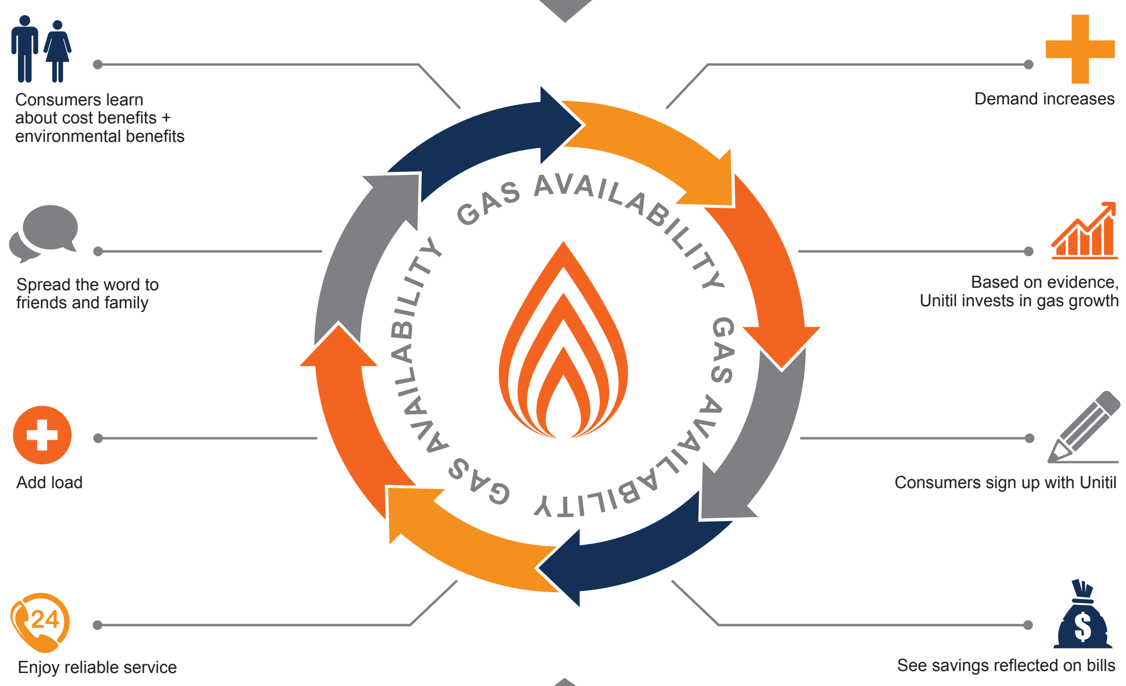
THE OPPORTUNITY

74,000 **92,000**

We have a tremendous opportunity to take advantage of the benefits of natural gas and expand its customer base beyond our current 74,000 gas customers. Within our existing services areas we currently have more than 250,000 homes and businesses that do not have natural gas. Of those, approximately 55,000 of these customers are "on-the-main," very near our existing infrastructure but without gas service. These customers do not require a main extension allowing us to add them to our distribution system at low cost. By targeting such homes and businesses, we plan to increase our customer count by 25 percent, increasing our total gas customers to a total of 92,000 by 2016.

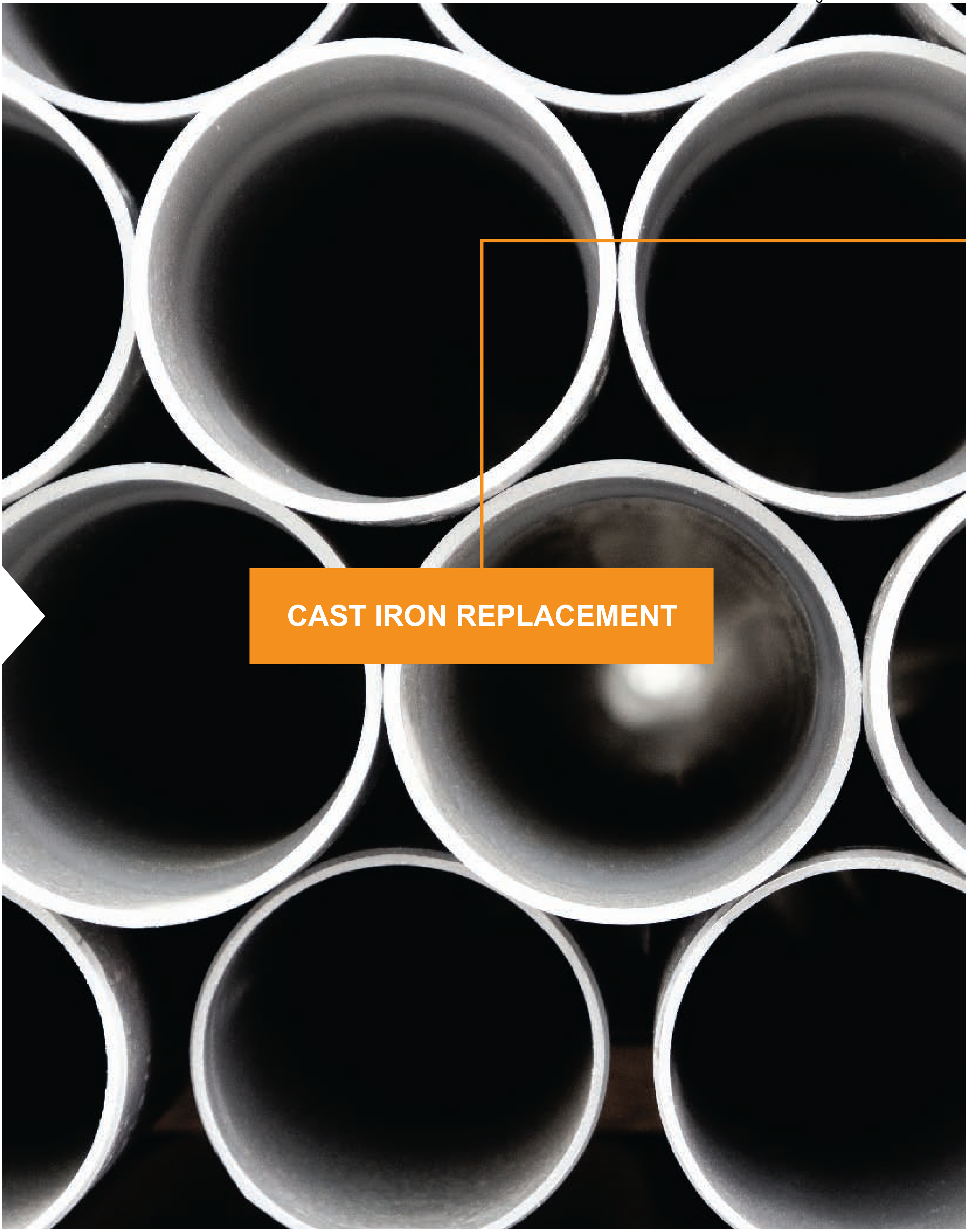
THE COST ADVANTAGE

At 50 percent of the current cost of retail fuel oil, natural gas offers customers an average savings of $1,500 per year. In as little as two years, a residential customer can expect to see payback on his or her investment in natural gas conversion. By adding just 1,000 customers, we can offer residents and businesses $1.5 million in savings that ultimately benefit our local economy.

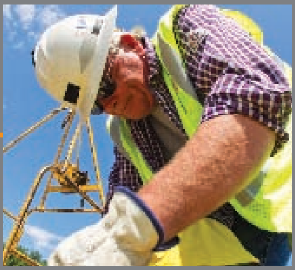


PRESERVING OUR ENVIRONMENT

Our natural gas offering also helps consumers do their part to preserve the environment. Data from the American Gas Association suggests that by switching from a coal source to natural gas, customers reduce their CO_2 and other greenhouse gas emissions by 40 percent. We're proud to be part of an emerging national trend of gas energy efficiency programs which have more than tripled in the past five years and reached expenditures exceeding $1 billion (based on a report by the American Council for an Energy-Efficient Economy).



CAST IRON REPLACEMENT



With the expansion of our natural gas operation, we have made a significant investment in cast iron and bare steel infrastructure replacement in Maine, New Hampshire, and Massachusetts.

Our cast iron and bare steel replacement program is a proactive measure to modernize the system, allowing us to meet growing customer demand in our gas service areas while increasing our investment. The proactive nature of the project also means we will be able to replace some of the older portions of the distribution system before they become possible safety concerns.

The 14-year, 100-mile-plus program in the Portland-Westbrook area in Maine is one of the most comprehensive and aggressive programs of its kind in the country. In addition to replacing outdated infrastructure, we are converting the existing low-pressure gas distribution system to a higher operating pressure in conjunction with the replacement of the older pipe materials. This will result in a significantly improved distribution system capable of supporting customer growth for many decades while operating safely and reliably at lower cost. Simply put, we're increasing the capacity of the distribution system substantially, allowing us to expand our natural gas service and extend it to more homes or businesses.

As we embark on pipeline upgrades and growth, local communities in New Hampshire, Maine, and Massachusetts will see substantial economic benefits. From 2012 to 2014, as we add and convert natural gas customers, we will employ local workers and approximately double our field crews. Ultimately, reduced energy costs for all of our customers will mean more money can be used to meet important local needs.

Our gas rate base has grown nine percent annually since 2008, driven by customer additions as well as our cast iron and bare steel replacement programs. Given the capital spending and growth in our investment in our gas business, we will seek to put in place rate adjustment mechanisms that will allow us to recover additions to our growing investments in future years without the need and cost of filing a full rate case. "Capital trackers" are one type of rate adjustment mechanism that will allow us to increase revenue without filing a full formal rate case by tracking our investments and providing revenue recovery in a timely manner.

Local communities in New Hampshire, Maine, and Massachusetts will see substantial economic benefits.

ELECTRIC OPERATIONS

STORM RESPONSE

Our investment in a strong Emergency Response Plan is paying unique dividends. We are forecasting storm events and outages more accurately, which allows us to better prepare for storms and restore service faster during outage events. We're using social media channels to keep in touch with customers before, during, and after storms, and we're receiving accolades from customers and independent sources alike.

Our Outage Management System has been improved with the addition of our Outage Center and online outage map. Significant investments in this system already are resulting in clearer, more open communication with our customers during outages—allowing us to receive online reports directly from customers, and allowing customers to view estimated restoration times from their computers or smartphones.

In November 2012, the New Hampshire Public Utilities Commission (NHPUC) released its report on the October 2011 Nor'easter event, evaluating New Hampshire regulated utilities' preparation and response. We were proud to see our efforts and investments in better forecasting and communications acknowledged when the NHPUC referred to our restoration efforts as a "model" for other utilities to follow.

Here are some of our positive reviews from the full report (available online at www.unitil.com/PUCreport):

+ [Unitil] has significantly improved its emergency response...; its storm management is now a model for other New Hampshire companies (p. 9).
+ [Unitil] uses a resource procurement planning method based on damage prediction estimation. [Unitil's] estimation approach is superior to solely relying on past experience... (p. 6).
+ Procuring and pre-staging crews before the onset of the storm allowed [Unitil] to quickly restore power to its customers (p. 11).
+ Notably, [Unitil] had the highest percentage of customers without power, yet yielded the fastest pace of restoration times (p. 28).
+ Unitil recognized that, due to the wide-scale, regional nature of the storm, early action was required (p. 32).

Another major storm, Hurricane Sandy, impacted the region in October 2012 with damaging winds and flooding rains. During the storm, approximately 69,000 of our customers reported outages across our base of approximately 101,700 customers. The Edison Electric Institute (EEI) recognized us for our response efforts following Sandy, which included crew assistance with restoration in Connecticut and New Jersey. We are honored to accept the EEI 2012 Emergency Recovery Award for extraordinary efforts to restore electric service following severe weather conditions or natural events. We do so, however, with an eye toward continually improving our track record for safe, efficient, and timely responses to storm relief and recovery.

ELECTRIC INVESTMENT

Reliability enhancement and vegetation management programs continue to drive our electric system investments by preventing hazards and outages before they occur.

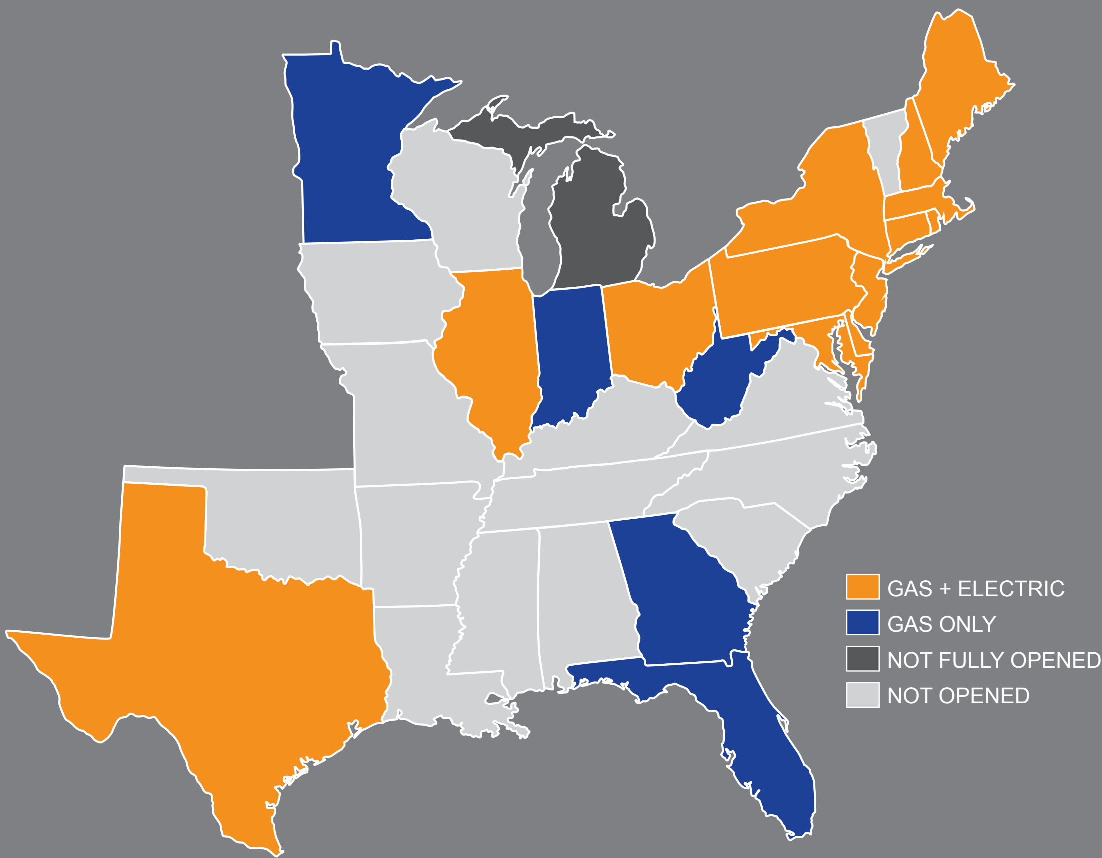
Our electric customer base and rate base are increasing; we're attracting and retaining customers with new homes and businesses and investing in additions and improvements to our electric delivery systems. Currently, about half of our sales margin and assets are electric. Since 2008, our electric rate base has grown at 3 percent and our sales margin at 9 percent.

Over the past few years, we've demonstrated a strong track record of success in achieving rate relief across all of our utility jurisdictions. This effort increased our natural gas and electric sales margins by more than 30 percent. Since our last rate cases, we've continued to make ongoing investments in our utility infrastructure to grow distribution systems and ensure we maintain excellent customer service standards. We plan to file new rate cases in 2013 to recover these investments, which places us in a strong financial position to manage our growth and system improvement programs for the benefit of our customers and shareholders.


USOURCE
$660 MILLION
ELECTRIC + GAS CONTRACTS
$5.5 MILLION
ANNUAL REVENUE 2012
1,200 CUSTOMERS SERVED ACROSS 18 STATES

STRENGTHENING ITS TEAM, GROWING ITS SALES

Our affiliate company, Usource, provides custom energy management and procurement services to commercial, industrial, and institutional customers in deregulated markets. The company recorded annual revenue for 2012 of $5.5 million and has a forward-book of revenue of $8.2 million. Usource manages more than $660 million annually in electric and gas energy contracts and serves more than 1,200 customers, many with multiple electric and gas accounts, across 18 states. Usource's high level of customer satisfaction reflects in its customer retention rate of greater than 90 percent. In late 2012, Usource expanded its operations and sales force to provide new customer growth in key regions of the northeastern United States in 2013.



DEREGULATED ENERGY MARKETS IN THE U.S

Northeast: Maine • New Hampshire • Connecticut • New York • Massachusetts • Rhode Island
Mid-Atlantic: Delaware • Maryland • New Jersey • Pennsylvania **Great Lakes:** Illinois • Indiana
Minnesota • Ohio • West Virginia **Southwest:** Texas **Southeast:** Florida • Georgia


Unitil

UNITIL CORPORATION

Form 10-K

For the year ended December 31, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2012

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 (d) OF THE SECURITIES EXCHANGE ACT OF 1934**

Commission file number 1-8858

UNITIL CORPORATION
(Exact name of registrant as specified in its charter)

New Hampshire	**02-0381573**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification No.)**
6 Liberty Lane West, Hampton, New Hampshire	**03842-1720**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (603) 772-0775

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Exchange on Which Registered
Common Stock, No Par Value	**New York Stock Exchange**

Securities registered pursuant to Section 12(g) of the Act: NONE

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendments to this Form 10-K ☒

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Based on the closing price of the registrant's common stock on June 30, 2012, the aggregate market value of common stock held by non-affiliates of the registrant was $359,089,609.

The number of the registrant's common shares outstanding was 13,780,921 as of January 25, 2013.

Documents Incorporated by Reference:

Portions of the Proxy Statement relating to the Annual Meeting of Shareholders to be held on April 18, 2013 are incorporated by reference into Part III of this Report

UNITIL CORPORATION
FORM 10-K
For the Fiscal Year Ended December 31, 2012
Table of Contents

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CAUTIONARY STATEMENT

This report and the documents incorporated by reference into this report contain statements that constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company’s future operations, are forward-looking statements.

These statements include declarations regarding the Company’s beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as “may,” “will,” “should,” “expects,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential” or “continue” or the negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Part I, Item 1A (Risk Factors) and the following:

- the Company’s regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters), which could affect the rates the Company is able to charge, the Company’s authorized rate of return and the Company’s ability to recover costs in its rates;
- fluctuations in the supply of, demand for, and the prices of energy commodities and transmission capacity and the Company’s ability to recover energy commodity costs in its rates;
- customers’ preferred energy sources;
- severe storms and the Company’s ability to recover storm costs in its rates;
- the Company’s stranded electric generation and generation-related supply costs and the Company’s ability to recover stranded costs in its rates;
- declines in the valuation of capital markets, which could require the Company to make substantial cash contributions to cover its pension obligations, and the Company’s ability to recover pension obligation costs in its rates;
- general economic conditions, which could adversely affect (i) the Company’s customers and, consequently, the demand for the Company’s distribution services, (ii) the availability of credit and liquidity resources and (iii) certain of the Company’s counterparty’s obligations (including those of its insurers and lenders);
- the Company’s ability to obtain debt or equity financing on acceptable terms;
- increases in interest rates, which could increase the Company’s interest expense;
- restrictive covenants contained in the terms of the Company’s and its subsidiaries’ indebtedness, which restrict certain aspects of the Company’s business operations;
- variations in weather, which could decrease demand for the Company’s distribution services;
- long-term global climate change, which could adversely affect customer demand or cause extreme weather events that could disrupt the Company’s electric and natural gas distribution services;
- numerous hazards and operating risks relating to the Company’s electric and natural gas distribution activities, which could result in accidents and other operating risks and costs;
- catastrophic events;
- the Company’s ability to retain its existing customers and attract new customers;
- the Company’s energy brokering customers’ performance under multi-year energy brokering contracts; and
- increased competition.

Many of these risks are beyond the Company's control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

PART I

Item 1. Business

UNITIL CORPORATION

In this Annual Report on Form 10-K, the "Company", "Unitil", "we", and "our" refer to Unitil Corporation and its subsidiaries, unless the context requires otherwise. Unitil is a public utility holding company and was incorporated under the laws of the State of New Hampshire in 1984. The following companies are wholly-owned subsidiaries of Unitil:

Company Name	State and Year of Organization	Principal Business
Unitil Energy Systems, Inc. (Unitil Energy)	NH - 1901	Electric Distribution Utility
Fitchburg Gas and Electric Light Company (Fitchburg)	MA - 1852	Electric & Natural Gas Distribution Utility
Northern Utilities, Inc. (Northern Utilities)	NH - 1979	Natural Gas Distribution Utility
Granite State Gas Transmission, Inc. (Granite State)	NH - 1955	Natural Gas Transmission Pipeline
Unitil Power Corp. (Unitil Power)	NH - 1984	Wholesale Electric Power Utility
Unitil Service Corp. (Unitil Service)	NH - 1984	Utility Service Company
Unitil Realty Corp. (Unitil Realty)	NH - 1986	Real Estate Management
Unitil Resources, Inc. (Unitil Resources)	NH - 1993	Non-regulated Energy Services
Usource Inc. and Usource L.L.C. (Usource)	DE - 2000	Energy Brokering Services

Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005.

Unitil's principal business is the local distribution of electricity and natural gas to approximately 175,400 customers throughout its service territories in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities: i) Unitil Energy, which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the capital city of Concord, ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts, and iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland, which is the largest city in northern New England. In addition, Unitil is the parent company of Granite State, an interstate natural gas transmission pipeline company that provides interstate natural gas pipeline access and transportation services to Northern Utilities in its New Hampshire and Maine service territory. Together, Unitil's three distribution utilities serve approximately 101,700 electric customers and 73,700 natural gas customers.

	Customers Served as of December 31, 2012		
	Residential	Commercial & Industrial (C&I)	Total
Electric	87,062	14,612	101,674
Natural Gas	56,745	16,977	73,722
Total	143,807	31,589	175,396

Unitil's distribution utilities had an investment in Net Utility Plant of $601.2 million at December 31, 2012. Unitil's total operating revenue was $353.1 million in 2012. Unitil's operating revenue is substantially derived from regulated distribution utility operations.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy, but currently has limited business and operating activities. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy in 2003 and divested of substantially all of its long-term power supply contracts through the sale of the entitlements to the electricity associated with those contracts.

Unitil also has three other wholly-owned non-utility subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology and energy supply management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are indirect subsidiaries that are wholly-owned by Unitil Resources. Usource provides energy brokering and advisory services to a national client base of large commercial and industrial customers. For segment information, see Note 8 (Segment Information) to the Consolidated Financial Statements included in Part II, Item 8 (Financial Statements and Supplementary Data) of this report.

OPERATIONS

Natural Gas Operations

Unitil's natural gas operations include gas distribution utility operations and interstate gas transmission pipeline operations, discussed below. Revenue from Unitil's gas operations was $160.6 million for 2012, which represents about 45% of Unitil's total operating revenue.

Natural Gas Distribution Utility Operations

Unitil's natural gas distribution operations are conducted through two of the Company's operating utilities, Northern Utilities and Fitchburg. The primary business of Unitil's natural gas utility operations is the local distribution of natural gas to customers in its service territory in New Hampshire, Massachusetts and Maine. As a result of a restructuring of the gas utility industry in New Hampshire, Massachusetts and Maine, Fitchburg's residential and C&I customers and Northern Utilities' C&I customers have the opportunity to purchase their natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through Northern Utilities and Fitchburg under regulated rates and tariffs. Northern Utilities and Fitchburg purchase natural gas from unaffiliated wholesale suppliers and recover the actual costs of these supplies on a pass-through basis through reconciling rate mechanisms that are periodically adjusted.

Natural gas is supplied and distributed by Northern Utilities to approximately 58,300 customers in 44 New Hampshire and southern Maine communities, from Plaistow, New Hampshire in the south to the city of Portland, Maine and then extending to Lewiston-Auburn, Maine in the north. Northern Utilities has a diversified customer base both in Maine and New Hampshire. Commercial businesses include healthcare, education, government and retail. Northern Utilities' industrial base includes manufacturers in the auto, housing, rubber, printing, textile, pharmaceutical, electronics, wire and food production industries as well as a military installation. Northern Utilities' 2012 gas operating revenue was $124.0 million, of which approximately 39% was derived from residential firm sales and 61% from commercial/industrial firm sales.

Natural gas is supplied and distributed by Fitchburg to approximately 15,400 customers in the communities of Fitchburg, Lunenburg, Townsend, Ashby, Gardner and Westminster, all located in Massachusetts. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries. Fitchburg's 2012 gas operating revenue was $31.6 million, of which approximately 52% was derived from residential firm sales and 48% from commercial/industrial firm sales.

Gas Transmission Pipeline Operations

Granite State is an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to North American pipeline supplies. Granite State had operating revenue of $5.0 million for 2012. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and to third-party marketers.

Electric Distribution Utility Operations

Unitil's electric distribution operations are conducted through two of the Company's utilities, Unitil Energy and Fitchburg. Revenue from Unitil's electric utility operations was $187.0 million for 2012, which represents about 53% of Unitil's total operating revenue.

The primary business of Unitil's electric utility operations is the local distribution of electricity to customers in its service territory in New Hampshire and Massachusetts. As a result of electric industry restructuring in New Hampshire and Massachusetts, Unitil's customers are free to contract for their supply of electricity with third-party suppliers. The distribution utilities continue to deliver that supply of electricity over their distribution systems. Both Unitil Energy and Fitchburg supply electricity to those customers who do not obtain their supply from third-party suppliers, with the approved costs associated with electricity supplied by the distribution utilities being recovered on a pass-through basis under periodically adjusted rates.

Unitil Energy distributes electricity to approximately 73,300 customers in New Hampshire in the capital city of Concord as well as parts of 12 surrounding towns and all or part of 18 towns in the southeastern and seacoast regions of New Hampshire, including the towns of Hampton, Exeter, Atkinson and Plaistow. Unitil Energy's service territory consists of approximately 408 square miles. In addition, Unitil Energy's service territory encompasses retail trading and recreation centers for the central and southeastern parts of the state and includes the Hampton Beach recreational area. These areas serve diversified commercial and industrial businesses, including manufacturing firms engaged in the production of electronic components, wire and plastics, healthcare and education. Unitil Energy's 2012 electric operating revenue was $128.2 million, of which approximately 55% was derived from residential sales and 45% from C&I sales.

Fitchburg is engaged in the distribution of both electricity and natural gas in the greater Fitchburg area of north central Massachusetts. Fitchburg's service territory encompasses approximately 170 square miles. Electricity is supplied and distributed by Fitchburg to approximately 28,400 customers in the communities of Fitchburg, Ashby, Townsend and Lunenburg. Fitchburg's industrial customers include paper manufacturing and paper products companies, rubber and plastics manufacturers, chemical products companies and printing, publishing and associated industries and educational institutions. Fitchburg's 2012 electric operating revenue was $58.8 million, of which approximately 53% was derived from residential sales and 47% from C&I sales.

Seasonality

The Company's results of operations are expected to reflect the seasonal nature of the natural gas business. Annual gas revenues are substantially realized during the heating season as a result of higher sales of natural gas due to cold weather. Accordingly, the results of operations are historically most favorable in the first and fourth quarters. Fluctuations in seasonal weather conditions may have a significant effect on the result of operations. Sales of electricity are generally less sensitive to weather than natural gas sales, but may also be affected by the weather conditions in both the winter and summer seasons.

Unitil Energy, Fitchburg and Northern Utilities are not dependent on a single customer or a few customers for their electric and natural gas sales.

Non-Regulated and Other Non-Utility Operations

Unitil's non-regulated operations are conducted through Usource, a subsidiary of Unitil Resources. Usource provides energy brokering and advisory services to a national client base of large commercial and industrial customers. Revenue from Unitil's non-regulated operations was $5.5 million in 2012.

The results of Unitil's other non-utility subsidiaries, Unitil Service and Unitil Realty, and the holding company, are included in the Company's consolidated results of operations. The results of these non-utility operations are principally derived from income earned on short-term investments and real property owned for Unitil's and its subsidiaries' use and are reported, after intercompany eliminations, in Other segment income. For segment information, see Note 8 (Segment Information) to the Consolidated Financial Statements included in Part II, Item 8 (Financial Statements and Supplementary Data) of this report.

RATES AND REGULATION

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by the FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to its rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. In addition, the Company's distribution utilities and its natural gas transmission pipeline company may also recover certain base rate costs, including capital project spending and enhanced reliability and vegetation management programs, through annual step adjustments and cost tracker rate mechanisms.

As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers, with the exception of Northern Utilities' residential customers, have the opportunity to purchase their electricity or natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through the distribution utilities under regulated energy rates and tariffs. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual approved costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

In 2011 and 2012, the Company completed base rate cases for: Unitil Energy; the electric and gas divisions of Fitchburg; the New Hampshire and Maine divisions of Northern Utilities; and Granite State. The completion of these rate cases resulted in increases in annual distribution revenues of: $10.2 million for Unitil Energy; $3.3 million and $3.7 million for the electric and gas divisions of Fitchburg, respectively; and $3.7 million and $8.7 million for the New Hampshire and Maine divisions, respectively, of Northern Utilities. Granite State received approval for an increase of $2.2 million in annual revenue. Additionally, in 2011 and 2012, the Company completed rate filings that resulted in increases in annual revenues, through step adjustments and cost tracker rate mechanisms, of: $1.5 million for Unitil Energy; $0.5 million for the electric division of Fitchburg; and $0.3 million for Granite State.

Also see *Regulatory Matters* in Part II, Item 7(Management's Discussion and Analysis of Financial Condition and Results of Operations) and Note 5 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements for additional information on rates and regulation.

NATURAL GAS SUPPLY

Unitil manages gas supply for customers served by Northern Utilities in Maine and New Hampshire as well as customers served by Fitchburg in Massachusetts.

Fitchburg's residential and C&I business customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors. Many large and some medium C&I customers purchase their supplies from third-party suppliers, while most of Fitchburg's residential and small C&I customers continue to purchase their supplies at regulated rates from Fitchburg. Northern Utilities' C&I customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors, and third-party supply is prevalent among Northern Utilities' larger C&I customers. Most small C&I customers, as well as all residential customers, purchase their gas supply from Northern Utilities under regulated rates and tariffs. The approved costs associated with the acquisition of such wholesale natural gas supplies for customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically adjusted rates and are included in Purchased Gas in the Consolidated Statements of Earnings.

Regulated Natural Gas Supply

Fitchburg purchases natural gas under contracts of one year or less, as well as from producers and marketers on the spot market. Fitchburg arranges for gas delivery to its system through its own long-term contracts with Tennessee Gas Pipeline, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to storage facilities within Fitchburg's service territory.

Fitchburg has available under firm contract 14,057 million British Thermal Units (MMbtu) per day of year-round and seasonal transportation and underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Northern Utilities purchases a majority of its natural gas from U.S. domestic and Canadian suppliers under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern Utilities arranges for gas delivery to its system through its own long-term contracts with various interstate pipeline and storage facilities, through peaking supply contracts delivered to its system, or in the case of LNG, to truck supplies to storage facilities within Northern Utilities' service territory.

Northern Utilities has available under firm contract 100,000 MMbtu per day of year-round and seasonal transportation capacity to its distribution facilities, and 3.4 billion cubic feet (BCF) of underground storage. As a supplement to pipeline natural gas, Northern Utilities owns a LNG storage and vaporization facility. This plant is used principally during peak load periods to augment the supply of pipeline natural gas.

ELECTRIC POWER SUPPLY

The restructuring of the electric utility industry in New Hampshire required the divestiture of Unitil's power supply arrangements and the procurement of replacement supplies, which provided the flexibility for migration of customers to and from utility energy service. Fitchburg, Unitil Energy, and Unitil Power each are members of the New England Power Pool (NEPOOL) and participate in the ISO New England, Inc. (ISO-NE) markets for the purpose of facilitating these wholesale electric power supply transactions, which are necessary to serve Unitil's customers.

As a result of restructuring of the electric utility industry in Massachusetts and New Hampshire, Unitil's customers in both New Hampshire and Massachusetts have the opportunity to purchase their electric supply from competitive third-party energy suppliers. As of December 2012, 75% of Unitil's largest New Hampshire customers, representing 24% of total New Hampshire electric energy sales, and 90% of Unitil's largest Massachusetts customers, representing 31% of total Massachusetts electric energy sales, are purchasing their electric power supply in the competitive market. However, most residential and small commercial customers continue to purchase their electric supply through Unitil's distribution utilities under regulated energy rates and tariffs. We believe that the concentration of the competitive retail market on higher use customers has been a common experience throughout the New England electricity market.

Regulated Electric Power Supply

In order to provide regulated electric supply service to their customers, Unitil's electric distribution utilities enter into load-following wholesale electric power supply contracts with various wholesale suppliers.

Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service energy supply. MDPU policy dictates the pricing structure and duration of each of these contracts. Basic Service power supply contracts for residential, small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements. On June 13, 2012, the MDPU approved, for a period of one year, Fitchburg's request to discontinue the procurement process for Fitchburg's large customers and become the load-serving entity for these customers. Currently, all Basic Service power supply requirements for large accounts are assigned to Fitchburg's ISO-NE settlement account where Fitchburg procures electric supply through ISO-NE's real-time market.

Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. On July 31, 2012, the NHPUC approved Unitil Energy's request to modify its Default Service solicitation to a process where 100% of the Default Service requirements are acquired for six months. Unitil Energy is in the process of transitioning to this procurement strategy which will be completed in late 2013. Currently, Unitil Energy has a group of contracts of varying duration and percentage to meet its Default Service supply requirements.

The NHPUC and MDPU regularly review alternatives to their procurement policy, which may lead to future changes in this regulated power supply procurement structure.

Regional Electric Transmission and Power Markets

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economical manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England are performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated, reliable power system operation and a supportive business environment for the development of competitive electric markets.

Electric Power Supply Divestiture

In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The companies have a continuing obligation to submit regulatory filings that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

ENVIRONMENTAL MATTERS

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2012, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, we cannot assure you that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental

Protection, which allowed Fitchburg to achieve temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Northern Utilities' Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Additionally, Northern Utilities has entered into a Letter of Intent with an unrelated third-party to redevelop the Portland site as a boat repair facility and to reduce and offset site remediation costs. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Also, see *Environmental Matters* in Part II, Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and Note 5 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements for additional information on Environmental Matters.

EMPLOYEES

As of December 31, 2012, the Company and its subsidiaries had 467 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of December 31, 2012, 157 of the Company's employees were represented by labor unions. There are 78 union employees covered by two separate collective bargaining agreements which expire on May 31, 2013 and June 5, 2014. The agreements provide discrete salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

There are 35 union employees who are covered by a separate collective bargaining agreement which expires on March 31, 2017. The agreement includes discrete salary adjustments, established work practices and uniform benefit packages.

There are 39 union employees who are covered by a separate collective bargaining agreement which expires on May 31, 2018. The agreement includes discrete salary adjustments, established work practices and uniform benefit packages.

In October 2012, the Electric Systems Operators, which is a group of five employees, voted to be represented by a union. The terms have not yet been negotiated for a new collective bargaining agreement covering this group of five employees.

AVAILABLE INFORMATION

The Internet address for the Company's website is www.unitil.com. On its website, the Company makes available, free of charge, its Securities and Exchange Commission (SEC) fillings, including annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and other reports, as well as amendments to those reports. These reports are made available through the Investors section of Unitil's website via a direct link to the section of the SEC's website which contains Unitil's SEC filings.

The Company's current Code of Ethics was approved by Unitil's Board of Directors on January 15, 2004. This Code of Ethics, along with any amendments or waivers, is also available on Unitil's website.

Unitil's common stock is listed on the New York Stock Exchange under the ticker symbol "UTL".

DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The following table provides information about our directors and executive officers as of January 30, 2013:

Name	Age	Position
Robert G. Schoenberger	62	Chairman of the Board, Chief Executive Officer and President
Mark H. Collin	53	Senior Vice President, Chief Financial Officer and Treasurer
Thomas P. Meissner, Jr.	50	Senior Vice President and Chief Operating Officer
Laurence M. Brock	59	Controller and Chief Accounting Officer
Todd R. Black	48	Senior Vice President, External Affairs and Customer Relations, Unitil Service
George E. Long, Jr.	56	Vice President, Administration, Unitil Service
Sandra L. Whitney	49	Corporate Secretary
William D. Adams	65	Director
Dr. Robert V. Antonucci	67	Director
David P. Brownell	69	Director
Lisa Crutchfield	49	Director
Michael J. Dalton	72	Director
Albert H. Elfner, III	68	Director
Edward F. Godfrey	63	Director
Michael B. Green	63	Director
Eben S. Moulton	66	Director
M. Brian O'Shaughnessy	69	Director
Dr. Sarah P. Voll	70	Director
David A. Whiteley	56	Director

Robert G. Schoenberger has been Unitil's Chairman of the Board of Directors and Chief Executive Officer since October 1997, and his current term will expire in 2015. Mr. Schoenberger has also served as Unitil's President since 2003. Prior to his employment with Unitil, Mr. Schoenberger was president and chief operating officer of the New York Power Authority (a state-owned utility) from 1993 until 1997. Mr. Schoenberger has also served as a director of Satcon Technology Corporation, Boston, Massachusetts (a company that develops innovative power conversion solutions for the renewable power industry) since 2007. Mr. Schoenberger has also served as chairman and trustee of Exeter Health Resources, Exeter, New Hampshire, from 2012 to present, as well as from 1998 until 2009. Mr. Schoenberger also serves as a Director of the Edison Electric Institute, and as chairman of the Tocqueville Society of the Greater Seacoast (New Hampshire) United Way.

Mark H. Collin has been Unitil's Senior Vice President and Chief Financial Officer since February 2003. Mr. Collin has also served as Treasurer since 1998. Mr. Collin joined Unitil in 1988, and served as Vice President of Finance from 1995 until 2003.

Thomas P. Meissner, Jr. has been Unitil's Senior Vice President and Chief Operating Officer since June 2005. Mr. Meissner served as Senior Vice President, Operations, from February 2003 until June 2005. Mr. Meissner joined Unitil in 1994 and served as Director of Engineering from 1998 until 2003.

Todd R. Black has been Unitil's Senior Vice President, External Affairs and Customer Relations, Unitil Service, since September 2009. Mr. Black joined Unitil in 1998 and served as Vice President, Sales and Marketing, for Usource from 1998 until 2003, and President of Usource from 2003 until 2009.

Laurence M. Brock has been Unitil's Controller and Chief Accounting Officer since June 2005. Mr. Brock joined Unitil in 1995 as Vice President and Controller, and is a certified public accountant in the state of New Hampshire.

George E. Long, Jr. has been Unitil's Vice President, Administration, Unitil Service, since February 2003. Mr. Long joined Unitil in 1994 and was Director, Human Resources, from 1998 until 2003.

Sandra L. Whitney has been Unitil's Corporate Secretary and secretary of the Board of Directors since February 2003. Ms. Whitney joined Unitil in 1990 and also serves as the Corporate Secretary of Unitil's subsidiary companies.

William D. Adams has been a member of Unitil's Board of Directors since March 2009, and his current term will expire in 2015. Mr. Adams has been the president of Colby College in Waterville, Maine, since 2000, and as president, Mr. Adams also serves on the board of trustees of Colby College. Prior to going to Colby, Mr. Adams served as president of Bucknell University in Pennsylvania from 1995 until 2000. Mr. Adams served as vice president and secretary of Wesleyan University in Connecticut, before Bucknell. Mr. Adams also taught political philosophy at the University of North Carolina at Chapel Hill and Santa Clara University, and was coordinator of the Great Works in Western Culture program at Stanford University. Mr. Adams has been a member of the board of directors of Maine Public Broadcasting Corporation since 2002. Mr. Adams formerly served on the board of directors of Wittenberg University from 2007—2011, and also the board of directors of Maine General Health from 2002 to 2010.

Dr. Robert V. Antonucci has been a member of Unitil's Board of Directors since December 2004, and his current term will expire in 2014. Dr. Antonucci has been the president of Fitchburg State University (FSU) in Fitchburg, Massachusetts, since 2003. Prior to his employment with FSU, Dr. Antonucci was president of the School Group of Riverdeep, Inc., San Francisco, California, from 2001 until 2003 and president and chief executive officer of Harcourt Learning Direct and Harcourt Online College, Chestnut Hill, Massachusetts from 1998 until 2001. Dr. Antonucci also served as the commissioner of education for the Commonwealth of Massachusetts from 1992 until 1998. In addition, Dr. Antonucci has served as a trustee of Eastern Bank since 1988. Dr. Antonucci also serves as a director of the North Central Massachusetts Chamber of Commerce and a director of the North Central Massachusetts United Way.

David P. Brownell has been a member of Unitil's Board of Directors since June 2001, and his current term will expire in 2014. Mr. Brownell has been a retired senior vice president of Tyco International Ltd. (Tyco) (a diversified global manufacturing and service company), Portsmouth, New Hampshire, since 2003. Mr. Brownell had been with Tyco since 1984. Mr. Brownell is a member of the board of the University of New Hampshire (UNH) Foundation. Mr. Brownell was also interim president of the UNH Foundation, former vice chairman of the board of the UNH Foundation, former volunteer board president of the United Way of the Greater Seacoast, and a former board member of the New Hampshire Junior Achievement Advisory Council.

Lisa Crutchfield has been a member of Unitil's Board of Directors since December 2012. Ms. Crutchfield will stand for election to the Board of Directors at the Annual Meeting of Shareholders in April 2013. Ms. Crutchfield served as executive vice president of regulation and pricing for National Grid USA (National Grid), an international electric and gas company, in Waltham, Massachusetts, from 2008 to 2011. Prior to joining National Grid, Ms. Crutchfield served as senior vice president for regulatory and external affairs for PECO Energy Company, an Exelon Corporation company, located in Philadelphia, Pennsylvania from 2003 until 2008, and vice president of energy policy and strategy for Duke Energy Corporation in Charlotte, North Carolina from 1997 until 2000. Ms. Crutchfield also served as Vice Chairman of the Pennsylvania Public Utilities Commission from 1993 until 1997. Ms. Crutchfield recently served as a member of the U.S. Department of Energy Electricity Advisory Committee from 2010 to 2012. She also was a member of the board of trustees for the University of Pennsylvania from 2005 to 2008 and for the University of North Carolina at Charlotte from 2000 to 2003.

Michael J. Dalton has been a member of Unitil's Board of Directors since September 1984, and his current term will expire in 2013. Mr. Dalton will retire from the Board of Directors following the Annual Meeting of Shareholders in April 2013 as he has reached the mandatory retirement age of 72. Mr. Dalton retired as President and Chief Operating Officer of Unitil in 2003. Mr. Dalton is a member of the College Advisory Board of the UNH College of Engineering and Physical Science and President of the Alumni Society of the College of Engineering and Physical Science. Mr. Dalton was formerly a director of the New England Gas Association, the Electric Council of New England, the UNH Foundation, the UNH Alumni Association, and the UNH President's Council.

Albert H. Elfner, III has been a member of Unitil's Board of Directors since January 1999, and his current term will expire in 2014. Mr. Elfner was the chairman of Evergreen Investment Management Company, Boston, Massachusetts, from 1994 until 1999 and its chief executive officer from 1995 until 1999. Mr. Elfner serves as a director of Main Street America Insurance Company (Main Street), Jacksonville, Florida, as well as chairman of the Main Street finance committee. Mr. Elfner is also a Chartered Financial Analyst.

Edward F. Godfrey has been a member of Unitil's Board of Directors since January 2002 and his current term will expire in 2013. Mr. Godfrey will stand for re-election to the Board of Directors at the Annual Meeting of Shareholders in April 2013. Mr. Godfrey was the executive vice president and chief operating officer of Keystone Investments, Incorporated (Keystone), Boston, Massachusetts, from 1997 until 1998. Mr. Godfrey was senior vice president, chief financial officer and treasurer of Keystone from 1988 until 1996. Mr. Godfrey is also a director of Vector Fleet Management, LLC, Charlotte, North Carolina, since 2006.

Michael B. Green has been a member of Unitil's Board of Directors since June 2001, and his current term will expire in 2014. Mr. Green has been the president and chief executive officer of Capital Region Health Care and Concord Hospital, Concord, New Hampshire, since 1992. Mr. Green is also a member of the adjunct faculty, Dartmouth Medical School, Dartmouth College, Hanover, New Hampshire. In addition, Mr. Green currently serves on the board of the Foundation for Healthy Communities, is a director of Concord General Mutual Insurance Company, and a director of Merrimack County Savings Bank (Merrimack), including membership on Merrimack's investment and audit committees.

Eben S. Moulton has been a member of Unitil's Board of Directors since March 2000, and his current term will expire in 2013. Mr. Moulton will stand for re-election to the Board of Directors at the Annual Meeting of Shareholders in April 2013. Mr. Moulton has been the managing partner of Seacoast Capital Corporation (a private investment company), of Danvers, Massachusetts, since 1995. Mr. Moulton is also a director of IEC Electronics Corp. (a company that provides electronic manufacturing services to advanced technology companies), Newark, New York, and a director of six private companies.

M. Brian O'Shaughnessy has been a member of Unitil's Board of Directors since September 1998, and his current term will expire in 2014. Mr. O'Shaughnessy has been the chairman of the board of Revere Copper Products, Inc. (Revere), Rome, New York, since 1989. Mr. O'Shaughnessy also served as chief executive officer and president of Revere from 1988 until 2007. Mr. O'Shaughnessy also serves on the Board of Directors of three copper industry trade associations, three manufacturing associations in New York State regarding energy-related issues, the Economic Development Growth Enterprise (EDGE) of the Mohawk Valley and the Coalition for a Prosperous America (CPA). Mr. O'Shaughnessy is the chief co-chair of CPA.

Dr. Sarah P. Voll has been a member of Unitil's Board of Directors since January 2003, and her current term will expire in 2015. Dr. Voll retired in 2007 as vice president from National Economic Research Associates, Inc. (NERA), Washington, District of Columbia, a firm of consulting economists specializing in industrial and financial economics, and currently serves as a special consultant to NERA. Dr. Voll had been with NERA in the position of vice president since 1999, and in the position of senior consultant from 1996 until 1999. Prior to her employment with NERA, Dr. Voll was a staff member at the NHPUC from 1980 until 1996.

David A. Whiteley has been a member of Unitil's Board of Directors since December 2012. Mr. Whiteley will stand for election to the Board of Directors at the Annual Meeting of Shareholders in April 2013. Mr. Whiteley has been the owner of Whiteley BPS Planning Ventures LLC, St. Louis, Missouri, a private consulting firm specializing in utility planning, operations, and management, since 2009. He has also served as the executive director of the Eastern Interconnection Planning Collaborative since 2011. Mr. Whiteley served as an executive vice-president of the North American Electric Reliability Corporation from 2007 to 2009. Prior to that, Mr. Whiteley served as senior vice president—Energy Delivery Services for Ameren Corporation, a multi-state electric and gas utility, headquartered in St. Louis, Missouri from 2005 to 2007 and as senior vice president—Energy Delivery, from 2003 to 2005. Mr. Whiteley started his employment at Ameren Corporation's predecessor, Union Electric Company, in 1978. Mr. Whiteley is a registered professional engineer in the states of Missouri and Illinois.

INVESTOR INFORMATION

Annual Meeting

The Company's annual meeting of shareholders is scheduled to be held at the offices of the Company, 6 Liberty Lane West, Hampton, New Hampshire, on Thursday, April 18, 2013, at 10:30 a.m.

Transfer Agent

The Company's transfer agent, Computershare Investor Services, is responsible for shareholder records, issuance of common stock, administration of the Dividend Reinvestment and Stock Purchase Plan, and the distribution of Unitil's dividends and IRS Form 1099-DIV. Shareholders may contact Computershare at:

Computershare Investor Services
P.O. Box 43078
Providence, RI 02940-3078
Telephone: 800-736-3001
www.computershare.com/investor

Investor Relations

For information about the Company, you may call the Company directly, toll-free, at: 800-999-6501 and ask for the Investor Relations Representative; visit the Investors page at *www.unitil.com*; or contact the transfer agent, Computershare, at the number listed above.

Special Services & Shareholder Programs Available to Holders of Record

If a shareholder's shares of our common stock are registered directly in the shareholder's name with the Company's transfer agent, the shareholder is considered a holder of record of the shares. The following services and programs are available to shareholders of record:

- Internet Account Access is available at *www.computershare.com/investor*.
- Dividend Reinvestment and Stock Purchase Plan:

  To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Dividend Direct Deposit Service:

  To enroll, please contact the Company's Investor Relations Representative or Computershare.
- Direct Registration:

  For information, please contact Computershare at 800-935-9330 or the Company's Investor Relations Representative at 800-999-6501.

Item 1A. Risk Factors

Risks Relating to Our Business

The Company is subject to comprehensive regulation, which could adversely impact the rates it is able to charge, its authorized rate of return and its ability to recover costs. In addition, certain regulatory authorities have the power to impose financial penalties and other sanctions on the Company, which could adversely affect the Company's financial condition or results of operations.

The Company is subject to comprehensive regulation by federal regulatory authorities (including the FERC) and state regulatory authorities (including the NHPUC, MDPU and MPUC). These authorities regulate many aspects of the Company's operations, including the rates that the Company can charge customers, the Company's authorized rates of return, the Company's ability to recover costs from its customers, construction and maintenance of the Company's facilities, the Company's safety protocols and procedures, the Company's ability to issue securities, the Company's accounting matters, and transactions between the Company and its affiliates. The Company is unable to predict the impact on its financial condition or results of operations from the regulatory activities of any of these regulatory authorities. Changes in regulations, the imposition of additional regulations or regulatory decisions particular to the Company could adversely affect the Company's financial condition or results of operations.

The Company's ability to obtain rate adjustments to maintain its current authorized rates of return depends upon action by regulatory authorities under applicable statutes, rules and regulations. These regulatory authorities are authorized to leave the Company's rates unchanged, to grant increases in such rates or to order decreases in such rates. The Company may be unable to obtain favorable rate adjustments or to maintain its current authorized rates of return, which could adversely affect its financial condition or results of operations.

Regulatory authorities also have authority with respect to the Company's ability to recover its electricity and natural gas supply costs, as incurred by Unitil Power, Unitil Energy, Fitchburg, and Northern Utilities. If the Company is unable to recover a significant amount of these costs, or if the Company's recovery of these costs is significantly delayed, then the Company's financial condition or results or operations could be adversely affected.

In addition, certain regulatory authorities have the power to impose financial penalties and other sanctions on the Company if the Company is found to have violated statutes, rules or regulations governing its utility operations. Any such penalties or sanctions could adversely affect the Company's financial condition or results of operations.

Severe weather events have struck, and may strike, the New England region, causing extensive damage to the Company's utility operations and the loss of service to significant numbers of the Company's customers. If the Company is unable to recover a significant amount of storm costs in its rates, or if the Company's recovery of storm costs in its rates is significantly delayed, then the Company's financial condition or results of operations could be adversely affected.

The New England region in which the Company operates has been and will likely continue to be struck from time to time by severe weather events, including snow, wind and ice storms. These storms have in the past caused extensive damage to the Company's utility operations and loss of service to the Company's customers, and future severe weather events are likely to do so as well. If the Company cannot recover a significant amount of storm costs in its rates, or if the recovery of these costs is significantly delayed, then the Company's financial condition and results of operations could be adversely affected. Please see the sections entitled *Regulatory Matters* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operation) and *Regulatory Matters* in Note 5 (Commitments and Contingencies) to the Company's Consolidated Financial Statements for a more detailed discussion of the effects of severe weather events on the Company's financial condition and results of operations.

As a result of electric industry restructuring, the Company has a significant amount of stranded electric generation and power supply related supply costs. If the Company is unable to recover a significant amount of stranded costs in its rates, or if the Company's recovery of stranded costs in its rates is significantly delayed, then the Company's financial condition or results of operations could be adversely affected.

The stranded electric generation and power supply related supply costs resulting from the implementation of electric industry restructuring mandated by the states of New Hampshire and Massachusetts are recovered by the Company on a pass-through basis through periodically reconciled rates. Any unrecovered balance of stranded costs is deferred for future recovery as a regulatory asset. Such regulatory assets are subject to periodic regulatory review and approval for recovery in future periods.

In connection with the implementation of retail choice, Unitil Power and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next one to two years, is $24.3 million as of December 31, 2012, including $13.3 million recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

If the Company is unable to recover a significant amount of such stranded costs in its rates, or if the Company's recovery of such stranded costs in its rates is significantly delayed, then the Company's financial condition or results or operations could be adversely affected. Please see the sections entitled *Regulatory Matters—Overview* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and *Regulatory Matters—Overview* in Note 5 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements for a more detailed discussion of the effect of various regulatory matters on the Company and its subsidiaries.

The Company's electric and natural gas sales and revenues are highly correlated with the economy, and national, regional and local economic conditions may adversely affect the Company's customers and correspondingly the Company's financial condition or results of operations.

The Company's business is influenced by the economic activity within its service territory. The level of economic activity in the Company's electric and natural gas distribution service territory directly affects the Company's business. As a result, adverse changes in the economy may adversely affect the Company's financial condition or results or operations.

The Company may not be able to obtain financing, or may not be able to obtain financing on acceptable terms, which could adversely affect the Company's financial condition or results of operations.

The Company requires capital to fund utility plant additions, working capital and other utility expenditures. While the Company derives the capital necessary to meet these requirements primarily from internally-generated funds, the Company supplements internally generated funds by incurring short-term debt under its current credit facility, as needed. If the lending counterparties under the Company's current credit facility are unwilling or unable to meet their funding obligations, then the Company may be unable to, or limited in its ability to, incur short-term debt under its credit facility. This could hinder or prevent the Company from meeting its current and future capital needs, which could correspondingly adversely affect the Company's financial condition or results or operations.

Also, from time to time, the Company repays portions of its short-term debt with the proceeds it receives from long-term debt financings or equity financings. General economic conditions, conditions in the capital and credit markets and the Company's operating and financial performance could negatively affect the Company's ability to obtain such financings or the terms of such financings, which could correspondingly adversely affect the Company's financial condition or results or operations.

Declines in the valuation of capital markets could require the Company to make substantial cash contributions to cover its pension obligations. If the Company is unable to recover a significant amount of pension obligation costs in its rates, or if the Company's recovery of pension obligation costs in its rates is significantly delayed, then the Company's financial condition or results of operations could be adversely affected.

The amount of cash contributions the Company is required to make in respect of its pension obligations is dependent upon the valuation of the capital markets. Adverse changes in the valuation of the capital markets could result in the Company being required to make substantial cash contributions in respect of its pension obligations. These cash contributions could have an adverse effect on the Company's financial condition and results of operations if the Company is unable to recover a such costs in rates or if such recovery is significantly delayed. Please see the section entitled *Critical Accounting Policies—Pension Benefit Obligations* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and Note 9 (Retirement Benefit Plans) to the accompanying Consolidated Financial Statements for a more detailed discussion of the Company' pension obligations.

Increases in interest rates could increase the Company's interest expense and adversely affect the Company's financial condition or results of operations.

The Company and its utility subsidiaries have ongoing capital expenditure and cash funding requirements, which they frequently fund by issuing short-term debt and long-term debt.

The Company's short-term debt revolving credit facility typically has variable interest rates. Therefore, an increase or decrease in interest rates will increase or decrease the Company's interest expense associated with its revolving credit facility. An increase in the Company's interest expense could adversely affect the Company's financial condition or results of operations. As of December 31, 2012, the Company had approximately $49.4 million in short-term debt outstanding under its revolving credit facility.

The Company's long-term debt typically has fixed interest rates. Therefore, changes in interest rates will not affect the Company's interest expense associated with its presently outstanding fixed rate long-term debt. However, an increase or decrease in interest rates may increase or decrease the Company's interest expense associated with any new fixed rate long-term debt issued by the Company, which could adversely affect the Company's financial condition or results of operations. See the sections entitled *Liquidity, Commitments and Capital Requirements* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and Note 3 (Long-Term Debt, Credit Arrangements, Leases and Guarantees) to the accompanying Consolidated Financial Statements for a more detailed discussion of the effects of changes in interest rates on the Company.

In addition, the Company may need to use a significant portion of its cash flow to repay its short-term debt and long-term debt, which would limit the amount of cash it has available for working capital, capital expenditures and other general corporate purposes and could adversely affect its financial condition or results of operations.

The terms of the Company's and its subsidiaries' indebtedness restrict the Company's and its subsidiaries' business operations (including their ability to incur material amounts of additional indebtedness), which could adversely affect the Company's financial condition or results of operations.

The terms of the Company's and its subsidiaries' indebtedness impose various restrictions on the Company's business operations, including the ability of the Company and its subsidiaries to incur additional indebtedness. These restrictions could adversely affect the Company's financial condition or results of operations. See the sections entitled *Liquidity, Commitments and Capital Requirements* in Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) and Note 3 (Long-Term Debt, Credit Arrangements, Leases and Guarantees) to the accompanying Consolidated Financial Statements for a more detailed discussion of these restrictions.

A significant amount of the Company's sales are temperature sensitive. Because of this, mild winter and summer temperatures could decrease the Company's sales, which could adversely affect the Company's financial condition or results of operations. Also, the Company's sales may vary from year to year depending on weather conditions, and the Company's results of operations generally reflect seasonality.

The Company estimates that approximately 60% of its annual natural gas sales are temperature sensitive. Therefore, mild winter temperatures could decrease the amount of natural gas sold by the Company, which could adversely affect the Company's financial condition or results of operations. The Company's electric sales also are temperature sensitive, but less so than its natural gas sales. The highest usage of electricity typically occurs in the summer months (due to air conditioning demand) and the winter months (due to heating-related and lighting requirements). Therefore, mild summer temperatures and mild winter temperatures could decrease the amount of electricity sold by the Company, which could adversely affect the Company's financial condition and results of operations. Also, because of this temperature sensitivity, sales by the Company's distribution utilities vary from year to year, depending on weather conditions.

In addition, the Company's results of operations generally reflect seasonality. In particular, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher (due to heating-related requirements), and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Long-term global climate change could adversely affect customer demand or cause extreme weather events that could disrupt the Company's electric and natural gas distribution services.

Milder winter and summer temperatures that may be due to long-term global climate change could cause a decrease in the amount of natural gas and electricity sold by the Company. Conversely, colder winter temperatures and warmer summer temperatures that may be due to long-term global climate change could cause an increase in the amount of natural gas and electricity sold by the Company.

In addition, extreme weather events (such as hurricanes and severe winter storms) that may be related to long-term global climate change could damage facilities or result in increased service interruptions and outages and increase the Company's operations and maintenance costs. If the Company is unable to recover a significant amount of such costs in its rates, or if the Company's recovery of such costs in its rates is significantly delayed, then the Company's financial condition or results or operations may be adversely affected.

The Company is unable to predict the impacts on its financial condition and results or operations due to changes in weather that may be related to long-term global climate change.

Unitil is a public utility holding company and has no operating income of its own. The Company's ability to pay dividends on its common stock is dependent on dividends and other payments received from its subsidiaries and on factors directly affecting Unitil, the parent corporation. The Company cannot assure that its current annual dividend will be paid in the future.

The ability of the Company's subsidiaries to pay dividends or make distributions to Unitil depends on, among other things:

- the actual and projected earnings and cash flow, capital requirements and general financial condition of the Company's subsidiaries;
- the prior rights of holders of existing and future preferred stock, mortgage bonds, long-term notes and other debt issued by the Company's subsidiaries;
- the restrictions on the payment of dividends contained in the existing loan agreements of the Company's subsidiaries and that may be contained in future debt agreements of the Company's subsidiaries, if any; and
- limitations that may be imposed by New Hampshire, Massachusetts and Maine state regulatory agencies.

In addition, before the Company can pay dividends on its common stock, it has to satisfy its debt obligations and comply with any statutory or contractual limitations.

The Company's current annual dividend is $1.38 per share of common stock, payable quarterly. However, the Company's Board of Directors reviews Unitil's dividend policy periodically in light of the factors referred to above, and the Company cannot assure the amount of dividends, if any, that may be paid in the future.

The Company's electric and natural gas distribution activities (including storing natural gas and supplemental gas supplies) involve numerous hazards and operating risks that may result in accidents and other operating risks and costs. Any such accident or costs could adversely affect the Company's financial position and results of operations.

Inherent in the Company's electric and natural gas distribution activities are a variety of hazards and operating risks, including leaks, explosions, electrocutions and mechanical problems. These hazards and risks could result in loss of human life, significant damage to property, environmental pollution, damage to natural resources and impairment of the Company's operations, which could adversely affect the Company's financial position and results of operations.

The Company maintains insurance against some, but not all, of these risks and losses in accordance with customary industry practice. The location of pipelines, storage facilities and electric distribution equipment near populated areas (including residential areas, commercial business centers and industrial sites) could increase the level of damages associated with these hazards and operating risks. The occurrence of any of these events could adversely affect the Company's financial position or results of operations.

The Company's business is subject to environmental regulation in all jurisdictions in which it operates and its costs of compliance are significant. New, or changes to existing, environmental regulation, including those related to climate change or greenhouse gas emissions, and the incurrence of environmental liabilities could adversely affect the Company's financial condition or results of operations.

The Company's utility operations are generally subject to extensive federal, state and local environmental laws and regulations relating to air quality, water quality, waste management, natural resources, and the health and safety of the Company's employees. The Company's utility operations also may be subject to new and emerging federal, state and local legislative and regulatory initiatives related to climate change or greenhouse gas emissions including the U.S. Environmental Protection Agency's mandatory greenhouse gas reporting rule. Failure to comply with these laws and regulations may result in the assessment of administrative, civil, and criminal penalties and other sanctions; imposition of remedial requirements; and issuance of injunctions to ensure future compliance. Liability under certain environmental laws and regulations is strict, joint and several in nature. Although the Company believes it is in material compliance with all applicable environmental and safety laws and regulations, we cannot assure you that the Company will not incur significant costs and liabilities in the future. Moreover, it is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations, including those related to climate change or greenhouse gas emissions, could result in increased environmental compliance costs.

Catastrophic events could adversely affect the Company's financial condition or results of operations.

The electric and natural gas utility industries are from time to time affected by catastrophic events, such as unusually severe weather and significant and widespread failures of plant and equipment. Other catastrophic occurrences, such as terrorist attacks on utility facilities, may occur in the future. Such events could inhibit the Company's ability to provide electric or natural gas distribution services to its customers for an extended period, which could adversely affect the Company's financial condition and results of operations.

The Company's operational and information systems on which it relies to conduct its business and serve customers could fail to function properly due to technological problems, a cyber-attack, acts of terrorism, severe weather, a solar event, an electromagnetic event, a natural disaster, the age and condition of information technology assets, human error, or other reasons, that could disrupt the Company's operations and cause the Company to incur unanticipated losses and expense.

The operation of the Company's extensive electricity and natural gas systems rely on evolving information technology systems and network infrastructures that are likely to become more complex as new technologies and systems are developed to establish a "Smart Grid" to monitor and manage the nation's interconnected electric transmission grids. The Company's business is highly dependent on its ability to process and monitor, on a daily basis, a very large number of transactions, many of which are highly complex. The failure of these information systems and networks could significantly disrupt operations; result in outages and/or damages to the Company's assets or operations or those of third parties on which it relies; and subject the Company to claims by customers or third parties, any of which could have a material effect on the Company's financial condition, results of operations, and cash flows.

The Company's information systems, including its financial information, operational systems, metering, and billing systems, require constant maintenance, modification, and updating, which can be costly and increases the risk of errors and malfunction. Any disruptions or deficiencies in existing information systems, or disruptions, delays or deficiencies in the modification or implementation of new information systems, could result in increased costs, the inability to track or collect revenues, the diversion of management's and employees' attention and resources, and could negatively impact the effectiveness of the Company's control environment, and/or the Company's ability to timely file required regulatory reports. Despite implementation of security and mitigation measures, all of the Company's technology systems are vulnerable to impairment or failure due to cyber-attacks, viruses, human errors, acts of war or terrorism and other reasons. If the Company's information technology systems were to fail or be materially impaired, the Company might be unable to fulfill critical business functions and serve its customers, which could have a material effect on the Company's financial conditions, results of operations, and cash flows.

In addition, in the ordinary course of its business, the Company collects and retains sensitive information including personal identification information about customers and employees, customer energy usage, and other confidential information. The theft, damage, or improper disclosure of sensitive electronic data could subject the Company to penalties for violation of applicable privacy laws or claims from third parties and could harm the Company's reputation.

Public utility companies are subject to adverse publicity and reputational risks, which make them vulnerable to negative customer perception and increased regulatory oversight or other sanctions.

Utility companies, including the Company's distribution utility subsidiaries, have a large consumer customer base and, as a result, are subject to public criticism focused on the reliability of their distribution services and the speed with which they are able to respond to outages caused by storm damage or other unanticipated events. Adverse publicity of this nature may render legislatures, public utility commissions and other regulatory authorities and government officials, less likely to view public utility companies in a favorable light, and may cause the Company to be susceptible to less favorable legislative and regulatory outcomes or increased regulatory oversight. Unfavorable regulatory outcomes can include more stringent laws and regulations governing the Company's operations, such as reliability and customer service quality standards or vegetation management requirements, as well as fines, penalties or other sanctions or requirements. The imposition of any of the foregoing could have a material negative impact on the Company's results of operations, cash flow and financial condition.

The Company's business could be adversely affected if it is unable to retain its existing customers or attract new customers.

The success of the Company's business depends, in part, on its ability to maintain and increase its customer base. The Company's failure to maintain or increase its customer base could adversely affect its financial condition and results of operations.

The Company's energy brokering customers may default in their performance under multi-year energy brokering contracts, which could adversely affect the Company's financial condition and results of operations.

The Company's non-regulated energy brokering business provides energy brokering and consulting services to a national client base of large commercial and industrial customers. Revenues from this business are primarily derived from brokering fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts. The Company's customers may default in their performance under multi-year energy brokering contracts, which could adversely affect the Company's financial condition and results of operations.

Our stock price may decline when our results decline or when events occur that are adverse to us or our industry.

The market price of our common stock may decline when our results of operations decline or at any time when events actually or potentially adverse to us or the natural gas and electric industry occur.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

As of December 31, 2012, Unitil owned, through its electric distribution utilities, three utility operation centers, approximately 1,702 primary pole miles of local transmission and distribution overhead electric lines and 263 conduit bank miles of underground electric distribution lines, along with 49 electric substations, including four mobile electric substations. The Company's natural gas operations property includes two liquid propane gas plants, two liquid natural gas plants and 1,299 miles of underground gas mains. In addition, the Company's real estate subsidiary, Unitil Realty, owns the Company's corporate headquarters building and the 12 acres of land on which it is located.

Unitil Energy owns and maintains distribution operations centers in Concord, New Hampshire and Kensington, New Hampshire. Unitil Energy's 33 electric distribution substations, including a 5,000 kilovolt ampere (kVA) and a 10,500 kVA mobile substation, constitute 215,400 kVA of capacity, which excludes capacity of spare transformers, for the transformation of electric power from the 34.5 kilovolt subtransmission voltage to other primary distribution voltage levels. The electric substations are located on land owned by Unitil Energy or land occupied by Unitil Energy pursuant to perpetual easements.

Unitil Energy has a total of approximately 1,263 primary pole miles of local transmission and distribution overhead electric lines and a total of 204 conduit bank miles of underground electric distribution lines. The electric distribution lines are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, expressed or implied through use by Unitil Energy without objection by the owners. In the case of certain distribution lines, Unitil Energy owns only a part interest in the poles upon which its wires are installed, the remaining interest being owned by telephone companies.

The physical utility properties of Unitil Energy, with certain exceptions, and its franchises are subject to its indenture of mortgage and deed of trust under which the respective series of first mortgage bonds of Unitil Energy are outstanding.

Fitchburg's electric properties consist principally of 439 primary pole miles of local transmission and distribution overhead electric lines, 59 conduit bank miles of underground electric distribution lines and 16 transmission and distribution stations, including two mobile electric substations. The capacity of these substations totals 441,700 kVA, which excludes capacity of spare transformers.

Fitchburg's electric substations, with minor exceptions, are located on land owned by Fitchburg or occupied by Fitchburg pursuant to perpetual easements. Fitchburg's electric distribution lines and gas mains are located in, on or under public highways or private lands pursuant to lease, easement, permit, municipal consent, tariff conditions, agreement or license, express or implied through use by Fitchburg without objection by the owners. Fitchburg leases its distribution operations center located in Fitchburg, Massachusetts.

Fitchburg owns a propane air gas plant and a liquid natural gas (LNG) storage and vaporization facility, both of which are located on land owned by Fitchburg. Fitchburg also has 270 miles of underground steel, cast iron and plastic gas mains and 10,863 active gas services. The gas mains are primarily made up of steel (50%), polyethylene plastic (25%), and cast iron (25%).

Northern Utilities' distribution system is comprised of 1,029 miles of gas mains and 40,254 service pipes. The gas mains are primarily made up of polyethylene plastic (72%), coated and wrapped cathodically protected steel (18%), cast/wrought iron (6%), and unprotected bare and coated steel (4%).

Northern Utilities' New Hampshire division serving 21 communities has 502 miles of distribution gas mains and 21,502 service pipes. Northern Utilities' Maine division serving 23 communities has 527 miles of distribution gas main and 18,752 service pipes. Northern Utilities also owns a propane air gas plant and a LNG storage and vaporization facility.

Granite State is a natural gas transmission pipeline, regulated by the FERC, operating 86 miles of underground gas transmission pipeline located primarily in Maine and New Hampshire.

The Company believes that its facilities are currently adequate for their intended uses.

Item 3. Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

In early 2009, a putative class action complaint was filed against Unitil Corporation's (the "Company") Massachusetts based utility, Fitchburg Gas and Electric Light Company ("Fitchburg"), in Massachusetts' Worcester Superior Court (the "Court"), (captioned Bellerman et al v. Fitchburg Gas and Electric Light Company). The Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Complaint, as amended, includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. Following several years of discovery, the plaintiffs in the complaint filed a motion with the Court to certify the case as a class action. On January 7, 2013, the Court issued its decision denying plaintiffs' motion to certify the case as a class action. As a result of this decision, the lawsuit will now continue with only the twelve named plaintiffs seeking damages. Future proceedings may include an appeal of this decision or a trial on the claims of the twelve named plaintiffs. The Company continues to believe the suit is without merit and will continue to defend itself vigorously.

Item 4. Mine Safety Disclosures.

Not applicable.

PART II

Item 5. Market for Registrant's Common Equity, Related Shareholder Matters and Issuer Purchases of Equity Securities

Our common stock is listed on the New York Stock Exchange under the symbol "UTL." As of December 31, 2012, there were 1,534 shareholders of record of our common stock.

Common Stock Data

Dividends per Common Share	2012	2011
1st Quarter	**$0.345**	$0.345
2nd Quarter	**0.345**	0.345
3rd Quarter	**0.345**	0.345
4th Quarter	**0.345**	0.345
Total for Year	**$ 1.38**	$ 1.38

See also "Dividends" in Part II, Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) below.

	2012		2011	
Price Range of Common Stock	High/Ask	Low/Bid	High/Ask	Low/Bid
1st Quarter	**$29.00**	**$26.25**	**$23.94**	**$21.84**
2nd Quarter	**$27.40**	**$24.76**	**$26.82**	**$23.12**
3rd Quarter	**$27.98**	**$26.23**	**$26.82**	**$24.53**
4th Quarter	**$27.51**	**$24.15**	**$28.60**	**$24.58**

Information regarding securities authorized for issuance under our equity compensation plans, as of December 31, 2012, is set forth in the table below.

Equity Compensation Plan Information

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights	(b) Weighted-average exercise price of outstanding options, warrants and rights	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Equity compensation plans approved by security holders			
Second Amended and Restated 2003 Stock Plan[(1)]	N/A	N/A	513,676
Equity compensation plans not approved by security holders			
N/A	N/A	N/A	N/A
Total	N/A	N/A	513,676

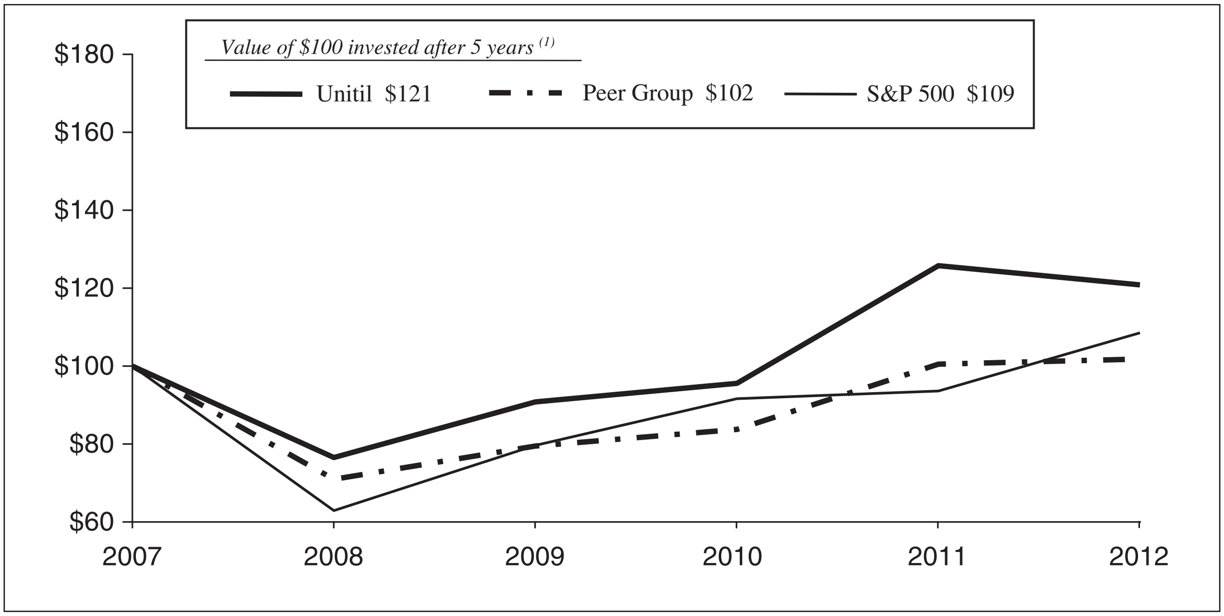
NOTES: (also see Note 2 to the accompanying Consolidated Financial Statements)

(1) The Second Amended and Restated 2003 Stock Plan, formerly known as the Restricted Stock Plan (the Plan), was approved by shareholders in April 2003, and a total of 677,500 shares of our common stock were reserved for issuance pursuant to awards under the Plan. A total of 165,845 shares of restricted stock have been awarded to Plan participants through December 31, 2012, of which 2,021 were forfeited and once again became available for issuance under the Plan.

Stock Performance Graph

The following graph compares Unitil Corporation's cumulative stockholder return since December 31, 2007 with the Peer Group index, comprised of the S&P 500 Utilities Index, and the S&P 500 index. The graph assumes that the value of the investment in the Company's common stock and each index (including reinvestment of dividends) was $100 on December 31, 2007.

Comparative Five-Year Total Returns



NOTE:

(1) The graph above assumes $100 invested on December 31, 2007, in each category and the reinvestment of all dividends during the five-year period. The Peer Group is comprised of the S&P 500 Utilities Index.

Unregistered Sales of Equity Securities and Uses of Proceeds

There were no sales of unregistered equity securities by the Company for the fiscal period ended December 31, 2012.

Issuer Purchases of Equity Securities

Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on March 22, 2012, the Company will periodically repurchase shares of its Common Stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer. There is no pool or maximum number of shares related to these purchases; however, the trading plan will terminate when $200,800 in value of shares have been purchased or, if sooner, on March 22, 2013.

The Company may suspend or terminate this trading plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, or other applicable securities laws.

The following table shows information regarding repurchases by the Company of shares of its common stock for each month in the quarter ended December 31, 2012.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
10/1/12 – 10/31/12	5,469	$27.42	5,469	$38,549
11/1/12 – 11/30/12	—	—	—	$38,549
12/1/12 – 12/31/12	205	$25.81	205	$33,258
Total	5,674	$27.36	5,674	

Item 6. Selected Financial Data

For the Years Ended December 31,	2012	2011	2010	2009	2008
(all data in millions except shares, %, per share data and customers served)[1]					
Consolidated Statements of Earnings:					
Operating Revenue	**$ 353.1**	$ 352.8	$ 358.4	$ 367.0	$ 288.2
Operating Income	**36.5**	37.2	28.0	26.1	20.5
Other Non-operating Expense	**0.2**	0.4	0.3	0.3	0.3
Income Before Interest Expense	**36.3**	36.8	27.7	25.8	20.2
Interest Expense, net	**18.1**	20.4	18.1	15.8	10.5
Net Income	**18.2**	16.4	9.6	10.0	9.7
Dividends on Preferred Stock	**0.1**	0.1	0.1	0.1	0.1
Earnings Applicable to Common Shareholders	**$ 18.1**	$ 16.3	$ 9.5	$ 9.9	$ 9.6
Balance Sheet Data (as of December 31,):					
Utility Plant (Original Cost)	**$ 831.6**	$ 773.7	$ 728.4	$ 682.7	$ 641.4
Total Assets	**$ 886.6**	$ 846.7	$ 800.4	$ 762.4	$ 767.1
Capitalization:					
Common Stock Equity	**$ 260.4**	$ 191.7	$ 189.0	$ 193.1	$ 139.5
Preferred Stock	**0.2**	2.0	2.0	2.0	2.0
Long-Term Debt, less current portion	**287.3**	287.8	288.3	248.9	249.3
Total Capitalization	**$ 547.9**	$ 481.5	$ 479.3	$ 444.0	$ 390.8
Current Portion of Long-Term Debt	**$ 0.5**	$ 0.5	$ 0.5	$ 0.4	$ 0.4
Short-Term Debt	**$ 49.4**	$ 87.9	$ 66.8	$ 64.5	$ 74.1
Capital Structure Ratios (as of December 31,):					
Common Stock Equity	**47%**	40%	39%	43%	36%
Preferred Stock	**1%**	1%	1%	1%	1%
Long-Term Debt	**52%**	59%	60%	56%	63%
Earnings Per Share Data:					
Earnings Per Average Share	**$ 1.43**	$ 1.50	$ 0.88	$ 1.03	$ 1.65
Common Stock Data:					
Shares of Common Stock—(Diluted Weighted Average Outstanding, 000's)	**12,672**	10,883	10,824	9,647	5,830
Dividends Paid Per Share	**$ 1.38**	$ 1.38	$ 1.38	$ 1.38	$ 1.38
Book Value Per Share (Year-End)	**$ 18.90**	$ 17.50	$ 17.35	$ 17.83	$ 17.90
Electric and Gas Sales:					
Electric Distribution Sales (Millions kWh)	**1,653.8**	1,682.1	1,691.1	1,618.8	1,695.9
Firm Natural Gas Distribution Sales (Millions Therms)	**181.3**	186.9	172.9	178.7	47.2
Customers Served (Year-End):					
Electric:					
Residential	**87,062**	86,780	86,344	86,055	85,948
Commercial & Industrial	**14,612**	14,574	14,514	14,443	14,376
Total Electric	**101,674**	101,354	100,858	100,498	100,324
Natural Gas:					
Residential	**56,745**	55,663	54,944	54,208	53,564
Commercial & Industrial	**16,977**	16,232	15,807	15,763	15,714
Total Natural Gas	**73,722**	71,895	70,751	69,971	69,278

[1] As a result of the acquisitions of Northern Utilities and Granite State on December 1, 2008, consolidated results for the Company in the years ended December 31, 2012, 2011, 2010 and 2009 may not be directly comparable to the results for the year ended December 31, 2008, insofar as most of that year did not include the results for Northern Utilities and Granite State.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A) (Note references are to the Notes to the Consolidated Financial Statements included in Item 8, below.)

OVERVIEW

Unitil is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005.

Unitil's principal business is the local distribution of electricity and natural gas to approximately 175,400 customers throughout its service territory in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

i) Unitil Energy, which provides electric service in the southeastern seacoast and state capital regions of New Hampshire;

ii) Fitchburg, which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and

iii) Northern Utilities, which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland and the Lewiston-Auburn area.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the "distribution utilities." Together, the distribution utilities serve approximately 101,700 electric customers and 73,700 natural gas customers in their service territory.

In addition, Unitil is the parent company of Granite State, a natural gas transmission pipeline, regulated by the FERC, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to North American pipeline supplies.

The distribution utilities are local "pipes and wires" operating companies, and Unitil had an investment in Net Utility Plant of $601.2 million at December 31, 2012. Unitil's total revenue was $353.1 million in 2012, which includes revenue to recover the approved cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company's earnings are not affected by changes in the cost of purchased electricity and natural gas. Earnings from Unitil's utility operations are derived from the return on investment in the three distribution utilities and Granite State.

Unitil also conducts non-regulated operations principally through Usource, which is wholly-owned by Unitil Resources. Usource provides energy brokering and consulting services to a national client base of large commercial and industrial customers. Usource's total revenues were $5.5 million in 2012. The Company's other subsidiaries include Unitil Service, which provides, at cost, a variety of administrative and professional services to Unitil's affiliated companies, and Unitil Realty, which owns and manages Unitil's corporate office building and property located in Hampton, New Hampshire. Unitil's consolidated net income includes the earnings of the holding company and these subsidiaries.

Regulation

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the FERC under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by the FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to its rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. In addition, the Company's distribution utilities and its natural gas transmission pipeline company may also recover certain base rate costs, including capital project spending and enhanced reliability and vegetation management programs, through annual step adjustments and cost tracker rate mechanisms.

As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers, with the exception of Northern Utilities' residential customers, have the opportunity to purchase their electricity or natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through the distribution utilities under regulated energy rates and tariffs. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual approved costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

In 2011 and 2012, the Company completed base rate cases for: Unitil Energy; the electric and gas divisions of Fitchburg; the New Hampshire and Maine divisions of Northern Utilities; and Granite State. The completion of these rate cases resulted in increases in annual distribution revenues of: $10.2 million for Unitil Energy; $3.3 million and $3.7 million for the electric and gas divisions of Fitchburg, respectively; and $3.7 million and $8.7 million for the New Hampshire and Maine divisions, respectively, of Northern Utilities. Granite State received approval for an increase of $2.2 million in annual revenue. Additionally, in 2011 and 2012, the Company completed rate filings that resulted in increases in annual revenues, through step adjustments and cost tracker rate mechanisms, of: $1.5 million for Unitil Energy; $0.5 million for the electric division of Fitchburg; and $0.3 million for Granite State.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of its electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, for which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company estimates that RDM applies to approximately 27% and 11% of its annual electric and natural gas sales volumes, respectively. As a result, the sales margins resulting from those sales are no longer sensitive to weather and economic factors. The Company's other electric and natural gas distribution utilities are not subject to RDM.

RESULTS OF OPERATIONS

The following discussion of the Company's financial condition and results of operations should be read in conjunction with the accompanying Consolidated Financial Statements and the accompanying Notes to Consolidated Financial Statements included in Part II, Item 8 of this report.

The Company's results of operations are expected to reflect the seasonal nature of the natural gas business. Annual gas revenues are substantially realized during the heating season as a result of higher sales of natural gas due to cold weather. Accordingly, the results of operations are historically most favorable in the first and fourth quarters. Fluctuations in seasonal weather conditions may have a significant effect on the result of operations. Sales of electricity are generally less sensitive to weather than natural gas sales, but may also be affected by the weather conditions in both the winter and summer seasons.

On May 16, 2012, the Company sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering. The Company used the net proceeds of approximately $65.7 million from this offering to make equity capital contributions to its regulated utility subsidiaries, repay short-term debt and for general corporate purposes. Overall, the results of operations and Earnings reflect the higher number of average shares outstanding year over year.

Net Income and EPS Overview

2012 Compared to 2011—The Company's Earnings Applicable to Common Shareholders (Earnings) were $18.1 million for the year ended December 31, 2012, an increase of $1.8 million, or 11%, over the $16.3 million the Company earned in 2011. Earnings per common share (EPS) were $1.43 for 2012 compared to $1.50 per share in 2011. As discussed above, the 2012 EPS reflect the higher number of average shares outstanding year over year.

The results for 2012 were positively affected by higher natural gas and electric sales margins due to higher distribution rates and new customer growth. Margins were negatively affected in 2012 by the effect on sales of fluctuations in seasonal weather conditions year over year. The Company estimates that the mild weather in 2012 negatively impacted earnings for the gas division by about $1.6 million, or $0.13 per share, and the electric division by about $0.1 million, or $0.01 per share. According to the National Oceanic and Atmospheric Administration, 2012 was the warmest year on record for the northeast region of the United States, in which the Company's service areas are located.

The Company's Earnings were $9.0 million, or $0.66 per share, for the fourth quarter of 2012, compared to Earnings of $10.0 million, or $0.92 per share, in the fourth quarter of 2011. Earnings for 2011 include a non-recurring pre-tax credit of $4.7 million recorded in the fourth quarter of that year in connection with the Company's court appeal and the resulting favorable ruling vacating a 2009 regulatory order that had resulted in the previous charge off of Purchased Gas costs.

Natural gas sales margins were $76.2 million in 2012, or an increase of $8.3 million compared to 2011, reflecting higher gas distribution rates and new customer growth, partially offset by lower gas therm sales, principally in the first quarter of 2012, due to mild winter weather. Also, gas margins in 2011 include the one-time recovery of $4.5 million in Purchased Gas costs that had been charged off in a prior period. Based on weather data collected in the Company's service areas, there were 11% and 16% fewer Heating Degree Days in 2012 compared to 2011 and normal, respectively. Weather-normalized gas therm sales (excluding decoupled sales) in 2012 are estimated to be 3.3% higher compared to 2011. Approximately 11% of natural gas therm sales are decoupled and changes in these sales due to the weather do not affect sales margins.

Electric sales margins were $71.9 million in 2012, or an increase of $4.3 million compared to 2011, reflecting higher electric distribution rates and new customer growth, partially offset by lower electric kilowatt hour (kWh) sales, principally in the first quarter of 2012, due to mild winter weather. Weather-normalized electric kWh sales (excluding decoupled sales) in 2012 are estimated to be about the same compared to 2011. Approximately 27% of electric kWh sales are decoupled and changes in these sales due to the weather do not affect sales margins.

Total Operation & Maintenance (O&M) expenses increased $5.5 million in 2012 compared to 2011. The change in O&M expenses reflects higher utility operating costs of $3.7 million, higher employee compensation and benefit costs of $0.5 million, and higher professional fees of $0.3 million. The increase in utility operating costs in 2012 compared to 2011 includes an increase of $2.6 million in new spending on vegetation management and electric reliability enhancement programs of which approximately $1.8 million is recovered through cost tracker rate mechanisms that result in corresponding and offsetting increase in revenue. Also, the increase in utility operating costs includes $0.5 million in higher bad debt expenses, $0.3 million in higher storm costs and an increase in all other utility operating costs, net of $0.3 million. The increase in O&M costs in 2012 over the prior year also reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a non-recurring insurance payment of $1.0 million.

Depreciation and Amortization expense increased $5.8 million in 2012 compared to 2011 principally reflecting normal utility plant additions and amortization of regulatory assets.

Local Property and Other Taxes increased $1.0 million in 2012 compared to 2011, reflecting higher local property taxes on higher levels of utility plant in service.

Federal and State Income Taxes increased $1.0 million in 2012 due to higher pre-tax earnings in 2012 compared to 2011.

Other Non-operating Expenses decreased $0.2 million in 2012 compared to 2011.

Interest Expense, net decreased $2.3 million in 2012 compared to 2011 primarily reflecting lower interest rates and lower borrowing balances as a result of the equity offering in 2012 as well as the recognition of a non-recurring pre-tax charge, in 2011, against interest income of $1.8 million to charge-off previously accrued carrying costs that were disallowed for rate recovery.

Usource, the Company's non-regulated energy brokering business, recorded revenues of $5.5 million in 2012, on par with 2011. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource. The Company will also realize future fees estimated at the end of December 2012 of $8.2 million from executed energy supply term contracts running from 2013 through 2017.

In 2012, Unitil's annual common dividend was $1.38, representing an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January 2013 meeting, the Unitil Board of Directors declared a quarterly dividend on the Company's common stock of $0.345 per share.

2011 Compared to 2010—The Company's Earnings Applicable to Common Shareholders were $16.3 million, or $1.50 per share, for 2011, an increase of $6.8 million, or $0.62 per share, over 2010, reflecting higher natural gas and electric sales margins partially offset by higher utility operating and interest costs. The results include a non-recurring pre-tax credit of $4.7 million recorded in the fourth quarter of 2011 in connection with the Company's court appeal and the resulting favorable ruling vacating a 2009 regulatory order that had resulted in the previous charge off of Purchased Gas costs. The results for 2011 also include a non-recurring pre-tax charge of $2.0 million recorded in the third quarter, related to the resolution of the 2008 ice storm cost recovery in the Company's Massachusetts rate case and a credit of $1.0 million, recorded in the first quarter, for the proceeds from insurance related settlements.

A more detailed discussion of the Company's 2012 and 2011 results of operations and a year-to-year comparison of changes in financial position are presented below.

Gas Sales, Revenues and Margin

Therm Sales—Unitil's total therm sales of natural gas decreased 3.0% in 2012 compared to 2011. The decrease in gas therm sales in the Company's utility service areas reflects the effect of milder winter weather in 2012 compared to 2011. Based on weather data collected in the Company's service areas, there were 11% and 16% fewer Heating Degree Days in 2012 compared to 2011 and normal, respectively. Weather-normalized gas therm sales (excluding decoupled sales) in 2012 are estimated to be 3.3% higher compared to 2011. The increase in weather-normalized gas therm sales reflects the addition of new Residential and C&I business customers during the year. Approximately 11% of natural gas therm sales are decoupled and changes in these sales due to the weather do not affect sales margins. As discussed above, under revenue decoupling for Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company's Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes.

Unitil's total therm sales of natural gas increased 8.1% in 2011 compared to 2010. The increase in gas therm sales reflects the addition of new Residential and C&I business customers during the year, increased gas usage and colder weather in 2011 compared to 2010, particularly in the first quarter of 2011. Heating Degree Days in 2011 were 3.8% greater than in 2010. Weather-normalized gas therm sales (excluding decoupled sales) in 2011 are estimated to be 8% higher compared to 2010.

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

Therm Sales (millions)				**Change**			
				2012 vs. 2011		**2011 vs. 2010**	
	2012	**2011**	**2010**	**Therms**	**%**	**Therms**	**%**
Residential	**34.8**	37.7	35.1	(2.9)	(7.7%)	2.6	7.4%
Commercial / Industrial	**146.5**	149.2	137.8	(2.7)	(1.8%)	11.4	8.3%
Total Therm Sales	**181.3**	186.9	172.9	(5.6)	(3.0%)	14.0	8.1%

Gas Operating Revenues and Sales Margin—The following table details total Gas Operating Revenue and Margin for the last three years by major customer class:

Gas Operating Revenues and Sales Margin (millions)

				Change			
				2012 vs. 2011		2011 vs. 2010	
	2012	**2011**	**2010**	**$**	**%[1]**	**$**	**%[1]**
Gas Operating Revenue:							
Residential	**$ 65.3**	$ 65.1	$ 61.5	$ 0.2	0.1%	$ 3.6	2.4%
Commercial / Industrial	**95.3**	94.1	88.6	1.2	0.8%	5.5	3.7%
Total Gas Operating Revenue	**$160.6**	$159.2	$150.1	$ 1.4	0.9%	$ 9.1	6.1%
Cost of Gas Sales:							
Purchased Gas	**$ 81.9**	$ 89.1	$ 90.5	$(7.2)	(4.5%)	$ (1.4)	(0.9%)
Conservation & Load Management	**2.5**	2.2	2.8	0.3	0.2%	(0.6)	(0.4%)
Total Cost of Gas Sales	**$ 84.4**	$ 91.3	$ 93.3	$(6.9)	(4.3%)	$ (2.0)	(1.3%)
Gas Sales Margin	**$ 76.2**	$ 67.9	$ 56.8	$ 8.3	5.2%	$11.1	7.4%

(1) Represents change as a percent of Total Gas Operating Revenue.

The Company analyzes operating results using Gas Sales Margin. Gas Sales Margin is calculated as Total Gas Operating Revenues less the associated cost of sales, which are recorded as Purchased Gas and Conservation & Load Management (C&LM) in Operating Expenses. The Company believes Gas Sales Margin is a better measure to analyze profitability than Total Gas Operating Revenues because the approved cost of sales are tracked costs that are passed through directly to the customer, resulting in an equal and offsetting amount reflected in Total Gas Operating Revenues.

Natural gas sales margins were $76.2 million in 2012, or an increase of $8.3 million compared to 2011, reflecting higher gas distribution rates of $12.9 million and customer growth of $1.8 million, partially offset by lower gas therm sales of $1.9 million, and the recovery, in 2011, of $4.5 million of Purchased Gas costs that had been charged off in a prior period, as discussed above.

The increase in Total Gas Operating Revenues of $1.4 million, or 0.9%, in 2012 compared to 2011 reflects higher gas sales margins of $8.3 million. These higher gas sales margins were partially offset by lower costs of sales of $6.9 million, including lower Purchased Gas costs of $7.2 million and higher C&LM costs of $0.3 million, which are tracked costs that are passed through directly to customers.

Natural gas sales margins were $67.9 million in 2011, or an increase of $11.1 million compared to 2010, reflecting increased sales of $4.0 million, higher gas distribution rates of $2.6 million and the recovery of $4.5 million of Purchased Gas costs that had been charged off in a prior period, as discussed above.

The increase in Total Gas Operating Revenues of $9.1 million, or 6.1%, in 2011 compared to 2010 reflects higher gas sales margins of $11.1 million, partially offset by lower costs of sales of $2.0 million, including lower Purchased Gas costs of $1.4 million and lower C&LM costs of $0.6 million.

Electric Sales, Revenues and Margin

Kilowatt-hour Sales—Unitil's total electric kWh sales decreased 1.7% in 2012 compared to 2011, primarily reflecting the effect of milder winter weather in 2012 compared to 2011. As discussed above, there were 11% and 16% fewer Heating Degree Days in 2012 compared to 2011 and normal, respectively. Weather-normalized kWh sales (excluding decoupled sales) in 2012 are estimated to be about the same compared to 2011. Approximately 27% of total electric kWh sales are decoupled and changes in these sales do not affect sales margins. As discussed above, under revenue decoupling for Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company's Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes.

Unitil's total electric kWh sales decreased 0.5% in 2011 compared to 2010 reflecting slightly higher sales to residential customers offset by lower sales to C&I business customers. The increased sales to residential customers reflect customer growth partially offset by the effect of the summer weather in 2011 compared to 2010. There were 14.6% fewer Cooling Degree Days in 2011 compared to 2010. Weather-normalized kWh sales (excluding decoupled sales) in 2011 are estimated to be about the same compared to 2010.

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

kWh Sales (millions)

				Change			
				2012 vs. 2011		2011 vs. 2010	
	2012	**2011**	**2010**	**kWh**	**%**	**kWh**	**%**
Residential	**677.7**	682.8	681.2	(5.1)	(0.7%)	1.6	0.2%
Commercial / Industrial	**976.1**	999.3	1,009.9	(23.2)	(2.3%)	(10.6)	(1.0%)
Total kWh Sales	**1,653.8**	1,682.1	1,691.1	(28.3)	(1.7%)	(9.0)	(0.5%)

Electric Operating Revenues and Sales Margin—The following table details Total Electric Operating Revenue and Sales Margin for the last three years by major customer class:

Electric Operating Revenues (millions)

				Change			
				2012 vs. 2011		2011 vs. 2010	
	2012	**2011**	**2010**	**$**	**%(1)**	**$**	**%(1)**
Electric Operating Revenue:							
Residential	**$102.2**	$100.8	$108.5	$ 1.4	0.7%	$ (7.7)	(3.8%)
Commercial / Industrial	**84.8**	87.3	95.2	(2.5)	(1.3%)	(7.9)	(3.9%)
Total Electric Operating Revenue	**$187.0**	$188.1	$203.7	$(1.1)	(0.6%)	$(15.6)	(7.7%)
Cost of Electric Sales:							
Purchased Electricity	**$108.4**	$114.2	$137.7	$(5.8)	(3.1%)	$(23.5)	(11.5%)
Conservation & Load Management	**6.7**	6.3	6.0	0.4	0.2%	0.3	0.1%
Total Cost of Electric Sales	**$115.1**	$120.5	$143.7	$(5.4)	(2.9%)	$(23.2)	(11.4%)
Electric Sales Margin	**$ 71.9**	$ 67.6	$ 60.0	$ 4.3	2.3%	$ 7.6	3.7%

(1) Represents change as a percent of Total Electric Operating Revenue.

The Company analyzes operating results using Electric Sales Margin. Electric Sales Margin is calculated as Total Electric Operating Revenues less the associated cost of sales, which are recorded as Purchased Electricity and C&LM in Operating Expenses. The Company believes Electric Sales Margin is a better measure to analyze profitability than Total Electric Operating Revenues because the approved cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in Total Electric Operating Revenues.

Electric sales margins were $71.9 million in 2012, or an increase of $4.3 million compared 2011, reflecting higher electric distribution rates of $4.0 million and customer growth of $0.6 million, partially offset by reduced margins on lower unit sales of $0.3 million.

The decrease in Total Electric Operating Revenues of $1.1 million, or 0.6%, in 2012 compared to 2011 reflects lower costs of sales of $5.4 million, including lower Purchased Electricity costs of $5.8 million and higher C&LM costs of $0.4 million, which are tracked costs that are passed through directly to customers. These lower costs of sales were partially offset by higher electric sales margins of $4.3 million.

Electric sales margins were $67.6 million in 2011, or an increase of $7.6 million compared 2010, reflecting higher electric distribution rates of $7.8 million, partially offset by reduced margins on lower unit sales of ($0.2 million).

The decrease in Total Electric Operating Revenues of $15.6 million, or 7.7%, in 2011 compared to 2010 reflects lower costs of sales of $23.2 million, including lower Purchased Electricity costs of $23.5 million and higher C&LM costs of $0.3 million. These lower costs of sales were partially offset by higher electric sales margins of $7.6 million.

Operating Revenue—Other

Total Other Operating Revenue is comprised of revenues from the Company's non-regulated energy brokering business, Usource. Usource's revenues in 2012 were on par with 2011 at $5.5 million. Usource's revenues increased $0.9 million in 2011 compared to 2010. As an energy broker and advisor, Usource assists business customers with the procurement and contracting for electricity and natural gas in competitive energy markets. Usource does not take title to the energy but solicits energy bids from qualified competitive energy suppliers on behalf of its clients. Usource's revenues reflect fees that it charges for its services, which are paid by the transacting supplier, typically over the term of the energy contract. The Company will also realize future fees estimated at the end of December 2012 of $8.2 million from executed energy supply term contracts running from 2013 through 2017.

The following table details total Other Revenue for the last three years:

Other Revenue (millions)

				Change			
				2012 vs. 2011		2011 vs. 2010	
	2012	2011	2010	$	%	$	%
Usource	$5.5	$5.5	$4.6	$—	—	$0.9	19.6%
Total Other Revenue	$5.5	$5.5	$4.6	$—	—	$0.9	19.6%

Operating Expenses

Purchased Gas—Purchased Gas includes the cost of natural gas purchased and manufactured to supply the Company's total gas supply requirements. Purchased Gas decreased $7.2 million, or 8.1%, in 2012 compared to 2011. This decrease reflects lower wholesale natural gas prices, a decline in sales of natural gas compared to the prior period and an increase in the amount of natural gas purchased by customers directly from third-party suppliers. These factors were partially offset by a credit recorded in 2011 of $4.5 million for the recovery of Purchased Gas costs that had previously been charged off in a prior period, discussed above. The Company recovers the approved costs of Purchased Gas in its rates at cost on a pass through basis and therefore changes in approved expenses do not affect earnings.

In 2011, Purchased Gas decreased $1.4 million, or 1.6%, compared to 2010. This decrease reflects a credit of $4.5 million for the recovery of Purchased Gas costs that had previously been charged off in a prior period, discussed above, lower wholesale natural gas prices and an increase in the amount of natural gas purchased by customers directly from third-party suppliers, partially offset by higher sales of natural gas.

Purchased Electricity—Purchased Electricity includes the cost of electric supply as well as other energy supply related restructuring costs, including power supply buyout costs. Purchased Electricity decreased $5.8 million, or 5.1%, in 2012 compared to 2011. This decrease reflects an increase in the amount of electricity purchased by customers directly from third-party suppliers and lower kWh sales. The Company recovers the approved costs of Purchased Electricity in its rates at cost and therefore changes in approved expenses do not affect earnings.

In 2011, Purchased Electricity expenses decreased $23.5 million, or 17.1%, compared to 2010. This decrease primarily reflects lower electric commodity costs and an increase in the amount of electricity purchased by customers directly from third-party suppliers.

Operation and Maintenance—O&M expense includes electric and gas utility operating costs, and the operating costs of the Company's non-regulated business activities. Total O&M expenses increased

$5.5 million, or 10.7%, in 2012 compared to 2011. The change in O&M expenses reflects higher utility operating costs of $3.7 million, higher employee compensation and benefit costs of $0.5 million, and higher professional fees of $0.3 million. The increase in utility operating costs in 2012 compared to 2011 includes an increase of $2.6 million in new spending on vegetation management and electric reliability enhancement programs of which approximately $1.8 million is recovered through cost tracker rate mechanisms that result in corresponding and offsetting increase in revenue. Also, the increase in utility operating costs includes $0.5 million in higher bad debt expenses, $0.3 million in higher storm costs and an increase in all other utility operating costs, net of $0.3 million. The increase in O&M costs in 2012 over the prior year also reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a non-recurring insurance payment of $1.0 million.

In 2011, total O&M expense increased $2.7 million, or 5.5%, compared to 2010, reflecting higher utility operating costs of $1.9 million and higher employee compensation and benefit costs of $1.8 million, partially offset by a credit of $1.0 million for proceeds from insurance related settlements. Utility operating costs in 2011 include approximately $1.7 million of spending on vegetation management and reliability enhancement programs which are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Conservation & Load Management—C&LM expenses are expenses associated with the development, management, and delivery of the Company's energy efficiency programs. Energy efficiency programs are designed, in conformity to state regulatory requirements, to help consumers use natural gas and electricity more efficiently and thereby decrease their energy costs. Programs are tailored to residential, small business and large business customer groups and provide educational materials, technical assistance, and rebates that contribute toward the cost of purchasing and installing approved measures. Approximately 74% of these costs are related to electric operations and 26% to gas operations.

Total Conservation & Load Management expenses increased $0.7 million, in 2012 compared to 2011. These costs are collected from customers on a fully reconciling basis and therefore, fluctuations in program costs do not affect earnings.

Total Conservation & Load Management expenses decreased $0.3 million in 2011 compared to 2010.

Depreciation and Amortization—Depreciation and Amortization expense increased $5.8 million, or 19.8%, in 2012 compared to 2011, principally reflecting normal utility plant additions and amortization of regulatory assets.

In 2011, Depreciation and Amortization expense increased $0.4 million, or 1.4%, compared to 2010, reflecting normal utility plant additions, amortization of previously deferred storm charges and changes in depreciation rates resulting from the Company's base rate cases.

Local Property and Other Taxes—Local Property and Other Taxes increased $1.0 million, or 7.7%, in 2012 compared to 2011, reflecting higher local property taxes on higher levels of utility plant in service.

In 2011, Local Property and Other Taxes increased $1.8 million, or 16.1%, compared to 2010. This increase reflects higher state and local property tax rates on higher levels of utility plant in service.

Federal and State Income Taxes—Federal and State Income Taxes increased $1.0 million in 2012 compared to 2011 due to higher pre-tax earnings in 2012 compared to 2011 (See Note 7 to the accompanying Consolidated Financial Statements).

In 2011, Federal and State Income Taxes increased $5.5 million compared to 2010 due to higher pre-tax earnings in 2011 compared to 2010 (See Note 7 to the accompanying Consolidated Financial Statements).

***Other Non-operating Expenses (Income)*—**Other Non-operating Expenses (Income) decreased $0.2 million in 2012 compared to 2011 and increased $0.1 million in 2011 compared to 2010.

Interest Expense, net

Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. Certain reconciling rate mechanisms used by the Company's distribution utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated (See Note 3 to the accompanying Consolidated Financial Statements).

Interest Expense, net decreased $2.3 million in 2012 compared to 2011 primarily reflecting lower interest rates and lower borrowing balances as a result of the equity offering in 2012 as well as the recognition of a non-recurring pre-tax charge, in 2011, against interest income of $1.8 million to charge-off previously accrued carrying costs that were disallowed for rate recovery.

In 2011, Interest Expense, net increased $2.3 million compared to 2010 due to lower interest income recorded on regulatory assets, including a non-recurring pre-tax charge, in the third quarter of 2011, against interest income of $1.8 million to charge-off previously accrued carrying costs that were disallowed for rate recovery. Interest expense also reflects the issuance of $40 million of long-term notes by two of the Company's operating utilities, Unitil Energy and Northern Utilities, in March 2010.

LIQUIDITY, COMMITMENTS AND CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities. The Company initially supplements internally generated funds through bank borrowings, as needed, under its unsecured short-term revolving credit facility. Periodically, the Company replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets. Additionally, from time to time, the Company has accessed the public capital markets through public offerings of equity securities. The Company's utility operations are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The amount, type and timing of any future financing will vary from year to year based on capital needs and maturity or redemptions of securities.

On May 16, 2012, the Company issued and sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering (Offering). The Company's net increase to Common Equity and Cash proceeds from the Offering was approximately $65.7 million and was used to make equity capital contributions to the Company's regulated utility subsidiaries, repay short-term debt and for general corporate purposes.

The Company and its subsidiaries are individually and collectively members of the Unitil Cash Pool (the Cash Pool). The Cash Pool is the financing vehicle for day-to-day cash borrowing and investing. The Cash Pool allows for an efficient exchange of cash among the Company and its subsidiaries. The interest rates charged to the subsidiaries for borrowing from the Cash Pool are based on actual interest costs from lenders under the Company's revolving credit facility. At December 31, 2012 and December 31, 2011, the Company and all of its subsidiaries were in compliance with the regulatory requirements to participate in the Cash Pool.

Unitil has an unsecured revolving credit facility with a group of banks that extends to October 8, 2013. Effective July 24, 2012, Unitil reduced the borrowing limit under its revolving credit facility from $115 million to $60 million, which the Company believes will be sufficient until its expected renewal. The new $60 million borrowing limit reflects reduced borrowing needs as a result of the recent repayment of short-term debt with the net proceeds of the Company's public equity offering in May 2012.

The following table details the borrowing limits, amounts outstanding and amounts available under the revolving credit facility as of December 31, 2012 and December 31, 2011:

Revolving Credit Facility (millions)

	December 31, 2012	December 31, 2011
Limit	$60.0	$115.0
Outstanding	$49.4	$ 87.9
Available	$10.6	$ 27.1

The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of December 31, 2012 and December 31, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement. (See also "Credit Arrangements" in Note 4.)

The continued availability of various methods of financing, as well as the choice of a specific form of security for such financing, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of earnings, cash flows and financial position; and the competitive pricing offered by financing sources.

Contractual Obligations

The table below lists the Company's significant contractual obligations as of December 31, 2012.

		Payments Due by Period			
Significant Contractual Obligations (millions) as of December 31, 2012	**Total**	**2013**	**2014-2015**	**2016-2017**	**2018 & Beyond**
Long-Term Debt	$287.8	$ 0.5	$ 6.5	$ 34.6	$246.2
Interest on Long-Term Debt	244.1	19.9	39.6	37.5	147.1
Gas Supply Contracts	215.0	43.7	77.4	69.4	24.5
Electric Supply Contracts	4.2	0.9	1.4	0.7	1.2
Other (Including Capital and Operating Lease Obligations)	4.2	1.6	1.8	0.7	0.1
Total Contractual Cash Obligations	$755.3	$66.6	$126.7	$142.9	$419.1

The Company and its subsidiaries have material energy supply commitments that are discussed in Note 5 to the accompanying Consolidated Financial Statements. Cash outlays for the purchase of electricity and natural gas to serve customers are subject to reconciling recovery through periodic changes in rates, with carrying charges on deferred balances. From year to year, there are likely to be timing differences associated with the cash recovery of such costs, creating under- or over-recovery situations at any point in time. Rate recovery mechanisms are typically designed to collect the under-recovered cash or refund the over-collected cash over subsequent periods of less than a year.

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of December 31, 2012, there were approximately $12.3 million of guarantees outstanding and the longest term guarantee extends through February 2014.

Northern Utilities enters into asset management agreements under which it releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $10.7 million and $14.9 million of natural gas storage inventory obligations at December 31, 2012 and 2011, respectively, related to these asset management agreements. The amount of natural gas inventory released in December 2012, which was payable in January 2013, is $2.1 million and recorded in Accounts Payable at December 31, 2012. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of December 31, 2012, the principal amount outstanding for the 8% Unitil Realty notes was $2.8 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

Benefit Plan Funding

The Company, along with its subsidiaries, made cash contributions to its Pension Plan in the amount of $9.4 million and $8.8 million in 2012 and 2011, respectively. The Company, along with its subsidiaries, contributed $2.2 million to Voluntary Employee Benefit Trusts (VEBTs) in 2012. No contributions were made to the VEBTs in 2011. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan and the VEBTs in 2013 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these benefit plans. See Note 9 (Retirement Benefit Plans) to the accompanying Consolidated Financial Statements.

Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements. See Note 3 (Long-Term Debt, Credit Arrangements, Leases and Guarantees) to the accompanying Consolidated Financial Statements.

Cash Flows

Unitil's utility operations, taken as a whole, are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash (in millions) for 2012 and 2011.

	2012	**2011**
Cash Provided by Operating Activities	**$66.7**	$45.9

Cash Provided by Operating Activities—Cash Provided by Operating Activities was $66.7 million in 2012, an increase of $20.8 million over 2011. Cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes, was $64.1 million in 2012 compared to $54.4 million in 2011, representing an increase of $9.7 million. Working capital changes in Current Assets and Liabilities resulted in a $2.4 million net source of cash in 2012 compared to a ($7.4) million net use of cash in 2011. Deferred Regulatory and Other Charges resulted in a $3.6 million source of cash in 2012, compared to a $1.1 million source of cash in 2011. All Other, net operating activities resulted in a use of cash of ($3.4) million in 2012 compared to a use of cash of ($2.2) million in 2011.

	2012	**2011**
Cash (Used in) Investing Activities	**$(68.5)**	$(57.1)

Cash (Used in) Investing Activities—Cash Used in Investing Activities was ($68.5) million for 2012 compared to ($57.1) million in 2011. The capital spending in both periods is representative of normal distribution utility capital expenditures reflecting electric and gas utility system additions. The increase in capital spending in 2012 compared to 2011 primarily reflects plant additions to connect new gas customers to the Company's gas distribution system. Capital expenditures are projected to be approximately ($83) million in 2013 reflecting a higher level of capital spending on information system and utility facility projects and planned increases in gas customer additions.

	2012	2011
Cash Provided by Financing Activities	**$4.1**	$9.8

Cash Provided by Financing Activities—Cash Provided by Financing Activities was $4.1 million in 2012 compared to $9.8 million in 2011. In 2012, sources of cash from financing activities included proceeds from issuance of common stock of $66.8 million. Uses of cash from financing activities included payment of short-term debt of ($38.5) million, payment of long-term debt of ($0.5) million, a decrease in gas inventory financing of ($3.8) million, retirement of Preferred Stock of ($1.8) million and regular quarterly dividend payments on common and preferred stock of ($17.2) million. All other financing activities resulted in a use of ($0.9) million.

FINANCIAL COVENANTS AND RESTRICTIONS

The agreements under which the Company and its subsidiaries issue long-term debt contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions, business combinations and covenants restricting the ability to (i) pay dividends, (ii) incur indebtedness and liens, (iii) merge or consolidate with another entity or (iv) sell, lease or otherwise dispose of all or substantially all assets. See Note 3 (Long-Term Debt, Credit Arrangements, Leases and Guarantees) to the accompanying Consolidated Financial Statements.

The long-term debt of Unitil, Unitil Energy, Fitchburg, Northern Utilities, Granite State and Unitil Realty are private placements, and the Company does not issue commercial paper. For these reasons, the debt securities of Unitil and its subsidiaries are not publicly rated.

The Company's revolving credit facility contains customary terms and conditions for credit facilities of this type, including certain financial covenants, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter.

The Company and its subsidiaries are currently in compliance with all such covenants in these debt instruments.

DIVIDENDS

Unitil's annualized common dividend was $1.38 per common share in 2012, 2011 and 2010. Unitil's dividend policy is reviewed periodically by the Board of Directors. Unitil has maintained an unbroken record of quarterly dividend payments since trading began in Unitil's common stock. At its January 2013 meeting, the Unitil Board of Directors declared a quarterly dividend on the Company's common stock of $0.345 per share. The amount and timing of all dividend payments are subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors. In addition, the ability of the Company's subsidiaries to pay dividends or make distributions to Unitil, and, therefore, Unitil's ability to pay dividends, depends on, among other things:

- the actual and projected earnings and cash flow, capital requirements and general financial condition of the Company's subsidiaries;
- the prior rights of holders of existing and future preferred stock, mortgage bonds, long-term notes and other debt issued by the Company's subsidiaries;
- the restrictions on the payment of dividends contained in the existing loan agreements of the Company's subsidiaries and that may be contained in future debt agreements of the Company's subsidiaries, if any; and

- limitations that may be imposed by New Hampshire, Massachusetts and Maine state regulatory agencies.

In addition, before the Company can pay dividends on its common stock, it has to satisfy its debt obligations and comply with any statutory or contractual limitations. See *Financial Covenants and Restrictions*, above, as well as Note 3 (Long-Term Debt, Credit Arrangements, Lease and Guarantees) to the accompanying Consolidated Financial Statements.

LEGAL PROCEEDINGS

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

In early 2009, a putative class action complaint was filed against Unitil Corporation's (the "Company") Massachusetts based utility, Fitchburg Gas and Electric Light Company ("Fitchburg"), in Massachusetts' Worcester Superior Court (the "Court"), (captioned Bellerman et al v. Fitchburg Gas and Electric Light Company). The Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Complaint, as amended, includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. Following several years of discovery, the plaintiffs in the complaint filed a motion with the Court to certify the case as a class action. On January 7, 2013, the Court issued its decision denying plaintiffs' motion to certify the case as a class action. As a result of this decision, the lawsuit will now continue with only the twelve named plaintiffs seeking damages. Future proceedings may include an appeal of this decision or a trial on the claims of the twelve named plaintiffs. The Company continues to believe the suit is without merit and will continue to defend itself vigorously.

REGULATORY MATTERS

Overview—Unitil's distribution utilities deliver electricity and/or natural gas to customers in the Company's service territories at rates established under cost of service regulation. Under this regulatory structure, Unitil Energy, Fitchburg, and Northern Utilities recover the cost of providing distribution service to their customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. Fitchburg's electric and gas divisions also operate under revenue decoupling mechanisms. As a result of the restructuring of the utility industry in New Hampshire, Massachusetts and Maine, most Unitil customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers have the opportunity to purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers, however, continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

In connection with the implementation of retail choice, Unitil Power and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next one to two years, is $24.3 million as of December 31, 2012 including $13.3 million recorded in Current Assets as Accrued Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Fitchburg—Base Rates—On August 1, 2011, the MDPU issued an order approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of Fitchburg. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs.

Granite State—Base Rates—Granite State has in place a FERC approved rate settlement agreement under which it is permitted each June to file a limited Section 4 rate case that includes incremental annual rate adjustments to recover the revenue requirements for certain specified future capital cost additions to transmission plant projects totaling up to $11.4 million. Of the $11.4 million, $4.0 million of capital spending is being recovered in current rates. On June 29, 2012, Granite State submitted to the FERC an incremental annual rate adjustment filing of $0.3 million due to capital costs additions of $2.4 million, with rates effective August 1, 2012. On July 27, 2012, the FERC accepted the tariffs as proposed.

Unitil Energy—Base Rates—On April 26, 2011, the NHPUC approved a rate settlement with a permanent increase of $5.2 million in annual revenue effective July 1, 2010, and an additional increase of $5.0 million in annual revenue effective May 1, 2011. The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million to $2.0 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than 7% and a sharing of earnings with customers if its return on equity is greater than 10% in a calendar year. Unitil Energy filed its first step adjustment filing for $1.5 million for implementation on May 1, 2012, to recover increased spending for its vegetation management program and reliability enhancement program. The adjustment filing was approved by the NHPUC with minor modifications.

Northern Utilities—Base Rates—Maine—On November 29, 2011, the MPUC approved a $7.8 million permanent increase in annual distribution revenue for Northern Utilities' Maine operations, effective January 1, 2012, and an additional permanent increase in annual distribution revenue of $0.85 million to recover the costs of 2011 cast iron pipe replacement capital spending effective May 1, 2012. The settlement precludes Northern Utilities from filing for a new base rate increase with an effective date prior to January 1, 2014.

Northern Utilities—Base Rates—New Hampshire—On April 24, 2012, the NHPUC approved a settlement agreement providing for a $3.7 million permanent increase in annual distribution revenues for Northern Utilities' New Hampshire operations, effective May 1, 2012. The permanent rate increase was reconciled back to August 1, 2011, the effective date of temporary rates.

Major Storms—Fitchburg and Unitil Energy

Superstorm Sandy—On October 29-30, 2012, a severe storm struck the Eastern seaboard of the United States, causing extensive damage to electric facilities and loss of service to significant numbers of customers of several utilities. Based on its preliminary assessment, Fitchburg and Unitil Energy incurred approximately $1.1 million and $2.6 million, respectively, in costs for the repair and replacement of electric distribution systems damaged during the storm. The amount and timing of the cost recovery of these storm restoration expenditures will be determined in future regulatory proceedings. The Company does not believe these storm restoration expenditures and the timing of cost recovery will have a material adverse impact on the Company's financial condition or results of operations. This matter remains pending.

Fitchburg—Storm Cost Deferral Petition—On December 16, 2011, Fitchburg filed a request with the MDPU for authorization to defer, for future recovery in rates, the costs incurred to perform storm-related emergency repairs on its electric distribution system as a result of two storms, Tropical Storm Irene, which occurred on August 28, 2011, and a severe snow storm, which occurred on October 29-30, 2011. Fitchburg estimates that, including capitalized amounts, it incurred $1.5 million in costs for Tropical Storm Irene and $3.3 million in costs for the October 2011 snow storm. The Company has requested approval to defer and accrue carrying charges on approximately $4.3 million of the storm costs that were not capitalized into utility plant. On May 1, 2012 the MDPU approved the request to defer the storm costs and ordered that the issue of carrying charges would be addressed in the Company's next base rate proceeding.

Unitil Energy—2011 Storm Costs—On December 16, 2011, Unitil Energy filed a petition with the NHPUC to increase its storm recovery adjustment factor effective May 1, 2012, to recover the approximately $4.4 million of costs of repairing damage to its electrical system resulting from the August 2011 Tropical Storm Irene and the October 2011 snow storm. On April 24, 2012, the NHPUC issued an order approving recovery of the costs over a five year period with a carrying cost rate of 4.52%, subject to reconciliation.

Fitchburg—Electric Operations—On November 30, 2012, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan. The filing includes the reconciliation of costs and revenues for a number of surcharges and cost factors which are under individual review in separate proceedings before the MDPU, including the Pension/PBOP Adjustment Factor, Residential Assistance Adjustment Factor, Net Metering Recovery Surcharge, Attorney General Consultant Expense Factor and Revenue Decoupling Adjustment Factor. The rates were approved effective January 1, 2013, subject to reconciliation pending investigation by the MDPU. This matter remains pending.

Fitchburg—Gas Operations—On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an MDPU order issued on November 2, 2009 which had ordered Fitchburg to refund natural gas costs, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the SJC's decision, the Regulatory Liability was adjusted and the Company recognized a pre-tax credit to earnings of $4.7 million in the fourth quarter of 2011 as a $4.5 million reduction in Purchased Gas expense and a reduction of $0.2 million in Interest Expense, net.

The Company began the recoupment of the amounts previously refunded, with interest, effective January 1, 2012. In order to minimize the rate impact on customers, the recoupment is scheduled to occur over three consecutive heating seasons, beginning January 1, 2012.

Fitchburg—Service Quality—On March 1, 2012, Fitchburg submitted its 2011 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for both its gas and electric divisions. On January 13, 2012, the MDPU issued its order approving the 2010 Service Quality Report for Fitchburg's gas division. The 2010 Service Quality report for Fitchburg's electric division remains pending.

On December 11, 2012, the MDPU opened an investigation into the service quality provided by the gas and electric distribution companies in Massachusetts and the Service Quality guidelines currently in effect. The MDPU investigation will review existing and potential new reliability, safety, and customer satisfaction metrics; potential penalties for downed wire response; potential clean energy metrics; penalty provisions, including penalty offsets for superior performance in other metrics for poor performance on a different metric; and review of historic data for use in establishing service quality benchmarks. Fitchburg will be an active participant in this docket, which remains pending.

Fitchburg—Other—On February 11, 2009, the SJC issued its decision in the Attorney General's (AG) appeal of the MDPU orders relating to Fitchburg's recovery of bad debt expense. The SJC agreed with the AG that the MDPU was required to hold hearings regarding changes in Fitchburg's tariff and rates, and on that basis vacated the MDPU orders. The SJC, however, declined to rule on an appropriate remedy, and remanded the cases back to the MDPU for consideration of that issue. In the Company's August 1, 2011 rate decision, the MDPU held that the approval of dollar for dollar collection of supply-related bad debt in the Company's rate cases in 2006 (gas) and 2007 (electric) satisfied the requirement for a hearing ordered by the SJC. The MDPU has opened a docket to address the amounts collected by Fitchburg between the time the MDPU first approved dollar for dollar collection of the Company's bad debt, and the rate decisions in 2006 and 2007. The MDPU has set a procedural schedule providing for the filing of testimony, issuance of discovery and an evidentiary hearing in May 2013. This matter remains pending before the MDPU.

On July 2, 2008, the Governor of Massachusetts signed into law "The Green Communities Act" (the GC Act), an energy policy statute designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, special tariffs to allow the net metering of customer-owned renewable generation, and terms and conditions for purchasing supplier receivables. Fitchburg's initial three year energy efficiency investment plans, plans to establish smart grid pilot programs, net metering tariffs and proposals to purchase long-term contracts for renewable energy have been approved by the MDPU. Terms and conditions for purchasing supplier receivables and Fitchburg's filing for the next three year energy efficiency investment plans are under review in separately designated dockets.

On August 3, 2012, the Governor of Massachusetts signed into law "An Act Relative to Competitively Priced Electricity in the Commonwealth", which both increases electric distribution companies' obligations to purchase renewable energy resources and the availability of net metering. This act also includes changes to the MDPU's ratemaking procedures and authority for reviewing mergers and acquisition for electric and gas distribution companies. With these changes, electric distribution companies are required to file rate schedules every five years, and gas distribution companies every ten years. The MDPU has also opened a proceeding, as mandated by the act, to establish a cost-based rate design for costs that are currently recovered from distribution customers through a reconciling factor.

On August 6, 2012, the Governor of Massachusetts also signed into law "An Act Relative to the Emergency Response of Public Utilities", which establishes a new storm trust fund and requires that penalties levied by the MDPU for violations of its emergency preparedness rules be credited to customers.

Unitil Energy—Annual Rate Reconciliation Filing—On June 15, 2012, Unitil Energy filed its annual reconciliation and rate filing, for rates effective August 1, 2012, including reconciliation of prior year costs and revenues. This filing was approved by the NHPUC on July 20, 2012 with minor modifications.

Unitil Energy—Billing Adjustment—In August 2011, Unitil Energy and one of its larger customers in New Hampshire entered into an agreement regarding a billing error that resulted from a transformer connected to the customer's meter, which had been mislabeled by the manufacturer, and caused Unitil Energy to overcharge the customer for bills issued from October 2004 through January 2011. The amount of the customer's overpayment was calculated to be $1.8 million. As a result of the agreement, Unitil Energy reimbursed the customer $1.8 million plus $0.3 million of interest. The Company recognized a non-recurring charge of $0.4 million for distribution charges plus interest in 2011 related to this agreement and filed with the NHPUC for recovery of the remaining amount of the reimbursement to this customer for reconciling electric supply related charges.

As a result of this metering issue, which was discovered in February 2011, certain other customers in the Company's service areas were under-billed from October 2004 through January 2011 for reconciling supply-related charges. Accordingly, the Company requested authorization from the NHPUC to adjust reconciling account balances and process the billing correction. A settlement agreement between Unitil Energy, the Office of Consumer Advocate and the NHPUC Staff was filed with the NHPUC, providing for recovery by the Company from its under-billed customers of approximately $1.4 million of the amount it had reimbursed the large customer. On January 25, 2013, the NHPUC approved the settlement agreement.

Northern Utilities—Cast Iron Pipe Replacement Program—On July 30, 2010, the MPUC approved a settlement agreement providing for an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. Under the agreement, Northern Utilities is proceeding with a comprehensive upgrade and replacement program, which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The agreement establishes the objective of completing the program by the end of the 2024.

Unitil Corporation—FERC Audit—On November 3, 2011, the FERC commenced an audit of Unitil Corporation, including its associated service company and its electric and natural gas distribution companies. Among other requirements, the audit will evaluate the Company's compliance with: i) cross-subsidization restrictions on affiliate transactions; ii) regulations under the Energy Policy Act of 2005; and the iii) uniform system of accounts for centralized service companies. The Company expects the final audit report will be issued in the first quarter of 2013.

ENVIRONMENTAL MATTERS

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2012, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, we cannot assure you that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allowed Fitchburg to achieve temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Northern Utilities' Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Additionally, Northern Utilities has executed a Letter of Intent with New Yard, LLC to redevelop the Portland site as a boat repair facility with lease proceeds being used to offset remediation costs. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Also, see Note 5 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements for additional information on Environmental Matters.

EMPLOYEES AND EMPLOYEE RELATIONS

As of December 31, 2012, the Company and its subsidiaries had 467 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of December 31, 2012, 157 of the Company's employees were represented by labor unions. There are 78 union employees covered by two separate collective bargaining agreements which expire on May 31, 2013 and June 5, 2014. The agreements provide discrete salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

There are 35 union employees who are covered by a separate collective bargaining agreement which expires on March 31, 2017. The agreement includes discrete salary adjustments, established work practices and uniform benefit packages.

There are 39 union employees who are covered by a separate collective bargaining agreement which expires on May 31, 2018. The agreement includes discrete salary adjustments, established work practices and uniform benefit packages.

In October 2012, the Electric Systems Operators, which is a group of five employees, voted to be represented by a union. The terms have not yet been negotiated for a new collective bargaining agreement covering this group of five employees.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. In making those estimates and assumptions, the Company is sometimes required to make difficult, subjective and/or complex judgments about the impact of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. The following is a summary of the Company's most critical accounting policies, which are defined as those policies where judgments or uncertainties could materially affect the application of those policies. For a complete discussion of the Company's significant accounting policies, refer to the financial statements and Note 1: Summary of Significant Accounting Policies.

Regulatory Accounting—The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the Financial Accounting Standards Board Accounting Standards Codification (FASB Codification). In accordance with the FASB Codification, the Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

The FASB Codification specifies the economic effects that result from the cause and effect relationship of costs and revenues in the rate-regulated environment and how these effects are to be accounted for by a regulated enterprise. Revenues intended to cover some costs may be recorded either before or after the costs are incurred. If regulation provides assurance that incurred costs will be recovered in the future, these costs would be recorded as deferred charges or "regulatory assets." If revenues are recorded for costs that are expected to be incurred in the future, these revenues would be recorded as deferred credits or "regulatory liabilities."

The Company's principal regulatory assets and liabilities are included on the Company's Consolidated Balance Sheet and a summary of the Company's Regulatory Assets is provided in Note 1 thereto. The Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements.

The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Utility Revenue Recognition—Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, the amount of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenues are estimated. These unbilled revenues are estimated each month based on estimated customer usage by class and applicable customer rates.

On August 1, 2011, the Massachusetts Department of Public Utilities (MDPU) issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, for which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company's other electric and natural gas distribution utilities are not subject to RDM.

Allowance for Doubtful Accounts—The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

Retirement Benefit Obligations—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The FASB Codification requires companies to record on their balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates.

The Company's RBO and reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO are affected by actual employee demographics, the level of contributions made to the plans, earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs. If these assumptions were changed, the resultant change in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material impact on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on an assessment of current market conditions using high quality corporate bond interest rate indices and pension yield curves. For the years ended December 31, 2012 and 2011, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $367,000 and $325,000, respectively, in the Net Periodic Benefit Cost for the Pension Plan. For the years ended December 31, 2012 and 2011, a 1.0% increase in the assumption of health care cost trend rates would have resulted in increases in the Net Periodic Benefit Cost for the PBOP Plan of $981,000 and $909,000, respectively. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for those same time periods would have resulted in decreases in the Net Periodic Benefit Cost for the PBOP Plan of $756,000 and $705,000, respectively. (See Note 9 to the accompanying Consolidated Financial Statements).

Income Taxes—The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's Consolidated Balance Sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the Consolidated Statements of Earnings.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes, which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Depreciation—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements.

Commitments and Contingencies—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2012, the Company is not aware of any material commitments or contingencies other than those disclosed in the Significant Contractual Obligations table in the Contractual Obligations section above and the Commitments and Contingencies footnote to the Company's consolidated financial statements below.

Refer to "Recently Issued Accounting Pronouncements" in Note 1 of the Notes of Consolidated Financial Statements for information regarding recently issued accounting standards.

For further information regarding the foregoing matters, see Note 1 (Summary of Significant Accounting Policies), Note 7 (Income Taxes), Note 4 (Energy Supply), Note 9 (Retirement Benefit Plans) and Note 5 (Commitment and Contingencies) to the Consolidated Financial Statements.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Please also refer to Item 1A. "Risk Factors".

INTEREST RATE RISK

As discussed above, Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of debt outstanding represents long-term notes bearing fixed rates of interest. Changes in market interest rates do not affect interest expense resulting from these outstanding long-term debt securities. However, the Company periodically repays its short-term debt borrowings through the issuance of new long-term debt securities. Changes in market interest rates may affect the interest rate and corresponding interest expense on any new issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was $25 million for the period of one year, a change in interest rates of 1% would result in a change in annual interest expense of approximately $250,000. The average interest rate on short-term borrowings was 2.0%, 2.2%, and 2.3% during 2012, 2011, and 2010, respectively.

MARKET RISK

Although Unitil's three distribution utilities 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 electric power and natural gas supply costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed in the section entitled *Rates and Regulation* in Part I, Item 1 (Business) and in Note 5 (Commitments and Contingencies) to the accompanying Consolidated Financial Statements, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

Item 8. Financial Statements and Supplementary Data

Report of Independent Registered Public Accounting Firm

To the Board of Directors and Shareholders of Unitil Corporation and subsidiaries:

We have audited the accompanying consolidated balance sheets of Unitil Corporation and subsidiaries ("the Company") as of December 31, 2012 and 2011, and the related consolidated statements of earnings, cash flows and changes in common stock equity for each of the years in the three-year period ended December 31, 2012. We also have audited Unitil Corporation and subsidiaries' internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on these financial statements and an opinion on the Company's internal control over financial reporting based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that *(a)* pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; *(b)* provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and *(c)* provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Unitil Corporation and subsidiaries as of December 31, 2012 and 2011, and the results of its operations and its cash flows for each of the years in the three-year period ended December 31, 2012, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, Unitil Corporation and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission.

/s/ McGladrey LLP
Boston, Massachusetts
January 30, 2013

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CONSOLIDATED STATEMENTS OF EARNINGS

(Millions, except common shares and per share data)

Year Ended December 31,	2012	2011	2010
Operating Revenues:			
Gas	**$ 160.6**	$ 159.2	$ 150.1
Electric	**187.0**	188.1	203.7
Other	**5.5**	5.5	4.6
Total Operating Revenues	**353.1**	352.8	358.4
Operating Expenses:			
Purchased Gas	**81.9**	89.1	90.5
Purchased Electricity	**108.4**	114.2	137.7
Operation and Maintenance	**57.0**	51.5	48.8
Conservation & Load Management	**9.2**	8.5	8.8
Depreciation and Amortization	**35.1**	29.3	28.9
Provisions for Taxes:			
Local Property and Other	**14.0**	13.0	11.2
Federal and State Income	**11.0**	10.0	4.5
Total Operating Expenses	**316.6**	315.6	330.4
Operating Income	**36.5**	37.2	28.0
Other Non-Operating Expenses	**0.2**	0.4	0.3
Income Before Interest Expense	**36.3**	36.8	27.7
Interest Expense, net	**18.1**	20.4	18.1
Net Income	**18.2**	16.4	9.6
Less Dividends on Preferred Stock	**0.1**	0.1	0.1
Earnings Applicable to Common Shareholders	**$ 18.1**	$ 16.3	$ 9.5
Average Common Shares Outstanding (000's)—Basic	**12,669**	10,880	10,823
Average Common Shares Outstanding (000's)—Diluted	**12,672**	10,883	10,824
Earnings per Common Share—Basic and Diluted	**$ 1.43**	$ 1.50	$ 0.88

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

CONSOLIDATED BALANCE SHEETS *(Millions)*

ASSETS

December 31,	2012	2011
Utility Plant:		
Electric	**$356.9**	$333.3
Gas	**424.4**	382.3
Common	**30.9**	29.8
Construction Work in Progress	**19.4**	28.3
Utility Plant	**831.6**	773.7
Less: Accumulated Depreciation	**230.4**	216.5
Net Utility Plant	**601.2**	557.2
Current Assets:		
Cash	**9.8**	7.5
Accounts Receivable, net	**45.9**	44.2
Accrued Revenue	**58.1**	54.2
Gas Inventory	**10.5**	14.8
Material and Supplies	**4.1**	3.6
Prepayments and Other	**4.2**	4.5
Total Current Assets	**132.6**	128.8
Noncurrent Assets:		
Regulatory Assets	**136.0**	142.2
Other Noncurrent Assets	**16.8**	18.5
Total Noncurrent Assets	**152.8**	160.7
TOTAL ASSETS	**$886.6**	$846.7

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

CONSOLIDATED BALANCE SHEETS (cont.) *(Millions)*

CAPITALIZATION AND LIABILITIES

December 31,	2012	2011
Capitalization:		
Common Stock Equity	**$260.4**	$191.7
Preferred Stock	**0.2**	2.0
Long-Term Debt, Less Current Portion	**287.3**	287.8
Total Capitalization	**547.9**	481.5
Current Liabilities:		
Long-Term Debt, Current Portion	**0.5**	0.5
Accounts Payable	**30.9**	26.4
Short-Term Debt	**49.4**	87.9
Energy Supply Obligations	**13.8**	24.5
Current Deferred Income Taxes	**13.4**	9.0
Taxes Payable	**0.7**	1.0
Other Current Liabilities	**16.7**	17.5
Total Current Liabilities	**125.4**	166.8
Noncurrent Liabilities:		
Energy Supply Obligations	**3.3**	4.2
Noncurrent Deferred Income Taxes	**38.7**	37.3
Cost of Removal Obligations	**51.4**	46.5
Retirement Benefit Obligations	**103.7**	91.2
Environmental Obligations	**13.8**	14.5
Other Noncurrent Liabilities	**2.4**	4.7
Total Noncurrent Liabilities	**213.3**	198.4
TOTAL CAPITALIZATION AND LIABILITIES	**$886.6**	$846.7

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

CONSOLIDATED STATEMENTS OF CASH FLOWS (*Millions*)

Year Ended December 31,	2012	2011	2010
Operating Activities:			
Net Income	**$ 18.2**	$ 16.4	$ 9.6
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:			
Depreciation and Amortization	**35.1**	29.3	28.9
Deferred Taxes Provision	**10.8**	8.7	10.5
Changes in Working Capital Items:			
Accounts Receivable	**(1.7)**	(7.3)	(3.4)
Accrued Revenue	**(3.9)**	(4.8)	(3.5)
Taxes Refundable / Payable	**(0.3)**	8.5	(5.8)
Gas Inventory	**4.3**	(4.2)	3.7
Accounts Payable	**4.5**	(0.1)	1.4
Other Changes in Working Capital Items	**(0.5)**	0.5	(4.6)
Deferred Regulatory and Other Charges	**3.6**	1.1	(4.3)
Other, net	**(3.4)**	(2.2)	(6.6)
Cash Provided by Operating Activities	**66.7**	45.9	25.9
Investing Activities:			
Property, Plant and Equipment Additions	**(68.5)**	(57.1)	(49.6)
Cash (Used In) Investing Activities	**(68.5)**	(57.1)	(49.6)
Financing Activities:			
Proceeds from (Repayment of) Short-Term Debt, net	**(38.5)**	21.1	2.3
Proceeds from Issuance of Long-Term Debt	**—**	—	40.0
Repayment of Long-Term Debt	**(0.5)**	(0.5)	(0.5)
Net Increase (Decrease) in Gas Inventory Financing	**(3.8)**	4.6	(2.2)
Dividends Paid	**(17.2)**	(15.2)	(15.0)
Retirement of Preferred Stock	**(1.8)**	—	—
Proceeds from Issuance of Common Stock	**66.8**	1.0	0.9
Other, net	**(0.9)**	(1.2)	(0.6)
Cash Provided by Financing Activities	**4.1**	9.8	24.9
Net Increase (Decrease) in Cash	**2.3**	(1.4)	1.2
Cash at Beginning of Year	**7.5**	8.9	7.7
Cash at End of Year	**$ 9.8**	$ 7.5	$ 8.9
Supplemental Information:			
Interest Paid	**$ 21.2**	$ 21.2	$ 20.5
Income Taxes (Refunded) Paid	**$ 0.7**	$ (7.3)	$ 2.3
Non-cash Investing Activity:			
Capital Expenditures Included in Accounts Payable	**$ 1.9**	$ 2.6	$ 1.5

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

CONSOLIDATED STATEMENTS OF CHANGES IN COMMON STOCK EQUITY *(Millions)*

	Common Equity	Retained Earnings	Total
Balance at January 1, 2010	$159.5	$ 33.6	**$193.1**
Net Income for 2010		9.6	**9.6**
Dividends		(15.0)	**(15.0)**
Shares Issued Under Stock Plans	0.4		**0.4**
Issuance of 41,455 Common Shares	0.9		**0.9**
Balance at December 31, 2010	160.8	28.2	**189.0**
Net Income for 2011		16.4	**16.4**
Dividends		(15.2)	**(15.2)**
Shares Issued Under Stock Plans	0.5		**0.5**
Issuance of 39,473 Common Shares	1.0		**1.0**
Balance at December 31, 2011	162.3	29.4	**191.7**
Net Income for 2012		18.2	**18.2**
Dividends		(17.2)	**(17.2)**
Shares Issued Under Stock Plans	0.9		**0.9**
Issuance of 41,752 Common Shares	1.1		**1.1**
Issuance of 2,760,000 Common Shares (See Note 2)	65.7		**65.7**
Balance at December 31, 2012	$230.0	$ 30.4	**$260.4**

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

Note 1: Summary of Significant Accounting Policies

Nature of Operations—Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite State), Unitil Power Corp. (Unitil Power), Unitil Realty Corp. (Unitil Realty), Unitil Service Corp. (Unitil Service) and its non-regulated business unit Unitil Resources, Inc. (Unitil Resources). Usource, Inc. and Usource L.L.C. are wholly-owned subsidiaries of Unitil Resources.

The Company's results will reflect the seasonal nature of the natural gas distribution business. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher due to heating-related requirements, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Unitil's principal business is the local distribution of electricity in the southeastern seacoast and capital city areas of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire; Fitchburg, which operates in Massachusetts; and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the "distribution utilities").

Granite State is an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third-party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy's customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service, Unitil Realty and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly- owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to a national client base of large commercial and industrial customers.

Basis of Presentation

Principles of Consolidation—The Company's consolidated financial statements include the accounts of Unitil and all of its wholly-owned subsidiaries and all intercompany transactions are eliminated in consolidation.

Regulatory Accounting—The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the Massachusetts Department of Public Utilities (MDPU), Unitil Energy is regulated by the New Hampshire Public Utilities

Commission (NHPUC) and Northern Utilities is regulated by the Maine Public Utilities Commission (MPUC) and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the Financial Accounting Standards Board Accounting Standards Codification (FASB Codification). The Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

	December 31,	
Regulatory Assets consist of the following (millions)	**2012**	**2011**
Energy Supply Obligations	**$ 8.5**	$ 16.2
Deferred Restructuring Costs	**20.1**	21.8
Retirement Benefit Obligations	**62.5**	55.3
Income Taxes	**10.2**	10.9
Environmental Obligations	**16.8**	17.5
Deferred Storm Charges	**27.8**	28.6
Regulatory Tracker Mechanisms	**24.7**	23.5
Other	**12.0**	12.0
Total Regulatory Assets	**$182.6**	$185.8
Less: Current Portion of Regulatory Assets[1]	**46.6**	43.6
Regulatory Assets—noncurrent	**$136.0**	$142.2

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

Generally, the Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Cash—Cash includes all cash and cash equivalents to which the Company has legal title. Cash equivalents include short-term investments with original maturities of three months or less and interest bearing deposits. The Company's cash and cash equivalents are held at financial institutions and at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Under the Independent System Operator—New England (ISO-NE) Financial Assurance Policy (Policy), Unitil's affiliates Unitil Energy, Fitchburg and Unitil Power are required to provide assurance of their ability to satisfy their obligations to ISO-NE. Under this Policy, Unitil's affiliates provide cash deposits covering approximately 2-1/2 months of outstanding obligations. On December 31, 2012 and 2011, the Unitil affiliates had deposited $5.4 million and $4.6 million, respectively to satisfy their ISO-NE obligations. In addition, Northern Utilities has cash margin deposits to satisfy requirements for its natural gas hedging program. On December 31, 2012 and 2011, there was $1.2 million and $2.6 million, respectively, deposited for this purpose.

Accrued Revenue—Accrued Revenue includes the current portion of Regulatory Assets (see "Regulatory Accounting" above and unbilled revenues (see Utility Revenue Recognition below.) The following table shows the components of Accrued Revenue as of December 31, 2012 and 2011.

Accrued Revenue (millions)	December 31, 2012	December 31, 2011
Regulatory Assets—Current	**$46.6**	$43.6
Unbilled Revenues	**11.5**	10.6
Total Accrued Revenue	**$58.1**	$54.2

Utility Plant—The cost of additions to Utility Plant and the cost of renewals and betterments are capitalized. Cost consists of labor, materials, services and certain indirect construction costs, including an allowance for funds used during construction (AFUDC). The average interest rates applied to AFUDC were 2.04%, 2.28% and 2.25% in 2012, 2011 and 2010, respectively. The costs of current repairs and minor replacements are charged to appropriate operating expense accounts. The original cost of utility plant retired or otherwise disposed of is charged to the accumulated provision for depreciation. The Company includes in its mass asset depreciation rates, which are periodically reviewed as part of its ratemaking proceedings, cost of removal amounts to provide for future negative salvage value. At December 31, 2012 and 2011, the Company estimates that the cost of removal amounts, which are recorded on the Consolidated Balance Sheets in Cost of Removal Obligations are $51.4 million and $46.5 million, respectively. Prior to December 31, 2012, the cost of removal amounts had been recorded in Accumulated Depreciation on the Consolidated Balance Sheets. The prior period amounts have been reclassified to Cost of Removal Obligations on the Consolidated Balance Sheets to conform to current year presentation.

Goodwill and Intangible Assets—As a result of the acquisitions of Northern Utilities and Granite State, the Company recognized a bargain purchase adjustment as a reduction to Utility Plant, to be amortized over a ten year period, beginning with the date of the Acquisitions, as authorized by regulators. As of December 31, 2012, the unamortized balance of the bargain purchase adjustment is $14.7 million, to be amortized over the next six years.

Off-Balance Sheet Arrangements—As of December 31, 2012, the Company does not have any significant arrangements that would be classified as Off-Balance Sheet Arrangements. In the ordinary course of business, the Company does contract for certain office equipment, vehicles and other equipment under operating leases (See Note 3).

Fair Value—The Financial Accounting Standards Board (FASB) Codification defines fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the FASB Codification are described below:

Level 1—Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2—Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3—Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the

Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

There have been no changes in the valuation techniques used during the current period.

Derivatives—The Company has a regulatory commission approved hedging program for Northern Utilities designed to fix a portion of its gas supply costs for the coming year of service. In order to fix these costs, the Company purchases natural gas futures contracts on the New York Mercantile Exchange (NYMEX) that correspond to the associated delivery month. Any gains or losses resulting from the change in the fair value of these derivatives are passed through to ratepayers directly through a regulatory commission approved recovery mechanism. The fair value of these derivatives is determined using Level 2 inputs (valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly), specifically based on the NYMEX closing prices for outstanding contracts as of the balance sheet date. As a result of the ratemaking process, the Company records gains and losses resulting from the change in fair value of the derivatives as regulatory liabilities or assets, then reclassifies these gains or losses into Purchased Gas when the gains and losses are passed through to customers in accordance with rate reconciling mechanisms.

As of December 31, 2012 and December 31, 2011, the Company had 1.9 billion cubic feet (BCF) and 1.6 BCF, respectively, outstanding in natural gas purchase contracts under its hedging program.

The tables below show derivatives, which are part of the regulatory approved hedging program, that are not designated as hedging instruments, under FASB ASC 815-20. As discussed above, the change in fair value related to these derivatives is recorded initially as a Regulatory Asset then reclassified to Purchased Gas in accordance with the recovery mechanism. The tables below include disclosure of the Regulatory Asset and reclassifications from the Regulatory Asset into Purchased Gas.

Fair Value Amount (millions) Offset in Regulatory Assets[1], as of:

		Fair Value	
Description	**Balance Sheet Location**	**December 31, 2012**	**December 31, 2011**
Natural Gas Futures Contracts	Other Current Liabilities	**$0.7**	$1.7
Natural Gas Futures Contracts	Other Noncurrent Liabilities	**—**	0.6
Total		**$0.7**	$2.3

(1) The current portion of Regulatory Assets is recorded as Accrued Revenue on the Company's Consolidated Balance Sheets.

	Twelve Months Ended December 31,	
(millions)	**2012**	**2011**
Amount of (Gain) / Loss Recognized in Regulatory Assets for Derivatives:		
Natural Gas Futures Contracts	**$1.0**	$2.9
Amount of Loss Reclassified into Consolidated Statements of Earnings[2]:		
Purchased Gas	**$2.6**	$1.6

(2) These amounts are offset in the Consolidated Statements of Earnings with the recognition of accrued revenue as a component of Gas Operating Revenue and therefore there is no effect on earnings.

Utility Revenue Recognition—Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, the amount of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenues are estimated. These unbilled revenues are estimated each month based on estimated customer usage by class and applicable customer rates.

On August 1, 2011, the Massachusetts Department of Public Utilities (MDPU) issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of the Company's Massachusetts combination electric and natural gas distribution utility, Fitchburg. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, for which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as increases or decreases in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company's other electric and natural gas distribution utilities are not subject to RDM.

Revenue Recognition—Non-regulated Operations—Usource, Unitil's competitive energy brokering subsidiary, records energy brokering revenues based upon the estimated amount of electricity and gas delivered to customers through the end of the accounting period.

Allowance for Doubtful Accounts—The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company.

Retirement Benefit Obligations—The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The Company records on its balance sheets as an asset or liability the overfunded or underfunded status of its retirement benefit obligations (RBO) based on the projected benefit obligations. The Company has recognized a corresponding Regulatory Asset, to recognize the future collection of these obligations in electric and gas rates. (See Note 9).

Energy Supply Obligations—The following discussion and table summarize the nature and amounts of the items recorded as Energy Supply Obligations on the Company's Consolidated Balance Sheets.

Gas Inventory Obligation—Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. The gas inventory related to these agreements is recorded in Gas Inventory on the Company's Consolidated Balance Sheets while the corresponding obligations are recorded in Energy Supply Obligations.

Power Supply Contract Divestitures—As a result of the restructuring of the utility industry in New Hampshire and Massachusetts, Unitil Energy's and Fitchburg's customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs. The obligations related to these divestitures are recorded in Energy Supply Obligations on the Company's Consolidated Balance Sheets with corresponding regulatory assets recorded in Accrued Revenue (current portion) and Regulatory Assets (long-term portion).

Renewable Energy Portfolio Standards—Renewable Energy Portfolio Standards (RPS) require retail electricity suppliers, including public utilities, to demonstrate that required percentages of their sales are met with power generated from certain types of resources or technologies. Compliance is demonstrated by purchasing and retiring Renewable Energy Certificates (REC) generated by facilities approved by the state as qualifying for REC treatment. Unitil Energy and Fitchburg purchase RECs in compliance with RPS legislation in New Hampshire and Massachusetts for supply provided to default service customers. RPS compliance costs are a supply cost that is recovered in customer default service rates. Unitil Energy and Fitchburg collect RPS compliance costs from customers throughout the year and demonstrate compliance for each calendar year on the following July 1. Due to timing differences between collection of revenue from customers and payment of REC costs to suppliers, Unitil Energy and Fitchburg typically maintain accrued revenue for RPS compliance which is recorded in Accrued Revenue with a corresponding liability in Energy Supply Obligations on the Company's Consolidated Balance Sheets.

	December 31,	
Energy Supply Obligations consist of the following: (millions)	**2012**	**2011**
Current:		
Gas Inventory Obligation	**$ 8.7**	$12.4
Power Supply Contract Divestitures	**0.9**	8.7
Renewable Energy Portfolio Standards	**4.2**	3.4
Total Energy Supply Obligations—Current	**$13.8**	$24.5
Long-Term:		
Power Supply Contract Divestitures	**$ 3.3**	$ 4.2
Total Energy Supply Obligations	**$17.1**	$28.7

Use of Estimates—The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities, and requires disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Commitments and Contingencies—The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of December 31, 2012, the Company is not aware of any material commitments or contingencies other than those disclosed in the Commitments and Contingencies footnote to the Company's consolidated financial statements below. (See Note 5).

Depreciation and Amortization—Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets, and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's consolidated financial statements. 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: 2012 – 3.60%, 2011 – 3.43% and 2010 – 3.99%.

Gas Inventory—The weighted average cost methodology is used to value natural gas in storage.

Environmental Matters—The Company's past and present operations include activities that are generally subject to extensive federal and state environmental laws and regulations. The Company has recovered or will recover substantially all of the costs of the environmental remediation work performed to date from customers or from its insurance carriers. The Company believes it is in compliance with all applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2012, there are no material losses that would require additional liability reserves to be recorded other than those disclosed in Note 5, Commitments and Contingencies. Changes in future environmental compliance regulations or in future cost estimates of environmental remediation costs could have a material effect on the Company's financial position if those amounts are not recoverable in regulatory rate mechanisms.

Stock-based Employee Compensation—Unitil accounts for stock-based employee compensation using the fair value-based method (See Note 2).

Sales and Consumption Taxes—The Company bills its customers sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's Consolidated Statements of Earnings.

Income Taxes—The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's Consolidated Balance Sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the Consolidated Statements of Earnings.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes, which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. In accordance with the FASB Codification, the Company periodically assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known. Deferred income taxes are reflected as Current and Noncurrent Deferred Income Taxes on the Consolidated Balance Sheets based on the nature of the underlying timing item. Prior to December 31, 2012, deferred income taxes were reflected as a single amount on the Consolidated Balance Sheets. The prior period amount of current deferred income taxes, $9.0 million, has been reclassified to conform to current year presentation.

Dividends—The Company's dividend policy is reviewed periodically by the Board of Directors. The amount and timing of all dividend payments is subject to the discretion of the Board of Directors and will depend upon business conditions, results of operations, financial conditions and other factors. For the years ended December 31, 2012, 2011 and 2010, the Company paid quarterly dividends of $0.345 per share, resulting in an annual dividend rate of $1.38 per common share.

Other Recently Issued Pronouncements—In December 2011, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2011-11, "Balance Sheet (Topic 210): Disclosures about Offsetting Assets and Liabilities." The amendments in this ASU require an entity to disclose information about offsetting and related arrangements to enable users of its financial statements to understand the effect of those arrangements on its financial position. An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2013, and interim periods within those annual periods. An entity should provide the disclosures required by those amendments retrospectively for all comparative periods presented. The Company does not expect that the adoption of ASU 2011-11 will have any impact on the Company's Consolidated Financial Statements.

In May 2011, the FASB issued ASU No. 2011-04, "Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRS", (ASU 2011-04). This update changes certain fair value measurement principles and enhances the disclosure requirements particularly for Level 3 fair value measurements. This update is effective for reporting periods beginning on or after December 15, 2011, with early adoption prohibited, and requires prospective application. The Company adopted ASU 2011-04 and it did not have any impact on the Company's Consolidated Financial Statements.

Subsequent Events—The Company evaluates all events or transactions through the date of the related filing. During the period through the date of this filing, the Company did not have any material subsequent events that impacted its Consolidated Financial Statements.

Reclassifications—Certain amounts previously reported have been reclassified to improve the financial statements' presentation and to conform to current year presentation. Most significant has been the reclassification of cost of removal costs associated with asset retirements from Accumulated Depreciation to Cost of Removal Obligations and the segregation of Deferred Income Taxes to current and noncurrent amounts on the Company's Consolidated Balance Sheets, as discussed above in Utility Plant and Income Taxes, respectively.

Note 2: Equity

The Company has common stock outstanding and one of our subsidiaries has preferred stock outstanding. Details regarding these forms of capitalization follow:

Common Stock

The Company's common stock trades on the New York Stock Exchange under the symbol "UTL". On April 21, 2011, the Company's shareholders approved an increase in the authorized shares of the Company's common stock. Shareholders approved an amendment to the Company's Articles of Incorporation to increase the authorized number of shares of the Company's common stock, from 16,000,000 shares to 25,000,000 shares in the aggregate. The Company had 13,780,601, and 10,954,065 shares of common stock outstanding at December 31, 2012 and December 31, 2011, respectively.

Unitil Corporation Common Stock Offering—On May 16, 2012, the Company issued and sold 2,760,000 shares of its common stock at a price of $25.25 per share in a registered public offering (Offering). The Company's net increase to Common Equity and Cash proceeds from the Offering was approximately $65.7 million and was used to make equity capital contributions to the Company's regulated utility subsidiaries, repay short-term debt and for general corporate purposes.

Dividend Reinvestment and Stock Purchase Plan—During 2012, the Company sold 41,752 shares of its common stock, at an average price of $26.37 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) plans resulting in net proceeds of $1.1 million. The DRP 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. During 2011 and 2010, the Company raised $1.0 million and $0.9 million, respectively, through the issuance of 39,473 and 41,455 shares, respectively, of its common stock in connection with its DRP and 401(k) plans.

Common Shares Repurchased, Cancelled and Retired—Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on March 22, 2012, the Company may periodically repurchase shares of its common stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer. (See Part II, Item 5 (for additional information). During 2012, 2011 and 2010, the Company repurchased 6,368, 8,765 and 3,225 shares of its common stock, respectively, pursuant to the Rule 10b5-1 trading plan. The expense recognized by the Company for these repurchases was $0.2 million, $0.2 million and $0.1 million in 2012, 2011 and 2010, respectively.

During 2012, 2011 and 2010, the Company did not cancel or retire any of its common stock.

Stock-Based Compensation Plans—Unitil maintains a stock plan. The Company accounts for its stock-based compensation plan in accordance with the provisions of the FASB Codification and measures compensation costs at fair value at the date of grant. Details of the plan are as follows:

Stock Plan—The Company maintains the Unitil Corporation Amended and Restated 2003 Stock Plan (the Stock Plan). Participants in the Stock Plan are selected by the Compensation Committee of the Board of Directors to receive awards under the Stock Plan, including awards of restricted shares (Restricted Shares), or of restricted stock units (Restricted Stock Units). The Compensation Committee has the authority to determine the sizes of awards; determine the terms and conditions of awards in a manner consistent with the Stock Plan; construe and interpret the Stock Plan and any agreement or instrument entered into under the Stock Plan as they apply to participants; establish, amend, or waive rules and regulations for the Stock Plan's administration as they apply to participants; and, subject to the provisions of the Stock Plan, amend the terms and conditions of any outstanding award to the extent such terms and conditions are within the discretion of the Compensation Committee as provided for in the Stock Plan. On April 19, 2012, the Company's shareholders approved an amendment to the Stock Plan to, among other things, increase the maximum number of shares of common stock available for awards to plan participants.

The maximum number of shares available for awards to participants under the Stock Plan is 677,500. The maximum number of shares that may be awarded in any one calendar year to any one participant is 20,000. In the event of any change in capitalization of the Company, the Compensation Committee is authorized to make an equitable adjustment to the number and kind of shares of common stock that may be delivered under the Stock Plan and, in addition, may authorize and make an equitable adjustment to the Stock Plan's annual individual award limit.

Outstanding awards of Restricted Shares fully vest over a period of four years at a rate of 25% each year. During the vesting period, dividends on Restricted Shares underlying the award may be credited to a participant's account. Awards may be grossed up to offset the participant's tax obligations in connection with the award. Prior to the end of the vesting period, the restricted shares are subject to forfeiture if the participant ceases to be employed by the Company other than due to the participant's death.

Restricted Shares issued for 2010 – 2012 in conjunction with the Stock Plan are presented in the following table:

Issuance Date	Shares	Aggregate Market Value (millions)
2/5/10	12,520	$0.3
2/9/11	24,330	$0.6
2/3/12	25,600	$0.7

The compensation expense associated with the issuance of shares under the Stock Plan is being recorded over the vesting period and was $1.3 million, $0.7 million and $0.5 million in 2012, 2011 and 2010, respectively. There were 53,932 and 52,362 non-vested shares under the Stock Plan as of December 31, 2012 and 2011, respectively. The weighted average grant date fair value of these shares was $24.67 per share and $22.21 per share, respectively. At December 31, 2012, there was approximately $0.7 million of total unrecognized compensation cost under the Stock Plan which is expected to be recognized over approximately 2.5 years. There were 816 restricted shares forfeited and there were no cancellations under the Stock Plan during 2012.

There were no Restricted Stock Units issued in conjunction with the Stock Plan during 2010 and 2011. On October 1, 2012, there were 5,470 fully-vested Restricted Stock Units issued to members of the Company's Board of Directors. These Restricted Stock Units earn dividend equivalents and will generally be settled by payment to each Director as soon as practicable following the Director's separation from service to the Company. The Restricted Stock Units will be paid such that the Director will receive (i) 70% of the shares of the Company's common stock underlying the restricted stock units and (ii) cash in an amount equal to the fair market value of 30% of the shares of the Company's common stock underlying the Restricted Stock Units. Restricted Stock Units issued during 2012 in conjunction with the Stock Plan during 2012 are presented in the following table:

Equity RSUs	2012	
	Equity RSUs	Weighted Average Stock Price
Beginning Equity Restricted Stock Units	—	
Equity Restricted Stock Units Granted	3,829	$27.43
Dividend Equivalents Earned—Prior Years	—	
Dividend Equivalents Earned—Current Year	54	$24.62
Equity Restricted Stock Units Settled	—	
Ending Equity Restricted Stock Units	3,883	$27.39

Included in Other Noncurrent Liabilities on the Company's Consolidated Balance Sheets as of December 31, 2012 is less than $0.1 million representing the fair value of liabilities associated with the portion of fully vested RSUs that will be settled in cash.

Unitil Corporation 1998 Stock Option Plan—The "Unitil Corporation 1998 Stock Option Plan" became effective on December 11, 1998 and was terminated by the Board of Directors on January 16, 2003. There was no compensation expense associated with this plan in 2012, 2011 and 2010. The plan has remained in effect solely for the purposes of the continued administration of any options outstanding under the plan. No further grants of options have been or will be made under this plan since it was terminated by the Board of Directors in 2003. As of December 31, 2012, 2011 and 2010, there was no aggregate intrinsic value of the options exercisable. As of December 31, 2011, all options under this plan have expired.

	2011		2010	
	Number of Shares	Average Exercise Price	Number of Shares	Average Exercise Price
Beginning Options Outstanding	**33,000**	**$25.88**	63,500	$28.90
Options Granted	**—**	**—**	—	—
Options Exercised	**—**	**—**	—	—
Options Forfeited / Expired	**(33,000)**	**$25.88**	(30,500)	$32.17
Ending Options Outstanding	**—**	**$ —**	33,000	$25.88
Options Vested and Exercisable- end of year	**—**	**$ —**	33,000	$25.88

Preferred Stock

One of Unitil's distribution utility companies, Unitil Energy, has an aggregate of $0.2 million of 6.00% Series Non-Redeemable, Non-Cumulative Preferred Stock outstanding at December 31, 2012.

On December 1, 2012, Fitchburg redeemed and retired the two outstanding issues of its Redeemable, Cumulative Preferred Stock. The 8.00% Series was redeemed at par (aggregate par value of $965,400). The 5.125% Series was redeemed at par plus a premium of 1.28% (aggregate value of $792,313). Fitchburg used operating cash to effect this transaction.

Fitchburg was required to offer to redeem annually a given number of shares of each series of its Redeemable, Cumulative Preferred Stock and to purchase such shares that were tendered by holders of the respective stock. In addition, Fitchburg had the option to redeem the Redeemable, Cumulative Preferred Stock at a given redemption price, plus accrued dividends.

The aggregate purchases of Redeemable, Cumulative Preferred Stock during 2012, 2011 and 2010 related to the annual redemption offer were $8,000, $8,600 and $25,000, respectively.

Earnings Per Share

The following table reconciles basic and diluted earnings per share.

(Millions except shares and per share data)	2012	2011	2010
Earnings Available to Common Shareholders	**$ 18.1**	$ 16.3	$ 9.5
Weighted Average Common Shares Outstanding—Basic (000's)	**12,669**	10,880	10,823
Plus: Diluted Effect of Incremental Shares (000's)	**3**	3	1
Weighted Average Common Shares Outstanding—Diluted (000's)	**12,672**	10,883	10,824
Earnings per Share—Basic and Diluted	**$ 1.43**	$ 1.50	$ 0.88

Weighted average options to purchase 33,000 shares of common stock were outstanding during 2010 but were not included in the computation of Weighted Average Common Shares Outstanding for purposes of computing diluted earnings per share, because the effect would have been antidilutive. Additionally, 24,325, 1,642 and 6,164 weighted average non-vested restricted shares for 2012, 2011 and 2010, respectively, were not included in the above computation because the effect would have been antidilutive.

Note 3: Long-Term Debt, Credit Arrangements, Leases and Guarantees

The Company funds a portion of its operations through the issuance of long-term debt and through short-term borrowings under its revolving credit facility. The Company's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their machinery, vehicles and office equipment. Details regarding long-term debt, short-term debt and leases follow:

Long-Term Debt and Interest Expense

Long-Term Debt Structure and Covenants—The agreements under which the long-term debt of Unitil and its utility subsidiaries, Unitil Energy, Fitchburg, Northern Utilities, and Granite State, were issued contain various covenants and restrictions. These agreements do not contain any covenants or restrictions pertaining to the maintenance of financial ratios or the issuance of short-term debt. These agreements do contain covenants relating to, among other things, the issuance of additional long-term debt, cross-default provisions and business combinations, as described below.

The long-term debt of Unitil is issued under Unsecured Promissory Notes with negative pledge provisions. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt. Accordingly, in order for Unitil to issue new long-term debt, the covenants of the existing long-term agreement(s) must be satisfied, including that Unitil have total funded indebtedness less than 70% of total capitalization, and earnings available for interest equal to at least two times the interest charges for funded indebtedness. Each future senior long-term debt issuance of Unitil will rank pari passu with all other senior unsecured long-term debt issuances. The Unitil long-term debt agreement requires that if Unitil defaults on any other future long-term debt agreement(s), it would constitute a default under its present long-term debt agreement. Furthermore, the default provisions are triggered by the defaults of Unitil Energy and Fitchburg or certain other actions against Unitil subsidiaries.

Substantially all of the property of Unitil Energy is subject to liens of indenture under which First Mortgage Bonds (FMB) have been issued. In order to issue new FMB, the customary covenants of the existing Unitil Energy Indenture Agreement must be met; including that Unitil Energy have sufficient available net bondable plant to issue the securities and earnings available for interest charges equal to at least two times the annual interest requirement. The Unitil Energy agreements further require that if Unitil Energy defaults on any Unitil Energy FMB, it would constitute a default for all Unitil Energy FMB. The Unitil Energy default provisions are not triggered by the actions or defaults of Unitil or its other subsidiaries.

All of the long-term debt of Fitchburg, Northern Utilities and Granite State are issued under Unsecured Promissory Notes with negative pledge provisions. Each issue of long-term debt ranks pari passu with its other senior unsecured long-term debt within that subsidiary. The long-term debt's negative pledge provisions contain restrictions which, among other things, limit the incursion of additional long-term debt.

Accordingly, in order for Fitchburg, Northern Utilities or Granite State to issue new long-term debt, the covenants of the existing long-term agreements of that subsidiary must be satisfied, including that the subsidiary have total funded indebtedness less than 65% of total capitalization. Additionally, to issue new long-term debt, Fitchburg must maintain earnings available for interest equal to at least two times the interest charges for funded indebtedness. As with the Unitil Energy agreements, the Fitchburg, Northern Utilities and Granite State long-term debt agreements each require that if that subsidiary defaults on any of its own long-term debt agreements, it would constitute a default under all of that subsidiary's long-term debt agreements. None of the Fitchburg, Northern Utilities and Granite State default provisions are triggered by the actions or defaults of Unitil or any of its other subsidiaries.

The Unitil, Unitil Energy, Fitchburg, Northern Utilities and Granite State long-term debt instruments and agreements contain covenants restricting the ability of each company to incur liens and to enter into sale and leaseback transactions, and restricting the ability of each company to consolidate with, to merge with or into, or to sell or otherwise dispose of all or substantially all of its assets. The Granite State notes are guaranteed by Unitil for the payment of principal, interest and other amounts payable. This guarantee will terminate if Granite State is reorganized and merges with and into Northern Utilities.

At December 31, 2012, there were no restrictions on Unitil's Retained Earnings for the payment of common dividends. Unitil Energy, Fitchburg, Northern Utilities and Granite State pay dividends to their sole shareholder, Unitil Corporation, and these dividends are the primary source of cash for the payment of dividends to Unitil's common shareholders.

Debt Repayment—The total aggregate amount of debt repayments relating to bond issues and normal scheduled long-term debt repayments amounted to $500,405, $462,055, and $426,643 in 2012, 2011, and 2010, respectively.

The aggregate amount of bond repayment requirements and normal scheduled long-term debt repayments for each of the five years following 2012 is: 2013 – $541,938; 2014 – $2,486,919; 2015 – $4,035,633; 2016 – $17,421,724; and 2017 – $17,160,985, respectively.

Fair Value of Long-Term Debt—Currently, the Company believes that there is no active market in the Company's debt securities, which have all been sold through private placements. If there were an active market for the Company's debt securities, the fair value of the Company's long-term debt would be estimated based on 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. The fair value of the Company's long-term debt is estimated using Level 2 inputs (valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly and indirectly.) In estimating the fair value of the Company's long-term debt, the assumed market yield reflects the Moody's Baa Utility Bond Average Yield. Costs, including prepayment costs, associated with the early settlement of long-term debt are not taken into consideration in determining fair value.

(millions)	December 31,	
	2012	2011
Estimated Fair Value of Long- Term Debt	**$349.7**	$338.7

Details on long-term debt at December 31, 2012 and 2011 are shown below:

Long-Term Debt (millions)	December 31, 2012	December 31, 2011
Unitil Corporation Senior Notes:		
6.33% Notes, Due May 1, 2022	**$ 20.0**	$ 20.0
Unitil Energy First Mortgage Bonds:		
5.24% Series, Due March 2, 2020	**15.0**	15.0
8.49% Series, Due October 14, 2024	**15.0**	15.0
6.96% Series, Due September 1, 2028	**20.0**	20.0
8.00% Series, Due May 1, 2031	**15.0**	15.0
6.32% Series, Due September 15, 2036	**15.0**	15.0
Fitchburg Long-Term Notes:		
6.75% Notes, Due November 30, 2023	**19.0**	19.0
7.37% Notes, Due January 15, 2029	**12.0**	12.0
7.98% Notes, Due June 1, 2031	**14.0**	14.0
6.79% Notes, Due October 15, 2025	**10.0**	10.0
5.90% Notes, Due December 15, 2030	**15.0**	15.0
Northern Utilities Senior Notes:		
6.95% Senior Notes, Series A, Due December 3, 2018	**30.0**	30.0
5.29% Senior Notes, Due March 2, 2020	**25.0**	25.0
7.72% Senior Notes, Series B, Due December 3, 2038	**50.0**	50.0
Granite State Senior Notes:		
7.15% Senior Notes, Due December 15, 2018	**10.0**	10.0
Unitil Realty Corp. Senior Secured Notes:		
8.00% Notes, Due August 1, 2017	**2.8**	3.3
Total Long-Term Debt	**287.8**	288.3
Less: Current Portion	**0.5**	0.5
Total Long-Term Debt, Less Current Portion	**$287.3**	$287.8

Interest Expense, net—Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets (and regulatory liabilities) on which interest is calculated.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this monthly tracking and reconciling process will produce either an under-collected or an over-collected balance of costs. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Consistent with regulatory precedent, interest income is recorded on an under-collection of costs, which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

A summary of interest expense and interest income is provided in the following table:

Interest Expense, net (millions)

	2012	2011	2010
Interest Expense			
Long-term Debt	**$20.3**	$20.3	$20.0
Short-term Debt	**1.5**	1.7	1.7
Regulatory Liabilities	**0.5**	—	0.3
Subtotal Interest Expense	**22.3**	22.0	22.0
Interest Income			
Regulatory Assets	**(3.4)**	(1.1)	(3.5)
AFUDC[1] and Other	**(0.8)**	(0.5)	(0.4)
Subtotal Interest Income	**(4.2)**	(1.6)	(3.9)
Total Interest Expense, net	**$18.1**	$20.4	$18.1

(1) AFUDC—Allowance for Funds Used During Construction

Credit Arrangements

Unitil has an unsecured revolving credit facility with a group of banks that extends to October 8, 2013. Effective July 24, 2012, Unitil reduced the borrowing limit under its revolving credit facility from $115 million to $60 million. The new $60 million borrowing limit reflects reduced borrowing needs as a result of the recent repayment of short-term debt with the net proceeds of the Company's public equity offering in May 2012.

The following table details the borrowing limits, amounts outstanding and amounts available under the revolving credit facility as of December 31, 2012 and December 31, 2011:

Revolving Credit Facility (millions)

	December 31, 2012	December 31, 2011
Limit	$60.0	$115.0
Outstanding	$49.4	$ 87.9
Available	$10.6	$ 27.1

The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company's ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company's ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of December 31, 2012 and December 31, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement.

The weighted average interest rates on all short-term borrowings were 2.0%, 2.2%, and 2.3% during 2012, 2011, and 2010, respectively.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $10.7 million and $14.9 million of natural gas storage inventory obligations at December 31, 2012 and 2011, respectively, related to these asset management agreements. The amount of natural gas inventory released in December 2012, which was payable in January 2013, is $2.1 million and recorded in Accounts Payable at December 31, 2012. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011.

Leases

Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

Total rental expense under operating leases charged to operations for the years ended December 31, 2012, 2011 and 2010 amounted to $1.3 million, $1.4 million and $1.0 million respectively. Fitchburg leases its operations facility in Fitchburg, Massachusetts under an operating lease, with a primary term through January 31, 2013. Fitchburg intends to purchase this facility at its fair market value at the end of this lease term.

The following is a schedule of future operating lease payment obligations and future minimum lease payments under capital leases as of December 31, 2012:

Year Ending December 31, (000's)	Operating Leases	Capital Leases
2013	$ 997	$ 628
2014	804	300
2015	668	82
2016	479	—
2017	198	—
2018 – 2022	50	—
Total Payments	**$3,196**	**$1,010**

Guarantees

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of December 31, 2012, there were approximately $12.3 million of guarantees outstanding and the longest term guarantee extends through February 2014.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of December 31, 2012, the principal amount outstanding for the 8% Unitil Realty notes was $2.8 million, and the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

Note 4: Energy Supply

Natural Gas Supply

Unitil manages gas supply for customers served by Northern Utilities in Maine and New Hampshire as well as customers served by Fitchburg in Massachusetts.

Fitchburg's residential and commercial and industrial (C&I) business customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors. Many large and some medium C&I customers purchase their supplies from third-party suppliers, while most of Fitchburg's residential and small C&I customers continue to purchase their supplies at regulated rates from Fitchburg. Northern Utilities' C&I customers have the opportunity to purchase their natural gas supply from third-party gas supply vendors, and third-party supply is prevalent among Northern Utilities' larger C&I customers. Most small C&I customers, as well as all residential customers, purchase their gas supply from Northern Utilities under regulated rates and tariffs. The approved costs associated with the acquisition of such wholesale natural gas supplies for customers who do not contract with third-party suppliers are recovered on a pass-through basis through periodically adjusted rates and are included in Purchased Gas in the Consolidated Statements of Earnings.

Regulated Natural Gas Supply

Fitchburg purchases natural gas under contracts of one year or less, as well as from producers and marketers on the spot market. Fitchburg arranges for gas delivery to its system through its own long-term contracts with Tennessee Gas Pipeline, or in the case of liquefied natural gas (LNG) or liquefied propane gas (LPG), to truck supplies to storage facilities within Fitchburg's service territory.

Fitchburg has available under firm contract 14,057 million British Thermal Units (MMbtu) per day of year-round and seasonal transportation and underground storage capacity to its distribution facilities. As a supplement to pipeline natural gas, Fitchburg owns a propane air gas plant and a LNG storage and vaporization facility. These plants are used principally during peak load periods to augment the supply of pipeline natural gas.

Northern Utilities purchases a majority of its natural gas from U.S. domestic and Canadian suppliers under contracts of one year or less, and on occasion from producers and marketers on the spot market. Northern Utilities arranges for gas delivery to its system through its own long-term contracts with various interstate pipeline and storage facilities, through peaking supply contracts delivered to its system, or in the case of LNG, to truck supplies to storage facilities within Northern Utilities' service territory.

Northern Utilities has available under firm contract 100,000 MMbtu per day of year-round and seasonal transportation capacity to its distribution facilities, and 3.4 billion cubic feet (BCF) of underground storage. As a supplement to pipeline natural gas, Northern Utilities owns an LNG storage and vaporization facility. This plant is used principally during peak load periods to augment the supply of pipeline natural gas.

Electric Power Supply

The restructuring of the electric utility industry in New Hampshire required the divestiture of Unitil's power supply arrangements and the procurement of replacement supplies, which provided the flexibility for migration of customers to and from utility energy service. Fitchburg, Unitil Energy, and Unitil Power each are members of the New England Power Pool (NEPOOL) and participate in the Independent System Operator New England, Inc. (ISO-NE) markets for the purpose of facilitating these wholesale electric power supply transactions, which are necessary to serve Unitil's customers.

As a result of restructuring of the electric utility industry in Massachusetts and New Hampshire, Unitil's customers in both New Hampshire and Massachusetts have the opportunity to purchase their electric supply from competitive third-party energy suppliers. As of December 2012, 75% of Unitil's largest New Hampshire customers, representing 24% of total New Hampshire electric energy sales, and 90% of Unitil's largest Massachusetts customers, representing 31% of total Massachusetts electric energy sales, are purchasing their electric power supply in the competitive market. However, most residential and small commercial customers continue to purchase their electric supply through Unitil's distribution utilities under regulated energy rates and tariffs. We believe that the concentration of the competitive retail market on higher use customers has been a common experience throughout the New England electricity market.

Regulated Electric Power Supply

In order to provide regulated electric supply service to their customers, Unitil's electric distribution utilities enter into load-following wholesale electric power supply contracts with various wholesale suppliers.

Fitchburg has power supply contracts with various wholesale suppliers for the provision of Basic Service energy supply. MDPU policy dictates the pricing structure and duration of each of these contracts. Basic Service power supply contracts for residential, small and medium general service customers are acquired every six months, are 12 months in duration and provide 50% of the supply requirements. On June 13, 2012, the MDPU approved, for a period of one year, Fitchburg's request to discontinue the procurement process for Fitchburg's large customers and become the load-serving entity for these customers. Currently, all Basic Service power supply requirements for large accounts are assigned to Fitchburg's ISO-NE settlement account where Fitchburg procures electric supply through ISO-NE's real-time market.

Unitil Energy currently has power supply contracts with various wholesale suppliers for the provision of Default Service to its customers. On July 31, 2012, the NHPUC approved Unitil Energy's request to modify its Default Service solicitation to a process where 100% of the Default Service requirements are acquired for six months. Unitil Energy is in the process of transitioning to this procurement strategy which will be completed in late 2013. Currently, Unitil Energy has a group of contracts of varying duration and percentage to meet its Default Service supply requirements.

The NHPUC and MDPU regularly review alternatives to their procurement policy, which may lead to future changes in this regulated power supply procurement structure.

Regional Electric Transmission and Power Markets

Fitchburg, Unitil Energy and Unitil Power, as well as virtually all New England electric utilities, are participants in the ISO-NE markets. ISO-NE is the Regional Transmission Organization (RTO) in New England. The purpose of ISO-NE is to assure reliable operation of the bulk power system in the most economical manner for the region. Substantially all operation and dispatching of electric generation and bulk transmission capacity in New England are performed on a regional basis. The ISO-NE tariff imposes generating capacity and reserve obligations, and provides for the use of major transmission facilities and support payments associated therewith. The most notable benefits of the ISO-NE are coordinated, reliable power system operation and a supportive business environment for the development of competitive electric markets.

Electric Power Supply Divestiture

In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The companies have a continuing obligation to submit regulatory filings that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Note 5: Commitments and Contingencies

Regulatory Matters

Overview—Unitil's distribution utilities deliver electricity and/or natural gas to customers in the Company's service territories at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil Energy, Fitchburg, and Northern Utilities recover the cost of providing distribution service to their customers based on a representative test year, in addition to earning a return on their capital investment in utility assets. Fitchburg's electric and gas divisions also operate under revenue decoupling mechanisms. As a result of the restructuring of the utility industry in New Hampshire, Massachusetts and Maine, most Unitil customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. For Northern Utilities, only business customers have the opportunity to purchase their natural gas supplies from third-party suppliers at this time. Most small and medium-sized customers, however, continue to purchase such supplies through Unitil Energy, Fitchburg and Northern Utilities as the providers of basic or default service energy supply. Unitil Energy, Fitchburg and Northern Utilities purchase electricity or natural gas for basic or default service from unaffiliated wholesale suppliers and recover the actual costs of these supplies, without profit or markup, through reconciling, pass-through rate mechanisms that are periodically adjusted.

In connection with the implementation of retail choice, Unitil Power and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs and other restructuring-related regulatory assets. The remaining balance of these assets, to be recovered principally over the next one to two years, is $24.3 million as of December 31, 2012 including $13.3 million recorded in Current Assets as Accrued

Revenue on the Company's Consolidated Balance Sheet. Unitil's distribution companies have a continuing obligation to submit filings in both states that demonstrate their compliance with regulatory mandates and provide for timely recovery of costs in accordance with their approved restructuring plans.

Fitchburg—Base Rates—On August 1, 2011, the MDPU issued an order approving increases of $3.3 million and $3.7 million in annual distribution revenues for Fitchburg's electric and gas divisions, respectively. The MDPU also approved revenue decoupling mechanisms and a return on equity of 9.2% for both the electric and gas divisions of Fitchburg. The rate increase for Fitchburg's electric division included the recovery of $11.4 million of previously deferred emergency storm restoration costs associated with the December 2008 ice storm, which costs are to be amortized and recovered over seven (7) years without carrying costs.

Granite State—Base Rates—Granite State has in place a FERC approved rate settlement agreement under which it is permitted each June to file a limited Section 4 rate case that includes incremental annual rate adjustments to recover the revenue requirements for certain specified future capital cost additions to transmission plant projects totaling up to $11.4 million. Of the $11.4 million, $4.0 million of capital spending is being recovered in current rates. On June 29, 2012, Granite State submitted to the FERC an incremental annual rate adjustment filing of $0.3 million due to capital costs additions of $2.4 million, with rates effective August 1, 2012. On July 27, 2012, the FERC accepted the tariffs as proposed.

Unitil Energy—Base Rates—On April 26, 2011, the NHPUC approved a rate settlement with a permanent increase of $5.2 million in annual revenue effective July 1, 2010, and an additional increase of $5.0 million in annual revenue effective May 1, 2011. The settlement extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with estimated future increases of $1.5 million to $2.0 million in annual revenue to occur on May 1, 2012, May 1, 2013 and May 1, 2014, to support Unitil Energy's continued capital improvements to its distribution system. The rate plan allows Unitil to file for additional rate relief if its return on equity is less than 7% and a sharing of earnings with customers if its return on equity is greater than 10% in a calendar year. Unitil Energy filed its first step adjustment filing for $1.5 million for implementation on May 1, 2012, to recover increased spending for its vegetation management program and reliability enhancement program. The adjustment filing was approved by the NHPUC with minor modifications.

Northern Utilities—Base Rates—Maine—On November 29, 2011, the MPUC approved a $7.8 million permanent increase in annual distribution revenue for Northern Utilities' Maine operations, effective January 1, 2012, and an additional permanent increase in annual distribution revenue of $0.85 million to recover the costs of 2011 cast iron pipe replacement capital spending effective May 1, 2012. The settlement precludes Northern Utilities from filing for a new base rate increase with an effective date prior to January 1, 2014.

Northern Utilities—Base Rates—New Hampshire—On April 24, 2012, the NHPUC approved a settlement agreement providing for a $3.7 million permanent increase in annual distribution revenues for Northern Utilities' New Hampshire operations, effective May 1, 2012. The permanent rate increase was reconciled back to August 1, 2011, the effective date of temporary rates.

Major Storms—Fitchburg and Unitil Energy

Superstorm Sandy—On October 29-30, 2012, a severe storm struck the Eastern seaboard of the United States, causing extensive damage to electric facilities and loss of service to significant numbers of customers of several utilities. Based on its preliminary assessment, Fitchburg and Unitil Energy incurred approximately $1.1 million and $2.6 million, respectively, in costs for the repair and replacement of electric distribution systems damaged during the storm. The amount and timing of the cost recovery of these storm restoration expenditures will be determined in future regulatory proceedings. The Company does not believe these storm restoration expenditures and the timing of cost recovery will have a material adverse impact on the Company's financial condition or results of operations. This matter remains pending.

Fitchburg—Storm Cost Deferral Petition—On December 16, 2011, Fitchburg filed a request with the MDPU for authorization to defer, for future recovery in rates, the costs incurred to perform storm-related emergency repairs on its electric distribution system as a result of two storms, Tropical Storm Irene, which occurred on August 28, 2011, and a severe snow storm, which occurred on October 29-30, 2011. Fitchburg estimates that, including capitalized amounts, it incurred $1.5 million in costs for Tropical Storm Irene and $3.3 million in costs for the October 2011 snow storm. The Company has requested approval to defer and accrue carrying charges on approximately $4.3 million of the storm costs that were not capitalized into utility plant. On May 1, 2012 the MDPU approved the request to defer the storm costs and ordered that the issue of carrying charges would be addressed in the Company's next base rate proceeding.

Unitil Energy—2011 Storm Costs—On December 16, 2011, Unitil Energy filed a petition with the NHPUC to increase its storm recovery adjustment factor effective May 1, 2012, to recover the approximately $4.4 million of costs of repairing damage to its electrical system resulting from the August 2011 Tropical Storm Irene and the October 2011 snow storm. On April 24, 2012, the NHPUC issued an order approving recovery of the costs over a five year period with a carrying cost rate of 4.52%, subject to reconciliation.

Fitchburg—Electric Operations—On November 30, 2012, Fitchburg submitted its annual reconciliation of costs and revenues for Transition and Transmission under its restructuring plan. The filing includes the reconciliation of costs and revenues for a number of surcharges and cost factors which are under individual review in separate proceedings before the MDPU, including the Pension/PBOP Adjustment Factor, Residential Assistance Adjustment Factor, Net Metering Recovery Surcharge, Attorney General Consultant Expense Factor and Revenue Decoupling Adjustment Factor. The rates were approved effective January 1, 2013, subject to reconciliation pending investigation by the MDPU. This matter remains pending.

Fitchburg—Gas Operations—On November 2, 2011, the Massachusetts Supreme Judicial Court (SJC) issued its decision vacating an MDPU order issued on November 2, 2009 which had ordered Fitchburg to refund natural gas costs, plus interest. The Company had previously recorded a pre-tax charge to earnings and recognized a Regulatory Liability of $4.9 million in the fourth quarter of 2009 based on the MDPU's original order. As a result of the SJC's decision, the Regulatory Liability was adjusted and the Company recognized a pre-tax credit to earnings of $4.7 million in the fourth quarter of 2011 as a $4.5 million reduction in Purchased Gas expense and a reduction of $0.2 million in Interest Expense, net.

The Company began the recoupment of the amounts previously refunded, with interest, effective January 1, 2012. In order to minimize the rate impact on customers, the recoupment is scheduled to occur over three consecutive heating seasons, beginning January 1, 2012.

Fitchburg—Service Quality—On March 1, 2012, Fitchburg submitted its 2011 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for both its gas and electric divisions. On January 13, 2012, the MDPU issued its order approving the 2010 Service Quality Report for Fitchburg's gas division. The 2010 Service Quality report for Fitchburg's electric division remains pending.

On December 11, 2012, the MDPU opened an investigation into the service quality provided by the gas and electric distribution companies in Massachusetts and the Service Quality guidelines currently in effect. The MDPU investigation will review existing and potential new reliability, safety, and customer satisfaction metrics; potential penalties for downed wire response; potential clean energy metrics; penalty provisions, including penalty offsets for superior performance in other metrics for poor performance on a different metric; and review of historic data for use in establishing service quality benchmarks. Fitchburg will be an active participant in this docket, which remains pending.

Fitchburg—Other—On February 11, 2009, the SJC issued its decision in the Attorney General's (AG) appeal of the MDPU orders relating to Fitchburg's recovery of bad debt expense. The SJC agreed with the AG that the MDPU was required to hold hearings regarding changes in Fitchburg's tariff and rates, and on that basis vacated the MDPU orders. The SJC, however, declined to rule on an appropriate remedy, and remanded the cases back to the MDPU for consideration of that issue. In the Company's August 1, 2011 rate decision, the MDPU held that the approval of dollar for dollar collection of supply-related bad debt in the Company's rate cases in 2006 (gas) and 2007 (electric) satisfied the requirement for a hearing ordered by the SJC. The MDPU has opened a docket to address the amounts collected by Fitchburg between the time the MDPU first approved dollar for dollar collection of the Company's bad debt, and the rate decisions in 2006 and 2007. The MDPU has set a procedural schedule providing for the filing of testimony, issuance of discovery and an evidentiary hearing in May 2013. This matter remains pending before the MDPU.

On July 2, 2008, the Governor of Massachusetts signed into law "The Green Communities Act" (the GC Act), an energy policy statute designed to substantially increase energy efficiency and the development of renewable energy resources in Massachusetts. The GC Act provides for utilities to recover in rates the incremental costs associated with its various mandated programs. Several regulatory proceedings have been initiated to implement various provisions of the GC Act, including provisions for each distribution company to file enhanced three-year energy efficiency investment plans, plans to establish smart grid pilot programs, proposals to purchase long-term contracts for renewable energy, special tariffs to allow the net metering of customer-owned renewable generation, and terms and conditions for purchasing supplier receivables. Fitchburg's initial three year energy efficiency investment plans, plans to establish smart grid pilot programs, net metering tariffs and proposals to purchase long-term contracts for renewable energy have been approved by the MDPU. Terms and conditions for purchasing supplier receivables and Fitchburg's filing for the next three year energy efficiency investment plans are under review in separately designated dockets.

On August 3, 2012, the Governor of Massachusetts signed into law "An Act Relative to Competitively Priced Electricity in the Commonwealth", which both increases electric distribution companies' obligations to purchase renewable energy resources and the availability of net metering. This act also includes changes to the MDPU's ratemaking procedures and authority for reviewing mergers and acquisition for electric and gas distribution companies. With these changes, electric distribution companies are required to file rate schedules every five years, and gas distribution companies every ten years. The MDPU has also opened a proceeding, as mandated by the act, to establish a cost-based rate design for costs that are currently recovered from distribution customers through a reconciling factor.

On August 6, 2012, the Governor of Massachusetts also signed into law "An Act Relative to the Emergency Response of Public Utilities", which establishes a new storm trust fund and requires that penalties levied by the MDPU for violations of its emergency preparedness rules be credited to customers.

Unitil Energy—Annual Rate Reconciliation Filing—On June 15, 2012, Unitil Energy filed its annual reconciliation and rate filing, for rates effective August 1, 2012, including reconciliation of prior year costs and revenues. This filing was approved by the NHPUC on July 20, 2012 with minor modifications.

Unitil Energy—Billing Adjustment—In August 2011, Unitil Energy and one of its larger customers in New Hampshire entered into an agreement regarding a billing error that resulted from a transformer connected to the customer's meter, which had been mislabeled by the manufacturer, and caused Unitil Energy to overcharge the customer for bills issued from October 2004 through January 2011. The amount of the customer's overpayment was calculated to be $1.8 million. As a result of the agreement, Unitil Energy reimbursed the customer $1.8 million plus $0.3 million of interest. The Company recognized a non-recurring charge of $0.4 million for distribution charges plus interest in 2011 related to this agreement and filed with the NHPUC for recovery of the remaining amount of the reimbursement to this customer for reconciling electric supply related charges.

As a result of this metering issue, which was discovered in February 2011, certain other customers in the Company's service areas were under-billed from October 2004 through January 2011 for reconciling supply-related charges. Accordingly, the Company requested authorization from the NHPUC to adjust reconciling account balances and process the billing correction. A settlement agreement between Unitil Energy, the Office of Consumer Advocate and the NHPUC Staff was filed with the NHPUC, providing for recovery by the Company from its under-billed customers of approximately $1.4 million of the amount it had reimbursed the large customer. On January 25, 2013, the NHPUC approved the settlement agreement.

Northern Utilities—Cast Iron Pipe Replacement Program—On July 30, 2010, the MPUC approved a settlement agreement providing for an accelerated replacement program for cast iron distribution pipe remaining in portions of Northern Utilities' Maine service areas. Under the agreement, Northern Utilities is proceeding with a comprehensive upgrade and replacement program, which will provide for the systematic replacement of cast iron, wrought iron and bare steel pipe in Northern Utilities' natural gas distribution system in Portland and Westbrook, Maine and the conversion of the system to intermediate pressure. The agreement establishes the objective of completing the program by the end of the 2024.

Unitil Corporation—FERC Audit—On November 3, 2011, the FERC commenced an audit of Unitil Corporation, including its associated service company and its electric and natural gas distribution companies. Among other requirements, the audit will evaluate the Company's compliance with: i) cross-subsidization restrictions on affiliate transactions; ii) regulations under the Energy Policy Act of 2005; and the iii) uniform system of accounts for centralized service companies. The Company expects the final audit report will be issued in the first quarter of 2013.

Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. The Company believes, based upon information furnished by counsel and others, that the ultimate resolution of these claims will not have a material impact on the Company's financial position.

In early 2009, a putative class action complaint was filed against Unitil Corporation's (the "Company") Massachusetts based utility, Fitchburg Gas and Electric Light Company ("Fitchburg"), in Massachusetts' Worcester Superior Court (the "Court"), (captioned Bellerman et al v. Fitchburg Gas and Electric Light Company). The Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December, 2008. The Complaint, as amended, includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. On September 4, 2009, the Superior Court issued its order on the Company's Motion to Dismiss the Complaint, granting it in part and denying it in part. Following several years of discovery, the plaintiffs in the complaint filed a motion with the Court to certify the case as a class action. On January 7, 2013, the Court issued its decision denying plaintiffs' motion to certify the case as a class action. As a result of this decision, the lawsuit will now continue with only the twelve named plaintiffs seeking damages. Future proceedings may include an appeal of this decision or a trial on the claims of the twelve named plaintiffs. The Company continues to believe the suit is without merit and will continue to defend itself vigorously.

Environmental Matters

The Company's past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in compliance with applicable environmental and safety laws and regulations, and the Company believes that as of December 31, 2012, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, we cannot assure you that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Fitchburg's Manufactured Gas Plant Site—Fitchburg continues to work with environmental regulatory agencies to identify and assess environmental issues at the former manufactured gas plant (MGP) site at Sawyer Passway, located in Fitchburg, Massachusetts. Fitchburg proceeded with site remediation work as specified on the Tier 1B permit issued by the Massachusetts Department of Environmental Protection, which allowed Fitchburg to achieve temporary closure of the site. A status of temporary closure requires Fitchburg to monitor the site until a feasible permanent remediation alternative can be developed and completed.

Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs. Fitchburg had filed suit against several of its former insurance carriers seeking coverage for past and future environmental response costs at the site. In January 2011, Fitchburg settled with the remaining insurance carriers for approximately $2.0 million and received these payments in the first quarter of 2011. Any recovery that Fitchburg receives from insurance or third-parties with respect to environmental response costs, net of the unrecovered costs associated therewith, are shared equally between Fitchburg and its gas customers.

Fitchburg is in the process of developing long-range plans for a feasible permanent remediation solution for the Sawyer Passway site, including alternatives for re-use of the site. Included on the Company's Consolidated Balance Sheets at December 31, 2012 and 2011 in Environmental Obligations are accrued liabilities totaling $12.0 million and $12.0 million, respectively, related to estimated future clean-up costs for permanent remediation of the Sawyer Passway site. A corresponding Regulatory Asset was recorded to reflect that the recovery of this environmental remediation cost is probable through the regulatory process. The amounts recorded do not assume any amounts are recoverable from insurance companies or other third-parties.

Northern Utilities Manufactured Gas Plant Sites—Northern Utilities has an extensive program to identify, investigate and remediate former MGP sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, and Scarborough sites. The sites in Lewiston and Portland have been investigated and remedial activities are currently underway. Additionally, Northern Utilities has executed a Letter of Intent with New Yard, LLC to redevelop the Portland site as a boat repair facility with lease proceeds being used to offset remediation costs. Future operation, maintenance and remedial costs have been accrued, although there will be uncertainty regarding future costs until all remedial activities are completed.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities' New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over a seven-year amortization period. For Northern Utilities' Maine division, the MPUC authorized the recovery of environmental remediation costs over a rolling five-year amortization schedule.

Included in the Company's Consolidated Balance Sheets at December 31, 2012 and 2011 are current and non-current accrued liabilities totaling $2.8 million and $2.7 million, respectively, associated with Northern Utilities environmental remediation obligations for these former MGP sites. A corresponding Regulatory Asset was recorded to reflect that the recovery of these environmental remediation cost is probable through the regulatory process.

The Company's ultimate liability for future environmental remediation costs, including MGP site costs, may vary from estimates, which may be adjusted as new information or future developments become available. Based on the Company's current assessment of its environmental responsibilities, existing legal requirements and regulatory policies, the Company does not believe that these environmental costs will have a material adverse effect on the Company's consolidated financial position or results of operations.

The following table shows the balances and activity in the Company's liability for Environmental Obligations for 2012 and 2011.

ENVIRONMENTAL OBLIGATIONS

(Millions)	December 31, 2012	December 31, 2011
Total Environmental Obligations—Balance at Beginning of Period	**$14.7**	$14.6
Changes in Estimates	**0.1**	0.1
Liabilities Assumed	**—**	—
Less: Payments / Reductions	**—**	—
Total Environmental Obligations—Balance at End of Period	**14.8**	14.7
Less: Current Portion(1)	**1.0**	0.2
Environmental Obligations—noncurrent—Balance at End of Period	**$13.8**	$14.5

(1) Reflects amounts included in Other Current Liabilities on the Company's Consolidated Balance Sheets.

Note 6: Bad Debts

Unitil's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. In 2012, 2011 and 2010, the Company recorded provisions for the energy commodity portion of bad debts of $1.9 million, $1.8 million and $1.4 million, respectively. These provisions were recognized in Purchased Electricity and Purchased Gas expense as the associated electric and gas utility revenues were billed. Purchased Electricity and Purchased Gas costs are recovered from customers through periodic rate reconciling mechanisms.

The following table shows the balances and activity in the Company's Allowance for Doubtful Accounts for 2010 – 2012 ($ millions):

ALLOWANCE FOR DOUBTFUL ACCOUNTS

	Balance at Beginning of Period	Provision	Recoveries	Accounts Written Off	Balance at End of Period
Year Ended December 31, 2012					
Electric	**$1.7**	**$1.4**	**$0.3**	**$2.3**	**$1.1**
Gas	**0.5**	**2.2**	**0.3**	**2.3**	**0.7**
Other	**0.1**	**—**	**—**	**—**	**0.1**
	$2.3	**$3.6**	**$0.6**	**$4.6**	**$1.9**
Year Ended December 31, 2011					
Electric	$1.8	$2.1	$0.2	$2.4	$1.7
Gas	0.7	2.2	0.3	2.7	0.5
Other	0.1	—	—	—	0.1
	$2.6	$4.3	$0.5	$5.1	$2.3
Year Ended December 31, 2010					
Electric	$1.7	$2.0	$0.2	$2.1	$1.8
Gas	0.7	2.5	0.4	2.9	0.7
Other	0.1	—	—	—	0.1
	$2.5	$4.5	$0.6	$5.0	$2.6

Note 7: Income Taxes

Provisions for Federal and State Income Taxes reflected as operating expenses in the accompanying consolidated statements of earnings for the years ended December 31, 2012, 2011 and 2010 are shown in the table below:

	($000's)		
	2012	**2011**	**2010**
Current Federal Tax Provision (Benefit)			
Current Benefit of Operating Loss Carrybacks	**$ —**	$ —	$ (6,026)
Total Current Federal Tax Provision (Benefit)	**—**	—	(6,026)
Deferred Federal Tax Provision (Benefit)			
Utility Plant Differences	**6,019**	13,002	11,821
Net Operating Loss Carryforwards	**2,835**	(4,844)	(5,520)
Regulatory Assets and Liabilities	**472**	513	3,338
Other, net	**(241)**	(695)	(480)
Total Deferred Federal Tax Provision (Benefit)	**9,085**	7,976	9,159
Total Federal Tax Provision	**9,085**	7,976	3,133
State			
Current	**132**	1,358	28
Deferred	**1,759**	691	1,303
Total State Tax Provision	**1,891**	2,049	1,331
Total Provision for Federal and State Income Taxes	**$10,976**	$10,025	$ 4,464

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

	2012	**2011**	**2010**
Statutory Federal Income Tax Rate	**34%**	34%	34%
Income Tax Effects of:			
State Income Taxes, Net	**5**	5	6
Utility Plant Differences	**(2)**	(1)	(7)
Other, Net	**1**	—	(1)
Effective Income Tax Rate	**38%**	38%	32%

Temporary differences which gave rise to current deferred tax assets and liabilities in 2012 and 2011, are shown below:

Current Deferred Income Taxes (000's)	**2012**	**2011**
Accrued Revenue, Current Portion	**$13,568**	$9,358
Other, net	**(168)**	(366)
Total Current Deferred Income Tax Liabilities	**$13,400**	$8,992

Temporary differences which gave rise to noncurrent deferred tax assets and liabilities in 2012 and 2011 are shown below:

Noncurrent Deferred Income Taxes (000's)	**2012**	**2011**
Utility Plant Differences	**$ 66,907**	$ 57,809
Net Operating Loss Carryforwards	**(8,521)**	(11,656)
AMT Tax Credit Carryforwards	**(1,538)**	(1,366)
Regulatory Assets and Liabilities	**17,872**	23,269
Retirement Benefit Obligations	**(38,644)**	(33,591)
Other, net	**2,606**	2,829
Total Noncurrent Deferred Income Tax Liabilities	**$ 38,682**	$ 37,294

The Company is subject to federal and state income taxes as well as various other business taxes. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes, which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

The Company filed its tax returns for the year ended December 31, 2011 with the Internal Revenue Service (IRS) in September 2012. As of December 31, 2012, the Company had recorded cumulative federal and state net operating loss (NOL) carryforward assets of $8.5 million to offset against taxes payable in future periods. If unused, the Company's state NOL carryforward assets will begin to expire in 2019 and the federal NOL carryforward assets will begin to expire in 2029. In addition, at December 31, 2012, the Company had $1.5 million of cumulative Alternative Minimum Tax (AMT) credit carryforwards to offset future AMT taxes payable indefinitely.

According to Internal Revenue Code rules, Federal Income Tax refunds in excess of $2.0 million fall under the jurisdiction of the Joint Committee of Congress (Joint Committee) and are subject to review by the IRS and attorneys of the Joint Committee. As a result, the Company, on April 1, 2011, received notice that its federal income tax return filing for the year ended December 31, 2009 would be under examination by the IRS. The IRS has performed all fieldwork procedures and the Company and the IRS entered into a settlement agreement for certain timing items, originally reported in 2009, to be deducted in future periods. The result of the settlement agreement did not have a material impact on the Company's consolidated financial position or results of operations. On January 22, 2013 the Company received notice of approval from the Joint Committee regarding the settlement agreement.

The Company evaluated its tax positions at December 31, 2012 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any unrecognized tax liabilities or assets as defined by the FASB Codification is required. The Company does not have any unrecognized tax positions for which it is reasonably possible that the total amounts recognized will significantly change within the next 12 months. The Company remains subject to examination by Federal, Maine, Massachusetts, and New Hampshire tax authorities for the tax periods ended December 31, 2009; December 31, 2010; and December 31, 2011.

Note 8: Segment Information

Unitil reports four segments: utility electric operations, utility gas operations, other, and non-regulated. Unitil's principal business is the local distribution of electricity in the southeastern seacoast and state capital regions of New Hampshire and the greater Fitchburg area of north central Massachusetts and the local distribution of natural gas in southeastern New Hampshire, portions of southern Maine to the Lewiston-Auburn area and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine.

Granite State is an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transmission services provided to Northern Utilities and, to a lesser extent, third-party marketers.

Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly-owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to a national client base of large commercial and industrial customers. Unitil Realty and Unitil Service provide centralized facilities, operations and administrative services to support the affiliated Unitil companies. Unitil Resources and Usource are included in the Non-Regulated column below.

Unitil Realty, Unitil Service and the holding company are included in the "Other" column of the table below. Unitil Service provides centralized management and administrative services, including information systems management and financial record keeping. Unitil Realty owns certain real estate, principally the Company's corporate headquarters. The earnings of the holding company are principally derived from income earned on short-term investments and real property owned for Unitil and its subsidiaries' use.

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 and preferred stock dividends. Expenses used to determine operating income before taxes are charged directly to each segment or are allocated based on cost allocation factors included in rate applications approved by the NHPUC, MDPU, and MPUC. Assets allocated to each 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, 2012, 2011 and 2010 (Millions):

Year Ended December 31, 2012	Electric	Gas	Other	Non-Regulated	Total
Revenues	**$187.0**	**$160.6**	**$ —**	**$5.5**	**$353.1**
Interest Income	**2.4**	**0.8**	**0.4**	**0.1**	**3.7**
Interest Expense	**9.0**	**11.1**	**1.7**	**—**	**21.8**
Depreciation & Amortization Expense	**18.0**	**15.7**	**1.4**	**—**	**35.1**
Income Tax Expense (Benefit)	**4.8**	**5.8**	**(0.5)**	**0.9**	**11.0**
Segment Profit (Loss)	**7.6**	**8.9**	**0.3**	**1.3**	**18.1**
Segment Assets	**403.7**	**471.6**	**5.6**	**5.7**	**886.6**
Capital Expenditures	**21.2**	**43.9**	**3.4**	**—**	**68.5**
Year Ended December 31, 2011					
Revenues	$188.1	$159.2	$ —	$5.5	$352.8
Interest Income	0.7	0.5	0.1	0.1	1.4
Interest Expense	9.4	10.7	1.7	—	21.8
Depreciation & Amortization Expense	14.2	13.6	1.5	—	29.3
Income Tax Expense (Benefit)	5.2	4.3	(0.6)	1.1	10.0
Segment Profit (Loss)	7.8	6.7	0.1	1.7	16.3
Segment Assets	393.8	440.9	6.5	5.5	846.7
Capital Expenditures	20.3	33.6	3.2	—	57.1
Year Ended December 31, 2010					
Revenues	$203.7	$150.1	$ —	$4.6	$358.4
Interest Income	3.2	0.5	0.2	0.1	4.0
Interest Expense	9.6	10.5	2.0	—	22.1
Depreciation & Amortization Expense	13.9	14.2	0.8	—	28.9
Income Tax Expense	3.7	(0.7)	0.5	1.0	4.5
Segment Profit	8.0	1.4	(1.4)	1.5	9.5
Segment Assets	388.2	401.1	5.7	5.4	800.4
Capital Expenditures	19.8	27.4	2.4	—	49.6

Note 9: Retirement Benefit Plans

The Company sponsors the following retirement benefit plans to provide certain pension and post-retirement benefits for its retirees and current employees as follows:

- The Unitil Corporation Retirement Plan (Pension Plan)—The Pension Plan is a defined benefit pension plan. Under the Pension Plan, retirement benefits are based upon an employee's level of compensation and length of service.

  In September 2010, the Company amended the Pension Plan as follows:

  - The Pension Plan was closed to United Steelworker Local 12012-6 employees hired on or after January 1, 2011.
  - All United Steelworker Local 12012-6 employees hired before January 1, 2011 had a choice of either:
    - Remaining in the Pension Plan with the existing set of benefits, or
    - Electing to move to Unitil Corporation's enhanced Tax Deferred Savings and Investment Plan. The United Steelworker Local 12012-6 employees who elected this option received a frozen benefit from the existing Pension Plan for all of the benefits that they had accrued to December 31, 2010. This frozen benefit will not grow with future salary increases or future service. The employees who elected this option will receive an enhanced employer matching contribution as well as a Company contribution in the Unitil Corporation Tax Deferred Savings and Investment Plan.
    - All other union employees were not affected by this amendment.
- The Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan)—The PBOP Plan provides health care and life insurance benefits to retirees. The Company has established Voluntary Employee Benefit Trusts (VEBT), into which it funds contributions to the PBOP Plan.
- The Unitil Corporation Supplemental Executive Retirement Plan (SERP)—The SERP is an unfunded retirement plan, with participation limited to executives selected by the Board of Directors.

Effective with the acquisitions of Northern Utilities and Granite State, the Company assumed the assets and obligations of the Northern Utilities and Granite State pension plans with respect to active union employees. All other active employees of Northern Utilities and Granite State effectively became members of the Company's Pension Plan as of the acquisitions closing date.

Certain employees of Northern Utilities qualified for participation in the Company's PBOP Plan effective with the acquisition closing date.

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

Used to Determine Plan costs for years ended December 31:	2012	2011	2010
Discount Rate	**4.60%**	5.35%	5.75%
Rate of Compensation Increase	**3.00%**	3.50%	3.50%
Expected Long-term rate of return on plan assets	**8.50%**	8.50%	8.50%
Health Care Cost Trend Rate Assumed for Next Year	**6.50%**	7.00%	7.50%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%	4.00%
Year that Ultimate Health Care Cost Trend Rate is reached	**2017**	2017	2017
Effect of 1% Increase in Health Care Cost Trend Rate (000's)	**$ 981**	$ 909	$ 728
Effect of 1% Decrease in Health Care Cost Trend Rate (000's)	**$ (756)**	$ (705)	$ (565)

Used to Determine Benefit Obligations at December 31:

Discount Rate	**4.00%**	4.60%	5.35%
Rate of Compensation Increase	**3.00%**	3.00%	3.50%
Health Care Cost Trend Rate Assumed for Next Year	**8.00%**	6.50%	7.00%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%	4.00%
Year that Ultimate Health care Cost Trend Rate is reached	**2017**	2017	2017
Effect of 1% Increase in Health Care Cost Trend Rate (000's)	**$11,808**	$ 9,109	$ 7,530
Effect of 1% Decrease in Health Care Cost Trend Rate (000's)	**$ (9,291)**	$(7,217)	$(5,997)

The Discount Rate assumptions used in determining retirement plan costs and retirement plan obligations are based on an assessment of current market conditions using high quality corporate bond interest rate indices and pension yield curves. For 2012, 2011 and 2010, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $367,000, $325,000 and $300,000, respectively, in the Net Periodic Benefit Cost (NPBC). The Rate of Compensation Increase assumption used for 2012, 2011 and 2010 was 3.00%, 3.50% and 3.50%, based on the expected long-term increase in compensation costs for personnel covered by the plans.

The following table provides the components of the Company's Retirement plan costs ($000's):

	Pension Plan			PBOP Plan			SERP		
	2012	**2011**	**2010**	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**
Service Cost	**$ 3,227**	$ 2,941	$ 2,608	**$ 2,066**	$ 1,918	$ 1,466	**$289**	$285	$285
Interest Cost	**4,633**	4,684	4,457	**2,303**	2,279	2,016	**211**	227	227
Expected Return on Plan Assets	**(5,390)**	(4,840)	(4,181)	**(695)**	(818)	(599)	**—**	—	—
Prior Service Cost Amortization	**188**	249	253	**1,729**	1,729	1,579	**11**	11	2
Transition Obligation Amortization	**—**	—	—	**21**	21	21	**—**	—	—
Curtailment Loss	**—**	—	41	**—**	—	—	**—**	—	—
Actuarial Loss Amortization	**3,617**	3,132	2,406	**129**	—	—	**64**	78	133
Sub-total	**6,275**	6,166	5,584	**5,553**	5,129	4,483	**575**	601	647
Amounts Capitalized and Deferred	**(2,726)**	(2,590)	(2,240)	**(2,127)**	(1,622)	(1,183)	**—**	—	—
NPBC Recognized	**$ 3,549**	$ 3,576	$ 3,344	**$ 3,426**	$ 3,507	$ 3,300	**$575**	$601	$647

The estimated amortizations related to Actuarial Loss and Prior Service Cost included in the Company's Retirement plan costs over the next fiscal year is $4.4 million, $2.5 million and $0.2 million for the Pension, PBOP and SERP plans, respectively.

The Company bases the actuarial determination of pension expense on a market-related valuation of assets, which reduces year-to-year volatility. This market-related valuation recognizes investment gains or losses over a three-year period from the year in which they occur. Investment gains or losses for this purpose are the difference between the expected return calculated using the market-related value of assets and the actual return based on the fair value of assets. Since the market-related value of assets recognizes gains or losses over a three-year period, the future value of the market-related assets will be impacted as previously deferred gains or losses are recognized. The Company's pension expense for the years 2012, 2011 and 2010 before capitalization and deferral was $6.3 million, $6.2 million and $5.6 million, respectively. Had the Company used the fair value of assets instead of the market-related value, pension expense for the years 2012, 2011 and 2010 would have been $6.7 million, $5.7 million and $6.2 million respectively.

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

	Pension Plan		PBOP Plan		SERP	
Change in Plan Assets:	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Plan Assets at Beginning of Year	**$ 59,700**	$ 54,100	**$ 7,339**	$ 8,862	**$ —**	$ —
Actual Return on Plan Assets	**7,780**	225	**837**	108	**—**	—
Employer Contributions	**9,387**	8,813	**2,190**	—	**53**	53
Participant Contributions	**—**	—	**18**	13	**—**	—
Acquired Plan Assets	**—**	—	**—**	—	**—**	—
Benefits Paid	**(4,456)**	(3,438)	**(2,083)**	(1,644)	**(53)**	(53)
Plan Assets at End of Year	**$ 72,411**	$ 59,700	**$ 8,301**	$ 7,339	**$ —**	$ —
Change in PBO:						
PBO at Beginning of Year	**$102,719**	$ 89,393	**$ 50,930**	$ 43,344	**$ 4,615**	$ 4,263
Service Cost	**3,227**	2,941	**2,066**	1,918	**289**	285
Interest Cost	**4,633**	4,684	**2,303**	2,279	**211**	227
Participant Contributions	**—**	—	**18**	13	**—**	—
Plan Amendments	**617**	—	**(318)**	—	**—**	—
Curtailment Gain	**—**	—	**—**	—	**—**	—
Benefits Paid	**(4,456)**	(3,438)	**(2,083)**	(1,644)	**(53)**	(53)
Actuarial (Gain) or Loss	**9,752**	9,139	**9,176**	5,020	**1,145**	(107)
PBO at End of Year	**$116,492**	$102,719	**$ 62,092**	$ 50,930	**$ 6,207**	$ 4,615
Funded Status: Assets vs PBO	**$ (44,081)**	$ (43,019)	**$(53,791)**	$(43,591)	**$(6,207)**	$(4,615)

The Company has recorded on its consolidated balance sheets as a liability the underfunded status of its and its subsidiaries' retirement benefit obligations based on the projected benefit obligation. The Company has recognized Regulatory Assets of $62.5 million and $55.3 million at December 31, 2012 and 2011, respectively, to account for the future collection of these plan obligations in electric and gas rates.

The Accumulated Benefit Obligation (ABO) is required to be disclosed for all plans where the ABO is in excess of plan assets. The difference between the PBO and the ABO is that the PBO includes projected compensation increases. The ABO for the Pension Plan was $103.4 million and $91.3 million as of December 31, 2012 and 2011, respectively. The ABO for the SERP was $4.8 million and $0.5 million as of December 31, 2012 and 2011, respectively. For the PBOP Plan, the ABO and PBO are the same.

On August 17, 2006, the Pension Protection Act of 2006 (PPA) was signed into law. Included in the PPA were new minimum funding rules which went into effect for plan years beginning in 2008. The funding target was 100% of a plan's liability (as determined under the PPA) with any shortfall amortized over seven years, with lower (92% – 100%) funding targets available to well-funded plans during the transition period. Due to the significant declines in the valuation of capital markets during 2008, the Worker, Retiree, and Employer Recovery Act of 2008 (Recovery Act) was signed into law on December 23, 2008. Included in the Recovery Act are temporary modifications to the minimum funding rules set forth in the PPA such that all plans, except those that were subject to deficit reduction contribution requirements in 2007, are allowed to amortize any shortfall from the lower funding targets, rather than the 100% target, for the 2008—2010 plan years. The Company's Pension Plan was 80% funded under the requirements of the

Employee Retirement Income Security Act of 1974 (ERISA) as of January 1, 2010, which resulted in a shortfall of $10.2 million. This shortfall was being amortized over seven years with annual payments of $1.7 million, beginning in 2010. The $1.7 million payments for 2010 and 2011 are included in the Employer Contributions amounts shown in the table below.

On June 25, 2010, the Preservation of Access to Care for Medicare Beneficiaries and Pension Relief Act of 2010 (Relief Act) was signed into law. The pension relief portion of the Relief Act provides two alternative shortfall amortization periods to the seven year amortization period required under the PPA. The Company evaluated the two alternative shortfall amortization periods under the Relief Act and made the decision to continue with the seven year amortization period.

On July 6, 2012, the Moving Ahead for Progress in the 21st Century Act (MAP-21) was signed into law. MAP-21 increased the interest rates used to determine pension liability. The Company elected to apply the provisions of MAP-21 for purposes of determining pension liability for minimum funding purposes for the 2012 plan year. As part of this decision, the Company contributed $3.1 million in additional contributions in 2012 for the 2011 plan year to achieve 100% funding on the MAP-21 basis as of January 1, 2012. This eliminated the amortization payments created in prior years, discussed above. In addition, the minimum required contribution for the 2012 plan year decreased from $6.1 million to $1.0 million. Of the $9.4 million contributed during 2012, $8.3 million was attributed to the 2011 plan year and $1.1 million was attributed to the 2012 plan year.

The Company, along with its subsidiaries, expects to continue to make contributions to its Pension Plan in 2013 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these Pension Plan costs.

The following table represents employer contributions, participant contributions and benefit payments ($000's).

	Pension Plan			PBOP Plan			SERP		
	2012	**2011**	**2010**	**2012**	**2011**	**2010**	**2012**	**2011**	**2010**
Employer Contributions	**$9,387**	$8,813	$4,302	**$2,190**	$ —	$3,482	**$53**	$53	$53
Participant Contributions	**$ —**	$ —	$ —	**$ 18**	$ 13	$ —	**$—**	$—	$—
Benefit Payments	**$4,456**	$3,438	$3,185	**$2,083**	$1,644	$1,848	**$53**	$53	$53

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

	Estimated Future Benefit Payments		
	Pension	**PBOP**	**SERP**
2013	$ 4,698	$ 1,811	$ 357
2014	4,448	1,960	353
2015	4,567	2,083	349
2016	4,908	2,156	344
2017	5,121	2,284	339
2018 - 2022	$30,278	$13,535	$1,767

The Expected Long-Term Rate of Return on Pension Plan assets assumption used by the Company is developed based on input from actuaries and investment managers. The Company's Expected Long-Term Rate of Return on Pension Plan assets is based on target investment allocation of 48% in common stock equities, 47% in fixed income securities and 5% in a combined equity and debt fund. The Company's Expected Long-Term Rate of Return on PBOP Plan assets is based on target investment allocation of 55% in common stock equities and 45% in fixed income securities. The actual investment allocations are shown in the tables below.

Pension Plan	**Target Allocation 2013**	**Actual Allocation at December 31,**		
		2012	**2011**	**2010**
Equity Funds	48%	**48%**	49%	58%
Debt Funds	47%	**47%**	46%	42%
Asset Allocation Fund(1)	5%	**5%**	5%	0%
Total		**100%**	100%	100%

(1) Represents investments in an asset allocation fund. This fund invests in both equity and debt securities.

PBOP Plan	Target Allocation 2013	Actual Allocation at December 31, 2012	2011	2010
Equity Funds	55%	**56%**	55%	56%
Debt Funds	45%	**44%**	45%	44%
Total		**100%**	100%	100%

The combination of these target allocations and expected returns resulted in the overall assumed long-term rate of return of 8.50% for 2012. The Company evaluates the actuarial assumptions, including the expected rate of return, at least annually. The desired investment objective is a long-term rate of return on assets that is approximately 5 – 6% greater than the assumed rate of inflation as measured by the Consumer Price Index. The target rate of return for the Plans has been based upon an analysis of historical returns supplemented with an economic and structural review for each asset class.

Assets measured at fair value on a recurring basis for the Pension Plan as of December 31, 2012 and 2011 are as follows ($000's):

Description	Balance as of December 31, 2012	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension Plan Assets:				
Mutual Funds:				
Equity Funds	$34,742	$34,742	$—	$—
Fixed Income Funds	34,251	34,251	—	—
Asset Allocation Fund	3,418	3,418	—	—
Total Assets	$72,411	$72,411	$—	$—

Description	Balance as of December 31, 2011	Fair Value Measurements at Reporting Date Using: Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Pension Plan Assets:				
Mutual Funds:				
Equity Funds	$29,094	$29,094	$—	$—
Fixed Income Funds	27,697	27,697	—	—
Asset Allocation Fund	2,909	2,909	—	—
Total Assets	$59,700	$59,700	$—	$—

Assets measured at fair value on a recurring basis for the PBOP Plan as of December 31, 2012 and 2011 are as follows ($000's):

	Fair Value Measurements at Reporting Date Using			
Description	**Balance as of December 31, 2012**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
PBOP Plan Assets:				
Mutual Funds:				
Fixed Income Funds	$3,670	$3,670	$—	$—
Index Funds	3,357	3,357		
Equity Funds	1,274	1,274		
Total Assets	$8,301	$8,301	$—	$—

	Fair Value Measurements at Reporting Date Using			
Description	**Balance as of December 31, 2011**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
PBOP Plan Assets:				
Mutual Funds:				
Fixed Income Funds	$3,311	$3,311	$—	$—
Index Funds	2,977	2,977		
Equity Funds	1,051	1,051		
Total Assets	$7,339	$7,339	$—	$—

Employee 401(k) Tax Deferred Savings Plan—The Company sponsors the Unitil Corporation Tax Deferred Savings and Investment Plan (the 401(k) Plan) under Section 401(k) of the Internal Revenue Code and covering substantially all of the Company's employees. Participants may elect to defer current compensation by contributing to the plan. Employees may direct, at their sole discretion, the investment of their savings plan balances (both the employer and employee portions) into a variety of investment options, including a Company common stock fund.

The Company's contributions to the 401(k) Plan were $1,387,000, $1,190,000 and $980,000 for the years ended December 31, 2012, 2011, and 2010, respectively.

Note 10: Quarterly Financial Information (unaudited; Millions, except per share data)

Quarterly earnings per share may not agree with the annual amounts due to rounding and the impact of additional common share issuances. Basic and Diluted Earnings per Share are the same for the periods presented.

	Three Months Ended							
	March 31,		**June 30,**		**September 30,**		**December 31,**	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Total Operating Revenues	**$114.2**	$115.4	**$ 68.8**	$ 69.5	**$ 71.3**	$ 73.2	**$ 98.8**	$ 94.7
Operating Income	**$ 14.0**	$ 13.4	**$ 4.3**	$ 4.2	**$ 5.0**	$ 5.2	**$ 13.2**	$ 14.4
Net Income (Loss) Applicable to Common	**$ 9.0**	$ 8.7	**$ (0.4)**	$ (0.8)	**$ 0.5**	$ (1.6)	**$ 9.0**	$ 10.0
	Per Share Data:							
Earnings Per Common Share	**$ 0.83**	$ 0.81	**$ (0.03)**	$ (0.08)	**$ 0.03**	$ (0.15)	**$ 0.66**	$ 0.92
Dividends Paid Per Common Share	**$0.345**	$0.345	**$0.345**	$0.345	**$0.345**	$0.345	**$0.345**	$0.345

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of December 31, 2012. Based on this evaluation, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of December 31, 2012 that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) were effective.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f).

Under the supervision and with the participation of management, including the Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, Unitil management has evaluated the effectiveness of the Company's internal control over financial reporting as of December 31, 2012, based upon criteria established in the "Internal Control—Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, Unitil management concluded that Unitil's internal control over financial reporting was effective as of December 31, 2012.

McGladrey LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2012, as stated in their report which appears in Part II, Item 8 herein.

Changes in Internal Control over Financial Reporting

There have been no changes in Unitil's internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the fiscal quarter ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect, Unitil's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

Information required by this Item is set forth in Part I, Item 1 of this Form 10-K and in the "Proposal 1: Election of Directors" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 18, 2013. Information regarding the Company's Audit Committee is set forth in the "Corporate Governance and Policies of the Board" and "Committees of the Board" sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 18, 2013. Information regarding the Company's Code of Ethics is set forth in the "Corporate Governance and Policies of the Board" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 18, 2013.

Item 11. Executive Compensation

Information required by this Item is set forth in the "Compensation Discussion and Analysis" and "Compensation of Named Executive Officers" sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 18, 2013.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

Information required by this Item is set forth in the "Beneficial Ownership" and "Compensation of Directors" sections of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 18, 2013, as well as the Equity Compensation Plan Information table in Part II, Item 5 of this Form 10-K.

Item 13. Certain Relationships and Related Transactions, and Director Independence

Information required by this Item is set forth in the "Transactions with Related Persons" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 18, 2013.

Item 14. Principal Accountant Fees and Services

Information required by this Item is set forth in the "Principal Accountant Fees and Services" section of the Proxy Statement relating to the Annual Meeting of Shareholders to be held April 18, 2013.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) (1) and (2) – **LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES**

The following financial statements are included herein under Part II, Item 8, Financial Statements and Supplementary Data:

- Reports of Independent Registered Public Accounting Firm
- Consolidated Balance Sheets—December 31, 2012 and 2011
- Consolidated Statements of Earnings for the years ended December 31, 2012, 2011, and 2010
- Consolidated Statements of Cash Flows for the years ended December 31, 2012, 2011, and 2010
- Consolidated Statements of Changes in Common Stock Equity for the years ended December 31, 2012, 2011, and 2010
- Notes to Consolidated Financial Statements

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions, are not applicable, or information required is included in the financial statements or notes thereto and, therefore, have been omitted.

(3) – **LIST OF EXHIBITS**

Exhibit Number	Description of Exhibit	Reference*
3.1	Articles of Incorporation of the Company.	Exhibit 3.1 to Form S-14 Registration Statement 2-93769 dated October 12, 1984
3.2	Articles of Amendment to the Articles of Incorporation Filed on March 4, 1992.	Exhibit 3.2 to Form 10-K for 1991
3.3	Articles of Amendment to the Articles of Incorporation Filed on September 23, 2008.	Exhibit 3.3 to Form S-3/A Registration Statement 333-15282 dated November 25, 2008
3.4	Articles of Amendment to the Articles of Incorporation Filed on April 27, 2011.	Annex A to Form DEF 14A dated March 14, 2011
3.5	By-Laws of the Company.	Exhibit 4.4 to Form S-8 Registration Statement 333-73327 dated March 4, 1999
3.6	Second Amended and Restated By-Laws of the Company.	Exhibit 3.1 to Form 8-K/A dated December 13, 2012
3.7	Articles of Exchange of Concord Electric Company (CECo), Exeter & Hampton Electric Company (E&H) and the Company.	Exhibit 3.3 to 10-K for 1984
3.8	Articles of Exchange of CECo, E&H, and the Company—Stipulation of the Parties Relative to Recordation and Effective Date.	Exhibit 3.4 to Form 10-K for 1984
3.9	The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg Gas and Electric Light Company (Fitchburg) and UMC Electric Co., Inc. (UMC).	Exhibit 25(b) to Form 8-K dated March 1, 1989

Exhibit Number	Description of Exhibit	Reference*
3.10	Amendment No. 1 to The Agreement and Plan of Merger dated March 1, 1989 among the Company, Fitchburg and UMC.	Exhibit 28(b) to Form 8-K dated December 14, 1989
3.11	Stock Purchase Agreement among Nisource Inc., Bay State Gas Company and Unitil Corporation.	Exhibit 2.1 to Form 8-K dated February 20, 2008
4.1	Twelfth Supplemental Indenture of Unitil Energy Systems, Inc., successor to Concord Electric Company, dated as of December 2, 2002, amending and restating the Concord Electric Company Indenture of Mortgage and Deed of Trust dated as of July 15, 1958.	Exhibit 4.1 to Form 10-K for 2002
4.2	Fitchburg Note Agreement dated November 30, 1993 for the 6.75% Notes due November 23, 2023.	Exhibit 4.18 to Form 10-K for 1993
4.3	Fitchburg Note Agreement dated January 26, 1999 for the 7.37% Notes due January 15, 2028.	Exhibit 4.25 to Form 10-K for 1999
4.4	Fitchburg Note Agreement dated June 1, 2001 for the 7.98% Notes due June 1, 2031.	Exhibit 4.6 to Form 10-Q for June 30, 2001
4.5	Unitil Realty Corp. Note Purchase Agreement dated July 1, 1997 for the 8.00% Senior Secured Notes due August 1, 2017.	Exhibit 4.22 to Form 10-K for 1997
4.6	Fitchburg Note Agreement dated October 15, 2003 for the 6.79% Notes due October 15, 2025.	Exhibit 4.7 to Form 10-K for 2003
4.7	Fitchburg Note Agreement dated December 21, 2005 for the 5.90% Notes due December 15, 2030.	**
4.8	Thirteenth Supplemental Indenture of Unitil Energy Systems, Inc., dated as of September 26, 2006.	**
4.9	Unitil Corporation Note Purchase Agreement, dated as of May 2, 2007, for the 6.33% Senior Notes due May 1, 2022.	**
4.10	Northern Utilities Note Purchase Agreement, dated as of December 3, 2008, for the 6.95% Senior Notes, Series A due December 3, 2018 and the 7.72% Senior Notes, Series B due December 3, 2038.	Exhibit 4.1 to Form 8-K dated December 3, 2008
4.11	Granite State Note Purchase Agreement, dated as of December 15, 2008, for the 7.15% Senior Notes due December 15, 2018.	Exhibit 99.1 to Form 8-K dated December 15, 2008
4.12	Northern Utilities Note Purchase Agreement, dated as of March 2, 2010, for the 5.29% Senior Notes, due March 2, 2020.	Exhibit 4.1 to Form 8-K dated March 2, 2010
4.13	Fourteenth Supplemental Indenture of Unitil Energy Systems, Inc., dated as of March 2, 2010.	Exhibit 4.4 to Form 8-K dated March 2, 2010
10.1	Unitil System Agreement dated June 19, 1986 providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.9 to Form 10-K for 1986
10.2	Supplement No. 1 to Unitil System Agreement providing that Unitil Power will supply wholesale requirements electric service to CECo and E&H.	Exhibit 10.8 to Form 10-K for 1987
10.3	Transmission Agreement between Unitil Power Corp. and Public Service Company of New Hampshire, effective November 11, 1992.	Exhibit 10.6 to Form 10-K for 1993

Exhibit Number	Description of Exhibit	Reference*
10.4***	Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.	Exhibit 10.2 to Form 8-K dated June 19, 2008
10.5***	Amended and Restated Form of Severance Agreement between the Company and the persons listed at the end of such Agreement.	Exhibit 10.3 to Form 8-K dated June 19, 2008
10.6***	Amended and Restated Unitil Corporation Supplemental Executive Retirement Plan effective as of December 31, 2007.	Exhibit 10.4 to Form 8-K dated June 19, 2008
10.7***	Amended and Restated Unitil Corporation Management Incentive Plan effective as of June 19, 2008 as further amended on December 1, 2008.	Exhibit 10.8 to Form 10-K for 2008
10.8	Entitlement Sale and Administrative Service Agreement with Select Energy.	Exhibit 10.14 to Form 10-K for 1999
10.9	Unitil Corporation Second Amended and Restated 2003 Stock Plan	Exhibit 10.1 to Form 8-K dated April 19, 2012
10.10	Portfolio Sale and Assignment and Transition Service and Default Service Supply Agreement By and Among Unitil Power Corp., Unitil Energy Systems, Inc. and Mirant Americas Energy Marketing, LP.	Exhibit 10.17 to Form 10-K for 2002
10.11	Unitil Corporation Tax Deferred Savings and Investment Plan—Trust Agreement.	Exhibit 10.1 to Form 10-Q for September 30, 2004
10.12***	Amended and Restated Employment Agreement effective as of November 1, 2012 by and between Unitil Corporation and Robert G. Schoenberger.	Exhibit 10.1 to Form 8-K dated September 19, 2012
10.13	Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated November 26, 2008
10.14	Amendment Agreement dated as of January 2, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated January 2, 2009
10.15	Amendment Agreement dated as of March 16, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated March 16, 2009
10.16	Amendment Agreement dated as of October 13, 2009 to the Credit Agreement between Unitil Corporation and Bank of America, N.A. dated November 26, 2008.	Exhibit 10.1 to Form 8-K dated October 13, 2009
10.17	Fourth Amendment Agreement dated October 8, 2010 by and among Unitil Corporation and Bank of America, N.A.	Exhibit 10.5 to Form 8-K dated October 8, 2010
10.18	Fifth Amendment Agreement dated October 12, 2011 by and among Unitil Corporation and Bank of America, N.A.	Exhibit 10.6 to Form 8-K dated October 12, 2011
10.19	Credit Agreement between Unitil Corporation and Royal Bank of Canada dated December 1, 2008.	Exhibit 10.2 to Form 8-K dated November 26, 2008
10.20	Parent Guaranty of Unitil Corporation for the Granite State 7.15% Senior Notes due December 15, 2018.	Exhibit 10.1 to Form 8-K dated December 15, 2008
10.21***	Unitil Corporation—Compensation of Directors.	Filed herewith
11.1	Statement Re: Computation in Support of Earnings per Share for the Company.	Filed herewith

Exhibit Number	Description of Exhibit	Reference*
12.1	Statement Re: Computation in Support of Ratio of Earnings to Fixed Charges for the Company.	Filed herewith
16.1	Letter Re: Change in Certifying Accountant	Exhibit 16.1 to Form 8-K dated September 22, 2010
21.1	Statement Re: Subsidiaries of Registrant.	Filed herewith
23.1	Consent of Independent Registered Public Accounting Firm.	Filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
31.3	Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.	Filed herewith
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.	Filed herewith
99.1	Unitil Corporation Press Release Dated January 30, 2013 Announcing Earnings For the Quarter and Year Ended December 31, 2012	Filed herewith
101.INS	XBRL Instance Document.	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document.	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

* The exhibits referred to in this column by specific designations and dates have heretofore been filed with the Securities and Exchange Commission under such designations and are hereby incorporated by reference.

** In accordance with Item 601(b)(4)(iii)(A) of Federal Securities Regulation S-K, the instrument defining the debt of the Registrant and its subsidiary, described above, has been omitted but will be furnished to the Commission upon request.

*** These exhibits represent a management contract or compensatory plan.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITIL CORPORATION

Date January 30, 2013

By /s/ ROBERT G. SCHOENBERGER

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

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ ROBERT G. SCHOENBERGER **Robert G. Schoenberger**	Principal Executive Officer; Director	January 30, 2013
/s/ MARK H. COLLIN **Mark H. Collin**	Principal Financial Officer	January 30, 2013
/s/ LAURENCE M. BROCK **Laurence M. Brock**	Principal Accounting Officer	January 30, 2013
/s/ MICHAEL J. DALTON **Michael J. Dalton**	Director	January 30, 2013
/s/ ALBERT H. ELFNER, III **Albert H. Elfner, III**	Director	January 30, 2013
/s/ M. BRIAN O'SHAUGHNESSY **M. Brian O'Shaughnessy**	Director	January 30, 2013
/s/ WILLIAM D. ADAMS **William D. Adams**	Director	January 30, 2013
/s/ DR. SARAH P. VOLL **Dr. Sarah P. Voll**	Director	January 30, 2013
/s/ EBEN S. MOULTON **Eben S. Moulton**	Director	January 30, 2013
/s/ DAVID P. BROWNELL **David P. Brownell**	Director	January 30, 2013
/s/ EDWARD F. GODFREY **Edward F. Godfrey**	Director	January 30, 2013
/s/ MICHAEL B. GREEN **Michael B. Green**	Director	January 30, 2013
/s/ DR. ROBERT V. ANTONUCCI **Dr. Robert V. Antonucci**	Director	January 30, 2013
/s/ LISA CRUTCHFIELD **Lisa Crutchfield**	Director	January 30, 2013
/s/ DAVID A. WHITELEY **David A. Whiteley**	Director	January 30, 2013

EXHIBIT INDEX

Exhibit No.	Description
10.21	Unitil Corporation—Compensation of Directors.
11.1	Statement Re: Computation in Support of Earnings per Share of the Company.
12.1	Statement Re: Computation in Support of Ratio of Earnings to Fixed Charges for the Company.
21.1	Statement Re: Subsidiaries of Registrant.
23.1	Consent of Independent Registered Public Accounting Firm.
31.1-31.3	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
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Exhibit 11.1

UNITIL CORPORATION

COMPUTATION IN SUPPORT OF EARNINGS PER SHARE

	Year Ended December 31,		
	2012	2011	2010
EARNINGS PER SHARE (000's, except per share data)			
Net Income	**$18,196**	$16,439	$ 9,616
Less: Dividend Requirements on Preferred Stock	**102**	131	132
Net Income Applicable to Common Stock	**$18,094**	$16,308	$ 9,484
Average Number of Common Shares Outstanding—Basic	**12,669**	10,880	10,823
Dilutive Effect of Stock Options and Restricted Stock	**3**	3	1
Average Number of Common Shares Outstanding—Diluted	**12,672**	10,883	10,824
Earnings Per Share—Basic	**$ 1.43**	$ 1.50	$ 0.88
Earnings Per Share—Diluted	**$ 1.43**	$ 1.50	$ 0.88

Exhibit 12.1

UNITIL CORPORATION

COMPUTATION IN SUPPORT OF RATIO OF EARNINGS TO FIXED CHARGES

(000's, except ratios)	Year Ended December 31, 2012	2011	2010	2009	2008
Earnings:					
Net Income, per Consolidated Statement of Earnings	**$18,196**	$16,439	$ 9,616	$10,049	$ 9,735
Federal and State Income Taxes included in Operations	**10,976**	10,025	4,464	5,220	4,450
Interest on Long-Term Debt	**19,948**	19,987	19,664	17,961	11,795
Amortization of Debt Discount Expense	**324**	340	307	233	151
Other Interest	**2,003**	1,760	2,015	2,474	1,156
Total	**$51,447**	$48,551	$36,066	$35,937	$27,287
Fixed Charges:					
Interest of Long-Term Debt	**$19,948**	$19,987	$19,664	$17,961	$11,795
Amortization of Debt Discount Expense	**324**	340	307	233	151
Other Interest	**2,003**	1,760	2,015	2,474	1,156
Pre-tax Preferred Stock Dividend Requirements	**165**	211	194	208	199
Total	**$22,440**	$22,298	$22,180	$20,876	$13,301
Ratio of Earnings to Fixed Charges	**2.29**	2.18	1.63	1.72	2.05

Exhibit 21.1

Subsidiaries of Registrant

The Company or the registrant has eight wholly-owned subsidiaries, seven of which are corporations organized under the laws of the State of New Hampshire: Unitil Energy Systems, Inc., Northern Utilities, Inc., Granite State Gas Transmission, Inc., Unitil Power Corp., Unitil Realty Corp., Unitil Resources, Inc. and Unitil Service Corp. The eighth, Fitchburg Gas and Electric Light Company, is organized under the laws of the State of Massachusetts. Usource, Inc., which is a corporation organized under the laws of the State of Delaware, is a wholly-owned subsidiary of Unitil Resources, Inc. Usource, Inc. is the sole member of Usource L.L.C., which is a corporation organized under the laws of the State of Delaware.

Exhibit 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statements on Form S-8 (File No. 333-184849, effective November 9, 2012), Form S-3 (File No. 333- 180316, effective April 6, 2012) , Form S-3 (File No. 333-168394, effective July 29, 2010), Form S-3 (File No. 333-158537, effective April 24, 2009), Form S-3 (File No. 333-152823 effective December 5, 2008), Form S-8 (File No. 333-114978 effective April 29, 2004) and on Form S-8 (File No. 333-42266 effective July 26, 2000) of Unitil Corporation and subsidiaries of our report dated January 30, 2013, relating to our audits of the consolidated financial statements for the years ended December 31, 2012, 2011 and 2010 and internal control over financial reporting as of December 31, 2012, included in this Annual Report on Form 10-K of Unitil Corporation and subsidiaries for the year ended December 31, 2012.

/s/ McGladrey LLP
Boston, Massachusetts
January 30, 2013

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Schoenberger, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 30, 2013

/s/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark H. Collin, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 30, 2013

/s/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

Exhibit 31.3

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurence M. Brock, certify that:

1) I have reviewed this annual report on Form 10-K of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: January 30, 2013

/s/ Laurence M. Brock

Laurence M. Brock
Chief Accounting Officer

Exhibit 32.1

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Annual Report of Unitil Corporation (the "Company") on Form 10-K for the year ending December 31, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Robert G. Schoenberger, Chief Executive Officer and President, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Chief Accounting Officer, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Signature	Capacity	Date
/s/ Robert G. Schoenberger Robert G. Schoenberger	Chief Executive Officer and President	January 30, 2013
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	January 30, 2013
/s/ Laurence M. Brock Laurence M. Brock	Chief Accounting Officer	January 30, 2013

INFORMATION FOR SHAREHOLDERS

2013 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 18, 2013, at 10:30 a.m.

Transfer Agent
The Company's Transfer Agent, Computershare Investor Services (Computershare), is responsible for all shareholder records, including Common Stock issuance and transfer; and the distribution of dividends, tax documents and annual meeting materials to registered holders. Shareholder requests regarding these and other matters can be addressed by corresponding directly with Computershare at:

Mail:	PO Box 43078 Providence, RI 02940-3078
Telephone:	800-736-3001
Website:	www.computershare.com/investor

Contact Us
For information about the Company and your investment, you may also call the Company directly, toll-free, at: 800-999-6501 and ask for the Shareholder Representative; or visit the Investor Relations page at www.unitil.com; or contact us at InvestorRelations@unitil.com.

PROGRAMS AND PLANS

Dividend Reinvestment Plan
A Dividend Reinvestment and Stock Purchase Plan is available to registered holders of the Company's Common Stock. This Plan provides shareholders with an economical means to increase their investment in the Company each quarter by reinvesting their dividends without broker fees. For additional information or enrollment, please contact the Company or Computershare.

Dividend Direct Deposit
Dividend Direct Deposit Service is available without charge to shareholders of record of the Company's Common Stock. For further information or enrollment in this service, please contact the Company or Computershare.

This Annual Report contains forward-looking statements, which are subject to the inherent uncertainties in predicting future results and conditions. All statements, other than statements of historical fact, are forward-looking statements. 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 the following: the Company's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters); fluctuations in the supply of, demand for, transmission capacity and the prices of energy commodities and the Company's ability to recover energy commodity costs in its rates; customers' preferences on energy sources; severe storms and the Company's ability to recover storm costs in its rates; general economic conditions; variations in weather; long-term global climate change; the Company's ability to retain its existing customers and attract new customers; the Company's energy brokering customers' performance under multi-year energy brokering contracts; increased competition; and other risks and uncertainties described in the section entitled Risk Factors in the enclosed Annual Report on Form 10-K and Unitil Corporation's other filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date made, and the Company undertakes no obligation to update any forward-looking statements. Please also see Cautionary Statement beginning on page i of the enclosed Form 10-K.

2012
ANNUAL REPORT

Unitil Corporation
6 Liberty Lane West
Hampton, NH 03842-1720

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