

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended June 30, 1996

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 (I.R.S. Employer  
incorporation or organization) Identification No.)

6 Liberty Lane West, Hampton, New Hampshire 03842  
(Address of principal executive office) (Zip Code)

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

NONE  
(Former name, former address and former fiscal year, if changed since last  
report.)

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 X No

Indicate the number of shares outstanding of each of the issuer's classes of  
common stock, as of the latest practicable date.

Class	Outstanding at August 1, 1996
Common Stock, No par value	4,356,374 Shares

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

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PART 1. FINANCIAL INFORMATION

UNITIL CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF EARNINGS  
(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
Operating Revenues:				
Electric	\$36,350,820	\$34,050,063	\$73,047,416	\$68,680,779
Gas	4,252,892	3,423,175	11,701,621	9,605,350
Other	7,142	207,034	30,427	426,670
Total Operating Revenues	40,610,854	37,680,272	84,779,464	78,712,799
Operating Expenses:				
Fuel and Purchased Power	24,739,837	23,050,620	48,977,621	46,249,620
Gas Purchased for Resale	2,831,468	2,126,771	7,155,434	5,585,321
Operating and Maintenance	6,383,692	5,732,168	12,207,983	11,117,153
Depreciation	1,667,157	1,548,067	3,300,715	3,118,742
Amort. of Cost of Abandoned Properties	416,215	396,869	904,715	817,588
Provisions for Taxes:				
Local Property and Other	1,259,582	1,156,449	2,572,958	2,350,891
Federal and State Income	881,432	754,304	2,633,219	2,229,753
Total Operating Expenses	38,179,383	34,765,248	77,752,645	71,469,068
Operating Income	2,431,471	2,915,024	7,026,819	7,243,731
Non-Operating (Income) Expense	(630,220)	16,754	(642,721)	172,564
Income Before				
Interest Expense	3,061,691	2,898,270	7,669,540	7,071,167
Interest Expense, Net	1,464,712	1,370,926	2,876,648	2,824,956
Net Income	1,596,979	1,527,344	4,792,892	4,246,211
Less Dividends on Preferred Stock	66,889	70,835	137,615	142,136
Net Income Applicable to Common Stock	\$1,530,090	\$1,456,509	\$4,655,277	\$4,104,075
Average Common Shares Outstanding	4,344,380	4,290,940	4,339,332	4,282,783
Earnings Per Share of Common Stock	\$0.35	\$0.34	\$1.07	\$0.96
Dividends Declared per Share of Common Stock (Note 1)	\$0.33	\$0.32	\$0.99	\$0.96

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

UNITIL CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

	1996	June 30, 1995	December 31, 1995
ASSETS:			
Utility Plant:			
Electric	\$152,853,592	\$144,392,906	\$148,458,414
Gas	27,785,959	26,102,007	27,220,705
Common	7,521,950	7,873,934	8,494,093
Construction Work in Progress	10,588,926	3,058,274	6,003,991
Total Utility Plant	198,750,427	181,427,121	190,177,203
Less: Accumulated Depreciation	62,165,294	58,542,627	60,682,742
Net Utility Plant	136,585,133	122,884,494	129,494,461
Other Property & Investments	42,448	42,448	42,448

Cash	2,537,729	2,199,060	3,397,931
Accounts Receivable - Less Allowance for Doubtful Accounts of \$678,274 \$539,741 and \$622,596	14,438,879	13,008,798	14,931,699
Materials and Supplies	2,193,578	2,009,732	2,275,865
Prepayments	743,184	678,516	434,727
Accrued Revenue	3,780,317	2,029,452	2,577,715
Total Current Assets	23,693,687	19,925,558	23,617,937
Deferred Assets:			
Debt Issuance Costs	856,956	913,559	885,258
Cost of Abandoned Properties	26,350,076	27,955,250	27,254,791
Prepaid Pension Costs	7,141,212	6,244,710	6,689,093
Other Deferred Assets	23,721,275	24,460,235	23,718,296
Total Deferred Assets	58,069,519	59,573,754	58,547,434
TOTAL	\$218,390,787	\$202,426,254	\$211,702,284

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED BALANCE SHEETS  
(UNAUDITED)

	1996	June 30, 1995	December 31, 1995
CAPITALIZATION AND LIABILITIES:			
Capitalization:			
Common Stock Equity	\$64,951,176	\$60,718,674	\$63,894,789
Preferred Stock, Non-Redeemable, Non-Cumulative	225,000	225,000	225,000
Preferred Stock, Redeemable, Cumulative	3,665,900	3,773,900	3,773,900
Long-Term Debt, Less Current Portion	62,204,000	63,466,000	62,211,000
Total Capitalization	131,046,076	128,183,574	130,104,689
Capitalized Leases, Less Current Portion	3,584,502	3,260,128	3,732,947
Current Liabilities:			
Long-Term Debt, Current Portion	1,262,000	144,000	1,294,000
Short-Term Debt	6,100,000	--	2,700,000
Accounts Payable	15,288,086	10,656,094	14,565,075
Dividends Declared and Payable	1,614,531	1,534,903	170,796
Refundable Customer Deposits	1,813,729	2,721,807	2,237,851
Taxes Accrued	(56,414)	39,958	216,596
Interest Accrued	1,453,462	1,408,871	1,425,876
Capitalized Leases, Current Portion	792,100	498,770	741,832
Accrued and Other Current Liabilities	4,168,896	1,832,404	2,202,096
Total Current Liabilities	32,436,390	18,836,807	25,554,122
Deferred Liabilities:			
Investment Tax Credits	1,705,211	1,904,994	1,803,821
Other Deferred Liabilities	8,786,046	9,268,130	9,763,878
Total Deferred Liabilities	10,491,257	11,173,124	11,567,699
Deferred Income Taxes	40,832,562	40,972,621	40,742,827
TOTAL	\$218,390,787	\$202,426,254	\$211,702,284

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
(UNAUDITED)

Six Months Ended June 30,  
1996 1995

Net Cash Flow from Operating Activities:		
Net Income	\$4,792,892	\$4,246,211
Adjustments to Reconcile Net Income to Net Cash		
Provided by Operating Activities:		
Depreciation and Amortization	4,205,430	3,936,330
Deferred Taxes	392,022	(29,899)
Amortization of Investment Tax Credit	(98,610)	(101,174)
Provision of Doubtful Accounts	476,252	369,264
Amortization of Debt Issuance Costs	28,302	43,950
Loss on Taking of Land and Building	--	140,698
Changes in Assets and Liabilities:		
(Increase) Decrease in:		
Accounts Receivable	16,568	(96,377)
Materials and Supplies	82,287	80,247
Prepayments and Prepaid Pension	(760,576)	(712,811)
Accrued Revenue	(1,202,602)	262,845
Increase (Decrease) in:		
Accounts Payable	723,011	(1,834,947)
Refundable Customer Deposits	(424,122)	239,028
Taxes and Interest Accrued	(245,424)	417,595
Other, Net	841,446	304,467
Net Cash Provided by Operating Activities	8,826,876	7,265,427
Net Cash Flows from Investing Activities:		
Acquisition of Property, Plant and Equip.	(10,119,112)	(5,963,887)
Proceeds from Taking of Land & Building	--	2,000,000
Net Cash Used in Investing Activities	(10,119,112)	(3,963,887)
Cash Flows from Financing Activities:		
Net (Decrease) in Short-Term Debt	3,400,000	-
Net (Decrease) in Long-Term Debt	(39,000)	(1,970,321)
Dividends Paid	(2,991,258)	(2,873,120)
Issuance of Common Stock	524,318	541,634
Retirement of Preferred Stock	(108,000)	(94,700)
Repayment of Capital Lease Obligations	(354,026)	(516,096)
Net Cash Flows from Financing Activities	432,034	(4,912,603)
Net Increase (Decrease) in Cash	(860,202)	(1,611,063)
Cash at Beginning of Year	3,397,931	3,810,123
Cash at June 30,	\$2,537,729	\$2,199,060
Supplemental Cash Flow Information:		
Cash Paid for:		
Interest Paid	\$2,893,132	\$2,994,398
Federal Income Taxes Paid	\$2,232,000	\$955,000
Non-Cash Financing Activities:		
Capital Leases Incurred	\$255,849	\$437,453

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

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UNITIL CORPORATION AND SUBSIDIARY COMPANIES  
NOTES TO FINANCIAL STATEMENTS  
(UNAUDITED)

Note 1.

Dividends Declared Per Share:

Three regular quarterly common stock dividends were declared during the six month periods ended June 30, 1996 and 1995.

Common Stock Dividend:

On June 20, 1996, the Company's Board of Directors declared its regular quarterly dividend on the Company's Common Stock of \$0.33 per share which is payable on August 15, 1996 to shareholders of record as of August 1, 1996.

On March 7, 1996, the Company's Board of Directors declared its regular quarterly dividend on the Company's Common Stock of \$0.33 per share which is payable on May 15, 1996 to shareholders of record as of May 1, 1996.

On January 16, 1996, the Company's Board of Directors approved a 3.1% increase to the dividend rate on its common stock. The new regular dividend rate is \$0.33 per share and was payable February 15, 1996 to shareholders of record as of February 1, 1996.

Note 2.

Common Stock:

During the second quarter of 1996, the Company sold 13,701 shares of Common Stock, at an average price of \$21.53 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan and its 401(k) plans. Net proceeds of \$295,024 were used to reduce short-term borrowings.

Note 3.

Preferred Stock:

Details on preferred stock at June 30, 1996, June 30, 1995 and December 31, 1995 are shown below:

	June 30, 1996	June 30, 1995	December 31, 1995
Preferred Stock:			
Non-Redeemable, Non-Cumulative, 6%, \$100 Par Value	\$225,000	\$225,000	\$225,000
Redeemable, Cumulative, \$100 Par Value:			
8.70% Series	215,000	215,000	215,000
5% Dividend Series	91,000	98,000	98,000
6% Dividend Series	168,000	168,000	168,000
8.75% Dividend Series	344,300	344,300	344,300
8.25% Dividend Series	406,000	406,000	406,000
5.125% Dividend Series	1,034,600	1,076,600	1,076,600
8% Dividend Series	1,407,000	1,466,000	1,466,000
Total Redeemable Preferred Stock	3,665,900	3,773,900	3,773,900
Total Preferred Stock	\$3,890,900	\$3,998,900	\$3,998,900

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Note 4.

Long-term Debt:

Details on long-term debt at June 30, 1996, June 30, 1995 and December 31, 1995 are shown below:

	June 30, 1996	1995	1995	December 31, 1995
Concord Electric Company:				
First Mortgage Bonds:				
Series C, 6 3/4%, due January 15, 1998	\$1,552,000		\$1,584,000	\$1,584,000
Series H, 9.43%, due September 1, 2003	6,500,000		6,500,000	6,500,000
Series I, 8.49%, due October 14, 2024	6,000,000		6,000,000	6,000,000
Exeter & Hampton Electric Company:				
First Mortgage Bonds:				
Series E, 6 3/4%, due January 15, 1998	504,000		511,000	511,000
Series H, 8.50%, due December 15, 2002	910,000		1,015,000	910,000
Series J, 9.43%, due September 1, 2003	5,000,000		5,000,000	5,000,000
Series K, 8.49%, due October 14, 2024	9,000,000		9,000,000	9,000,000
Fitchburg Gas and Electric Light Company:				
Promissory Notes:				
8.55% Notes due March 31, 2004	15,000,000		15,000,000	15,000,000
6.75% Notes due November 30, 2023	19,000,000		19,000,000	19,000,000
Total	63,466,000		63,610,000	63,505,000
Less: Installments due within one year	1,262,000		144,000	1,294,000
Total Long-term Debt	\$62,204,000		\$63,466,000	\$62,211,000

Note 5.

In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the consolidated financial position as of June 30, 1996 and 1995; and results of operations for the three and six months ended June 30, 1996 and 1995; and consolidated statements of cash flows for the six months ended June 30, 1996 and 1995. Reclassifications of amounts are made periodically to previously issued financial statements to conform with the current year presentation.

The results of operations for the six months ended June 30, 1996 and 1995 are not necessarily indicative of the results to be expected for the full year.

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS  
AND FINANCIAL CONDITION

EARNINGS

Earnings from ongoing operations for the quarter increased more than 6%, versus the same period last year. The effect of nonrecurring items reduced earnings from operations 3%, resulting in a net increase of 3% in earnings per share to \$0.35, compared to earnings of \$0.34 per share for the same three-month period of 1995. For the first six months of 1996, earnings were \$1.07 per share, up \$0.11 per share from the same six-month period a year earlier, an increase of more than 11%.

The earnings improvement for the second quarter primarily reflects increases derived from growing electric and gas sales. These earnings also reflect the effect of two nonrecurring and offsetting items recorded in the second quarter: 1) the positive impact of additional funds received in settlement of an eminent domain proceeding pertaining to the State of New Hampshire's taking of the Company's former corporate headquarters; and, 2) a one-time charge to earnings for estimated costs relating to compliance with the rules and regulations of the New Hampshire Public Utilities Commission for the New Hampshire Electric Retail Competition Pilot Program.

Total base revenue increased 7.6% in the second quarter of 1996 as a result of higher electric and gas sales. Electric energy sales to large industrial and commercial customers were up substantially in the second quarter of 1996, as KWH usage by this group increased more than 28%, to 158,868,139 KWH up from 123,641,762 KWH in the year earlier period. These sales reflect the addition of major new load under Unitil's competitive initiatives, including the Energy Bank program(TM), as well as the overall positive impact that a more normal heating season had on energy sales. Residential KWH sales increased 2.2% to 117,796,323 KWH in the quarter, compared to 115,209,139 KWH during the second quarter of 1995. Total gas firm therm sales, most impacted by the weather, increased 6.5% during the second quarter of 1996 to 4,964,839 therms from 4,660,553 therms in the year earlier period. These increased energy sales supported higher operating costs primarily for expanded business development and marketing initiatives during the period.

During the second quarter of 1996, the Company reached an agreement with the State of New Hampshire related to the eminent domain taking of its corporate headquarters. As a result of that agreement, the Company received an additional payment from the State of New Hampshire of \$875,000, which settled a long standing dispute over the matter. Also in the second quarter, the Company recorded a one-time charge to earnings for estimated costs relating to compliance with the rules and regulations of the New Hampshire Public Utilities Commission for the New Hampshire Electric Retail Competition Pilot Program (see "NH Retail Competition Pilot Program"). The impact on earnings of these two nonrecurring items effectively offset each other.

Total base revenue increased by 8.0% in the first six months of 1996. This increase was driven by an 11.5% increase in total KWH sales during the period. Sales to the Unitil System's largest commercial and industrial customer group grew 26.4% during the first six months of 1996, to 304,452,393 KWH from 240,936,562 KWH in the year earlier period. Residential KWH sales increased 5.1% to 272,368,605 KWH, compared to 259,196,773 KWH during the first half of 1995. Total gas firm therm sales, increased 13.3% during the first six months of 1996 to 16,296,209 therms from 14,380,297 therms in the year earlier period.

Millstone Unit No. 3

Unitil's Massachusetts operating subsidiary, Fitchburg Gas and Electric Light Company (FG&E), has a 0.217% ownership in the Millstone Unit No. 3 nuclear generating unit which supplies it with 2.49 MW of electric capacity. In January 1996 the Nuclear Regulatory Commission (NRC) placed Millstone No. 3 on its watch list as a Category 2 facility, which calls for increased NRC inspection attention. In March 1996 the NRC requested additional information about the operation of the unit from Northeast Utilities (NU), the unit's managing owner. As a result of an engineering evaluation completed by NU, Millstone Unit No. 3 was taken out of service on March 30, 1996. The NRC later informed NU, in a letter dated June 28, 1996, that it had reclassified Millstone Station as a Category 3 facility. The NRC assigns this rating to plants which it deems to have significant weaknesses that warrant maintaining the plant in shutdown condition until the operator demonstrates that adequate programs have been established and implemented to ensure substantial improvement in the operation of the plant. The NRC's letter also informed NU that this designation would

require the NRC staff to obtain NRC approval by vote prior to a restart of the unit.

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During the period that Millstone No. 3 is out of service FG&E will continue to incur its proportionate share of the unit's ongoing Operations and Maintenance (O&M) costs, and may incur additional O&M costs and capital expenditures to meet NRC requirements. FG&E will also incur costs to replace the power that was expected to be generated by the unit. It is estimated that the additional cost of replacement power will approximate \$35,000 per month during the outage.

#### NH Retail Competition Pilot Program

In New Hampshire, the Retail Competition Pilot Program (Pilot Program) initiated by the New Hampshire Public Utilities Commission (NHPUC) has progressed to the operational stage. On May 1, 1996, all regulated electric utilities in the State, including Concord Electric Company (CECo) and Exeter & Hampton Electric Company (E&H), Unitil' New Hampshire based retail operating utilities, released lists of customers who have been selected as participants in the Pilot Program. The guidelines provide that up to 3% of each utility's retail customer's will be allowed to select from among competing electric supply providers and have this supply delivered across the local utility system.

More than thirty competitive electric suppliers, including Unitil Resources, Inc., the Company's competitive market subsidiary, are currently authorized to market the sale of electricity to these participants. Unitil Resources began marketing electricity to Pilot Program participants in late May, and actual sale by Unitil Resources and other suppliers began in June in some areas of the state. Unitil Resource's market price for the month of August - 2.2 cents/kilowatt hour - is the lowest price offered among the local, regional and national energy suppliers competing for customers in the program.

Under the Pilot Program, the NHPUC had initially ordered CECo and E&H to file tariff rates which included discounts to participants and a non-participant protection mechanism, to prevent the allocation of unrecovered power costs to nonparticipating customers. The Company filed for reconsideration of that order based on a determination that the NHPUC's decision would deny CECo and E&H the opportunity to fully recover their purchased power costs, in violation of both federal and state law, or to mitigate any of the losses associated with the mandated power sales discounts. The Company entered into a settlement agreement with the NHPUC staff and the Office of the Consumer Advocate which was approved by the NHPUC on July 1, 1996. The settlement contains provisions which provide the Company with an opportunity to mitigate the losses resulting from unrecovered power costs and mandated sales discounts. The Company has recorded in the second quarter a one-time charge to earnings for estimated costs relating to compliance with the rules and regulations of the New Hampshire Public Utilities Commission for the New Hampshire Electric Retail Competition Pilot Program.

#### CAPITAL REQUIREMENTS

Capital expenditures for the six months ended June 30, 1996 were approximately \$10,100,000. This compares to \$6,000,000 during the same period last year. Capital expenditures for the year 1996 are estimated to be approximately \$18,300,000 as compared to \$14,600,000 for 1995. This projection reflects capital expenditures of approximately \$14,200,000 million for normal utility system expansions, replacements and other improvements and capital expenditures of approximately \$4,100,000 related to the completion of construction of Unitil's new corporate headquarters.

#### CORPORATE HEADQUARTERS RELOCATION

Due to the eminent domain taking of our corporate headquarters in connection with a highway expansion, we have moved to Hampton, New Hampshire, just eight miles away from our former site. Our new address is 6 Liberty Lane West, Hampton, New Hampshire 03842.

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#### PART I. EXHIBIT 11.

##### UNITIL CORPORATION AND SUBSIDIARY COMPANIES

##### COMPUTATION OF EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING (UNAUDITED)

PRIMARY EARNINGS PER SHARE	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
Net Income	\$1,596,979	\$1,527,344	\$4,792,892	\$4,246,211
Less: Dividend Requirement on Preferred Stock	66,889	70,835	137,615	142,136
Net Income Applicable to Common Stock	\$1,530,090	\$1,456,509	\$4,655,277	\$4,104,075
Average Number of Common Shares Outstanding	4,344,380	4,290,940	4,339,332	4,282,783
Earnings Per Common Share	\$0.35	\$0.34	\$1.07	\$0.96

FULLY-DILUTED EARNINGS PER SHARE	Three Months Ended June 30,		Six Months Ended June 30,	
	1996	1995	1996	1995
Net Income	\$1,596,979	\$1,527,344	\$4,792,892	\$4,246,211
Less: Dividend Requirement on Preferred Stock	66,889	70,835	137,615	142,136
Net Income Applicable to Common Stock	\$1,530,090	\$1,456,509	\$4,655,277	\$4,104,075
Average Number of Common Shares Outstanding	4,454,049	4,365,961	4,453,385	4,357,227
Earnings Per Common Share	\$0.34	\$0.33	\$1.05	\$0.94

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## PART II. OTHER INFORMATION

### Item 6. Exhibits and Reports on Form 8-K.

#### (a) Exhibits

Exhibit No.	Description of Exhibit	Reference
11	Computation in Support of Earnings Per Average Common Share	Filed herewith

#### (b) Reports on Form 8-K

During the quarter ended June 30, 1996, the Company did not file any reports on Form 8-K.

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## SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

UNITIL CORPORATION  
(Registrant)

Date: August 14, 1996

/s/ Gail A. Siart

Gail A. Siart, Treasurer  
and Chief Financial Officer

(Gail A. Siart is the Principal Financial  
Officer and has been duly authorized to  
sign on behalf of the registrant.)

UT

DEC-31-1996

JAN-1-1996

JUN-30-1996

6-MOS

PER-BOOK

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23,693,687  
58,069,519  
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218,390,787  
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7,026,819  
(642,721)  
7,669,540  
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