

Form U-13-60
Mutual and Subsidiary Service Companies
Revised February 7, 1980

ANNUAL REPORT

FOR THE PERIOD

Beginning January 1, 1997 and Ending December 31, 1997

TO THE

US SECURITIES AND EXCHANGE COMMISSION

OF

UNITIL SERVICE CORP.

A Subsidiary Service Company

Date of Incorporation October 9, 1984

State of Incorporation New Hampshire

Location of Principal Executive Offices of Reporting Company:

6 Liberty Lane West
Hampton, New Hampshire 03842-1720

Name, Title and address of officer to whom correspondence concerning this report should be addressed:

Laurence M. Brock, VP and Controller
6 Liberty Lane West
Hampton, New Hampshire 03842-1720

Name of Principal Holding Company Whose Subsidiaries are served by Reporting Company:

UNITIL Corporation

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LISTING OF SCHEDULES AND ANALYSIS OF ACCOUNTS

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SCHEDULE I - COMPARATIVE BALANCE SHEET

Give balance sheet of the Company as of December 31 of the current and prior year.

ACCOUNT	ASSETS AND OTHER DEBITS	AS OF DECEMBER 31	
		CURRENT	PRIOR
	SERVICE COMPANY PROPERTY		
101	Service company property (Schedule II)	4,766,665	3,768,171
107	Construction work in progress (Schedule II)	0	0
	Total Property	4,766,665	3,768,171
108	Less accumulated provision for depreciation and amortization of service company property (Schedule III)	1,769,333	1,016,751
	Net Service Company Property	2,997,332	2,751,420
	INVESTMENTS		
123	Investments in associate companies (Schedule IV)	0	0
124	Other investments (Schedule IV)	0	0
	Total investments	0	0
	CURRENT AND ACCRUED ASSETS		
131	Cash	487,562	236,981
134	Special deposits	0	0
135	Working funds	6,000	5,000
136	Temporary cash investments (Schedule IV)	0	0
141	Notes receivable	0	0
143	Accounts receivable	113,241	125
144	Accumulated provision for uncollectable accounts	0	0
146	Accounts receivable from associate companies (Schedule V)	2,032,757	1,481,480
152	Fuel stock expense undistributed (Schedule VI)	0	0
154	Materials and supplies	0	0
163	Stores expense undistributed (Schedule VII)	0	0
165	Prepayments	63,158	20,826
174	Miscellaneous current and accrued assets (Schedule VIII)	0	0
	Total Current and Accrued Assets	2,702,718	1,744,413
	DEFERRED DEBITS		
181	Unamortized debt expense	0	0
184	Clearing accounts	251,770	223,705
186	Miscellaneous deferred debits (Schedule IX)	1,036,457	381,410
188	Research, development, or demonstration expenditures (Schedule X)	0	0
190	Accumulated deferred income tax	0	0
	Total Deferred Debits	1,288,227	605,115
	TOTAL ASSETS AND OTHER DEBITS	6,988,277	5,100,948

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SCHEDULE I - COMPARATIVE BALANCE SHEET

ACCOUNT	LIABILITIES AND PROPRIETARY CAPITAL	AS OF DECEMBER 31	
		CURRENT	PRIOR

PROPRIETARY CAPITAL					
201	Common stock issued (Schedule XI)		1,000		1,000
211	Miscellaneous paid-in-capital (Schedule XI)		0		0
215	Appropriated retained earnings (Schedule XI)		0		0
216	Unappropriated retained earnings (Schedule XI)		1,688		1,688
	Total Proprietary Capital		2,688		2,688
LONG-TERM DEBT					
223	Advances from associate companies (Schedule XII)		0		0
224	Other long-term debt (Schedule XII)		0		0
225	Unamortized premium on long-term debt		0		0
226	Unamortized discount on long-term debt-debit		0		0
	Total Long-Term Debt		0		0
227	Obligations under capital leases - non-current	2,233,598		962,712	
CURRENT AND ACCRUED LIABILITIES					
231	Notes payable		0		0
232	Accounts payable	666,092		637,247	
233	Notes payable to associate companies (Schedule XIII)	1,816,986		449,801	
234	Accounts payable to associate companies (Schedule XIII)	1,452,443		1,306,915	
236	Taxes accrued	35,932		6,164	
237	Interest accrued		0		0
238	Dividends declared		0		0
241	Tax collections payable		0		0
242	Miscellaneous current and accrued liabilities (Schedule XIII)	748,570		616,692	
243	Obligations under capital leases - current	752,887		1,785,920	
	Total Current and Accrued Liabilities	5,472,910		4,802,739	
DEFERRED CREDITS					
253	Other deferred credits		0		0
255	Accumulated deferred investment tax credits		0		0
	Total Deferred Credits		0		0
282	ACCUMULATED DEFERRED INCOME TAXES	(720,919)		(667,191)	
	TOTAL LIABILITIES AND PROPRIETARY CAPITAL	6,988,277		5,100,948	

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SCHEDULE II - SERVICE COMPANY PROPERTY

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS	RETIREMENTS OR SALES	OTHER CHANGES 1/	BALANCE AT CLOSE OF YEAR	
SERVICE COMPANY PROPERTY						
Account						
301	ORGANIZATION					
303	MISCELLANEOUS INTANGIBLE PLANT					
304	LAND AND LAND RIGHTS					
305	STRUCTURES AND IMPROVEMENTS					
306	LEASEHOLD IMPROVEMENTS					
307	EQUIPMENT 2/	3,014,040	740,268	(31,051)	0	3,723,257
308	OFFICE FURNITURE AND EQUIPMENT	719,903	308,329	0	0	1,028,232
309	AUTOMOBILE OTHER VEHICLES AND RELATED GARAGE EQUIPMENT	34,228	15,176	(34,228)	0	15,176
310	AIRCRAFT AND AIRPORT EQUIPMENT					
311	OTHER SERVICE COMPANY PROPERTY 3/					
SUB-TOTAL	3,768,171	1,063,773	(65,279)	0		4,766,665
107	CONSTRUCTION WORK IN					

PROGRESS

TOTAL	3,768,171	1,063,773	(65,279)	0	4,766,665
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1/ PROVIDE AN EXPLANATION OF THOSE CHANGES CONSIDERED MATERIAL:
NONE

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SCHEDULE II - CONTINUED

2/ SUBACCOUNTS ARE REQUIRED FOR EACH CLASS OF EQUIPMENT OWNED. THE SERVICE COMPANY SHALL PROVIDE A LISTING BY SUBACCOUNT OF EQUIPMENT ADDITIONS DURING THE YEAR AND THE BALANCE AT THE CLOSE OF THE YEAR:

SUBACCOUNT DESCRIPTION	ADDITIONS	BALANCE AT CLOSE OF YEAR
Computer	447,386	3,152,281
PBX Phone System	292,881	570,975
TOTAL	740,267	3,723,256

3/ DESCRIBE OTHER SERVICE COMPANY PROPERTY:
NONE

4/ DESCRIBE CONSTRUCTION WORK IN PROGRESS:
NONE

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SCHEDULE III

ACCUMULATED PROVISION FOR DEPRECIATION AND
AMORTIZATION OF SERVICE COMPANY PROPERTY

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS CHARGED TO ACCOUNT 403	RETIRE- MENTS	OTHER CHANGES ADD (DEDUCT)1/	BALANCE AT CLOSE OF YEAR
Account					
301 ORGANIZATION					
303 MISCELLANEOUS INTANGIBLE PLANT					
304 LAND AND LAND RIGHTS					
305 STRUCTURES AND IMPROVEMENTS					
306 LEASEHOLD IMPROVEMENTS					
307 EQUIPMENT	965,301	695,668	(31,051)	0	1,629,918
308 OFFICE FURNITURE AND EQUIPMENT	27,920	116,568	0	0	144,488
309 AUTOMOBILES, OTHER VEHICLES AND RELATED GARAGE EQUIPMENT	23,530	5,625	(34,228)	0	(5,073)
310 AIRCRAFT AND AIRPORT EQUIPMENT					
311 OTHER SERVICE COMPANY PROPERTY					
TOTAL	1,016,751	817,861	(65,279)	0	1,769,333

1/ PROVIDE AN EXPLANATION OF THOSE CHANGES CONSIDERED MATERIAL:

ANNUAL REPORT OF UNITIL SERVICE CORP.

SCHEDULE IV - INVESTMENTS

INSTRUCTIONS: Complete the following schedule concerning investments.
Under Account 124 "Other Investments" state each investment separately, with description, including, the name of issuing company, number of shares or principal amount

Under Account 136, "Temporary Cash Investments", list each investment separately.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
ACCOUNT 123 - INVESTMENT IN ASSOCIATED COMPANIES	0	0
ACCOUNT 124 - OTHER INVESTMENTS	0	0
ACCOUNT 136 - TEMPORARY CASH INVESTMENTS	0	0
TOTAL	0	0

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SCHEDULE V - ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES

INSTRUCTIONS: Complete the following schedule listing accounts receivable from each associate company. Where the service company has provided accommodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
ACCOUNT 146 - ACCOUNTS RECEIVABLE FROM ASSOCIATE Companies		
Concord Electric Company	258,852	399,447
Exeter & Hampton Electric Company	300,337	383,034
Fitchburg Gas and Electric Light Company	583,491	873,277
UNITIL Power Corp.	320,773	360,910
UNITIL Realty Corp.	7,342	2,613
UNITIL Corporation	1,155	0
UNITIL Resources, Inc.	9,530	13,476
TOTAL	1,481,480	2,032,757

ANALYSIS OF CONVENIENCE OR ACCOMMODATION PAYMENTS:

Concord Electric Company	81,091
Exeter & Hampton Electric Company	130,820
Fitchburg Gas and Electric Light Company	428,425
UNITIL Power Corp.	436,446
UNITIL Realty Corp.	18,384
UNITIL Resources, Inc.	27,046

For detail of convenience payments by type and company, paid by Unitil Service Corp. see following table.

TOTAL PAYMENTS	1,122,212
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CONVENIENCE PAYMENTS BY TYPE AND COMPANY

	CECo	E&H	FG&E	UPC
Legal	\$45,993	\$94,964	\$376,489	\$419,727
Audit	35,098	35,855	51,937	16,719
	\$ 81,091	\$130,820	\$428,425	\$436,446

CONVENIENCE PAYMENTS BY TYPE AND COMPANY (Cont.)

	URI	URC	UC	Total
Legal	\$16,659	\$25,323	0	979,156
Audit	1,725	1,723	0	143,056
	\$18,384	\$27,046	0	\$1,122,212

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SCHEDULE VI - FUEL STOCK EXPENSES UNDISTRIBUTED

INSTRUCTIONS: Report the amount of labor and expenses incurred with respect to fuel stock expense during the year and indicate amount attributable to each associate company. Under the section headed "Summary" listed below give an overall report of the fuel functions performed by the service company.

DESCRIPTION	LABOR	EXPENSE	TOTAL
ACCOUNT 152 - FUEL STOCK EXPENSE UNDISTRIBUTED	0	0	0
TOTAL	0	0	0

SUMMARY:

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SCHEDULE VII - STORES EXPENSE UNDISTRIBUTED

INSTRUCTIONS: Report the amount of labor and expenses incurred with respect to stores expense during the year and indicate amount attributable to each associate company.

DESCRIPTION	LABOR	EXPENSE	TOTAL
ACCOUNT 163 - STORES EXPENSE UNDISTRIBUTED	0	0	0
TOTAL	0	0	0

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SCHEDULE VIII

MISCELLANEOUS CURRENT AND ACCRUED ASSETS

INSTRUCTIONS: Provide detail of items in this account. Items less than \$10,000 may be grouped, showing the number of items in each group.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
ACCOUNT 174 - MISCELLANEOUS CURRENT AND ACCRUED ASSETS	0	0
TOTAL	0	0

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SCHEDULE IX - MISCELLANEOUS DEFERRED DEBITS

INSTRUCTIONS: Provide detail of items in this account. Items less than \$10,000 may be grouped by class showing the number of items in each class.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
ACCOUNT 186 - MISCELLANEOUS DEFERRED DEBITS		
Under/(over) collected administrative expenses	17,466	59,822
Postage	36,839	23,856
Deferred Charges - PC purchases	21,181	12,848
Reimbursable Relocation Costs	51,456	0
Payroll System Conversion - Ceridian	0	3,132
Deferred Charges - Software Development	254,468	936,799
TOTAL	381,410	1,036,458

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SCHEDULE X

RESEARCH, DEVELOPMENT OR DEMONSTRATION EXPENDITURES

INSTRUCTIONS: Provide a description of each material research, development, or demonstration project which incurred costs by the service corporation during the year.

DESCRIPTION	BALANCE AT CLOSE OF YEAR
ACCOUNT 188 - RESEARCH, DEVELOPMENT OR DEMONSTRATION EXPENDITURES	0
TOTAL	0

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SCHEDULE XI - PROPRIETARY CAPITAL

ACCOUNT NUMBER	CLASS OF STOCK	NUMBER OF SHARES AUTHORIZED	PAR OR STATED VALUE PER SHARE	OUTSTANDING CLOSE OF PERIOD NO. OF SHARES	TOTAL AMOUNT

INSTRUCTIONS: Classify amounts in each account with brief explanation, disclosing the general nature of transactions which gave rise to the reported amounts.

DESCRIPTION	AMOUNT
ACCOUNT 211 - MISCELLANEOUS PAID-IN CAPITAL	0
ACCOUNT 215 - APPROPRIATED RETAINED EARNINGS	0
TOTAL	0

INSTRUCTIONS: Give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owned or net loss remaining from servicing nonassociates per the General Instructions of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentage, amount of dividend, date declared and date paid.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	NET INCOME OR (LOSS)	DIVIDENDS PAID	BALANCE AT CLOSE OF YEAR
ACCOUNT 216 - UNAPPROPRIATED RETAINED EARNINGS	1,688	0	0	1,688
TOTAL	1,688	0	0	1,688

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SCHEDULE XII - LONG-TERM DEBT

INSTRUCTIONS: Advances from associate companies should be reported separately for advances on notes, and advances on open account. Names of associate companies from which advances were received shall be shown under the class and series of obligation column. For Account 224 - Other long-term debt provide the name of creditor company or organization, terms of the obligation, date of maturity, interest rate, and the amount authorized and outstanding.

NAME OF CREDITOR	TERMS OF OBLIG CLASS & SERIES OF OBLIGATION	DATE OF MAT.	INT. RATE	AMT. AUTH.	ADD.	1/ DED.	BALANCE AT CLOSE OF YEAR
ACCOUNT 223 - ADVANCES FROM ASSOCIATE COMPANIES				0	0	0	0
ACCOUNT 224 - OTHER LONG-TERM DEBT:				0	0	0	0
TOTAL				0	0	0	0

1/ GIVE AN EXPLANATION OF DEDUCTIONS:

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SCHEDULE XIII - CURRENT AND ACCRUED LIABILITIES

Provide balance of notes and accounts payable to each associate company. Give description and amount of miscellaneous current and accrued liabilities. Items less than \$10,000 may be grouped, showing the number of items in each group.

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
ACCOUNT 233 - NOTES PAYABLE TO ASSOCIATE COMPANIES Money Pool	449,801	1,816,986

TOTAL	449,801	1,816,986
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ACCOUNT 234 - ACCOUNTS PAYABLE TO ASSOCIATE COMPANIES

Concord Electric Company	0	0
Exeter & Hampton Electric Company	0	88,580
Fitchburg Gas and Electric Company	0	41,396
UNITIL Corporation (1)	1,306,915	1,321,602
UNITIL Power Corporation	0	865

(1) Balance consists of KESOP for UNITIL Service Employees only, not subsidiaries.

TOTAL	1,306,915	1,452,443
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ACCOUNT 242 - MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES

Accrued FASB 87	202,373	200,616
Accrued Supplemental Executive Retirement Plan	289,959	363,655
Accrued Legal Fees	5,863	3,043
Accrued Annual Report	60,000	54,495
Accrued Pension Expense	0	0
Accrued FASB 106	44,668	65,117
Accrued FASB 106 - APBO	14,241	(2,489)
Accrued FASB 106 - Gain/Loss	(1,649)	(1,649)
Accrued Severance Cost	0	0
Accrued Interest on Escrow	1,236	23,435
Accrued Miscellaneous Costs	0	42,347
TOTAL	616,692	748,570

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SCHEDULE XIV
NOTES TO FINANCIAL STATEMENT

INSTRUCTIONS: The space below is provided for important notes regarding the financial statements or any account thereof. Furnish particulars as to any significant contingent assets or liabilities existing at the end of the year. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

Selected Notes to the Financial Statements:

UNITIL Service Corp. (USC), a wholly-owned subsidiary of UNITIL Corporation, a public utility holding company, provides centralized support services to the parent company and its subsidiaries. USC is subject to the jurisdiction of the Securities and Exchange Commission (SEC) under the Public Utility Holding Company Act of 1935. Accordingly, USC maintains its books of account as prescribed by the "Uniform System of Accounts for Mutual Service Companies and Subsidiary Service Companies" as Amended February 2, 1979 to be effective January 1, 1980. USC prepares its financial statements in conformity with generally accepted accounting principles.

Please refer to the 1997 UNITIL Corporation Form 10-K for additional disclosures.

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SCHEDULE XV

STATEMENT OF INCOME

ACCOUNT	DESCRIPTION	CURRENT YEAR	PRIOR YEAR
INCOME			
457	Services rendered to associate companies	12,935,280	10,369,118
458	Services rendered to nonassociate companies	30,000	30,000
419	Interest Income	539	3,683

421	Miscellaneous income or loss	10,830	4,000
	Total Income	12,976,649	10,406,801
EXPENSE			
920	Salaries and wages	5,914,082	5,296,792
921	Office supplies and expenses	812,299	616,531
922	Administrative expense transferred - credit	(51,631)	(25,279)
923	Outside services employed	863,769	576,206
924	Property insurance	3,524	3,931
925	Injuries and damages	27,449	28,700
926	Employee pensions and benefits	1,404,858	1,195,345
928	Regulatory commission expense	0	0
930.1	General advertising expense	775,607	780,986
930.2	Miscellaneous general expense	(59,604)	151,582
931	Rents	1,482,496	412,261
932	Maintenance of structures and equipment	337,676	274,457
403	Depreciation and amortization expense	785,609	571,476
408	Taxes other than income taxes	402,731	367,745
409	Income taxes	53,612	123,083
410	Provision for deferred income taxes	(53,727)	(113,089)
411	Provision for deferred income taxes - credit	0	0
411.5	Investment tax credit	0	0
426.1	Donations	5,046	720
426.5	Other deductions	18	23
427	Interest on long-term debt	0	0
430	Interest on debt to associate companies	43,446	19,387
431	Other interest expense	229,390	125,944
	Total Expense	12,976,649	10,406,801
Net Income or (Loss)		0	0

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ANALYSIS OF BILLING
ASSOCIATE COMPANIES
ACCOUNT 457

NAME OF ASSOCIATE COMPANY	DIRECT COSTS CHARGED 457-1	INDIRECT COSTS CHARGED 457-2	COMPENSATION FOR USE OF CAPITAL 457-3	TOTAL AMOUNT BILLED
Concord Electric Company	1,033,719	1,258,902	0	2,292,621
Exeter & Hampton Electric Company	1,060,684	1,287,365	0	2,348,049
Fitchburg Gas and Electric Light Company	2,348,541	2,928,856	0	5,277,397
UNITIL Power Corp.	1,303,989	1,570,777	0	2,874,766
UNITIL Realty Corp.	24,211	30,106	0	54,317
UNITIL Resources, Inc.	40,516	47,614	0	88,130
TOTAL	5,811,660	7,123,620	0	12,935,280

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ANALYSIS OF BILLING
NONASSOCIATE COMPANIES
ACCOUNT 458

NAME OF NONASSOC COMPANY	DIRECT COSTS CHARGED 457-1	INDIRECT COSTS CHARGED 457-2	COMPENSATION FOR USE OF CAPITAL 457-3	TOTAL COST	EXCESS OR DEFICIENCY 458-4	TOTAL AMOUNT BILLED
UNITIL Retiree Trust	0	30,000		30,000	0	30,000

Total 0 30,000 0 30,000 0 30,000

INSTRUCTION: Provide a brief description of the services rendered to each nonassociate company.

UNITIL Retiree Trust - Professional services provided.

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SCHEDULE XVI
ANALYSIS OF CHARGES FOR SERVICE
ASSOCIATE AND NONASSOCIATE COMPANIES

DESCRIPTION OF ITEMS	ASSOCIATE COMPANY CHARGES		TOTAL
	DIRECT COST	INDIRECT COST	
920 SALARIES AND WAGES	5,055,117	828,965	5,884,082
921 OFFICE SUPPLES AND EXPENSES	334,745	477,554	812,299
922 ADMIN EXPENSE TRANS-CREDIT		(51,631)	(51,631)
923 OUTSIDE SERVICES EMPLOYED		863,769	863,769
924 PROPERTY INSURANCE		3,524	3,524
925 INJURIES AND DAMAGES		27,449	27,449
926 EMPLOYEE PENSIONS AND BENEFITS		1,404,858	1,404,858
928 REGULATORY COMMISSION EXPENSE		0	0
930.1 GENERAL ADVERTISING EXPENSE		775,607	775,607
930.2 MISC. GENERAL EXPENSE		(59,604)	(59,604)
931 RENTS		1,482,496	1,482,496
932 MAINT. OF STRUCT. & EQUIP.	421,798	(84,122)	337,676
403 DEPR. AND AMORT. EXPENSE		785,609	705,609
408 TAXES OTHER THAN INCOME		402,731	402,731
409 INCOME TAXES		53,612	53,612
410 PROV FOR DEF INC TAXES		(53,727)	(53,727)
411 PROV FOR DEF INC TAX CREDIT			0
411.5 INVESTMENT TAX CREDIT			0
419 INTEREST INCOME		(11,369)	(11,369)
426.1 DONATIONS		5,046	5,046
426.5 OTHER DEDUCTIONS		18	18
427 INTEREST ON LONG-TERM DEBT			0
431 OTHER INTEREST EXPENSE		229,390	229,390

INSTRUCTION: Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.

SUBTOTAL EXPENSES	5,811,660	7,080,174	12,891,834
COMPENSATION FOR USE OF EQUITY CAPITAL			0
430 INTEREST ON DEBT TO ASSOCIATE CO.'S	0	43,446	43,446
TOTAL EXPENSES	5,811,660	7,123,620	12,935,280
421 MISCELLANEOUS INCOME	0	0	0
TOTAL COST OF SERVICE	5,811,660	7,123,620	12,935,280

SCHEDULE XVI CONT.
ANALYSIS OF CHARGES FOR SERVICE
ASSOCIATE AND NONASSOCIATE COMPANIES

DESCRIPTION OF ITEMS	NONASSOCIATE COMPANY CHARGES		TOTAL
	DIRECT COST	INDIRECT COST	
920 SALARIES AND WAGES		30,000	30,000
921 OFFICE SUPPLES AND EXPENSES			0
922 ADMIN EXPENSE TRANS-CREDIT			0
923 OUTSIDE SERVICES EMPLOYED			0
924 PROPERTY INSURANCE			0
925 INJURIES AND DAMAGES			0
926 EMPLOYEE PENSIONS AND BENEFITS			0
928 REGULATORY COMMISSION EXPENSE			0
930.1 GENERAL ADVERTISING EXPENSE			0
930.2 MISC. GENERAL EXPENSE			0
931 RENTS			0
932 MAINT. OF STRUCT. & EQUIP.			0
403 DEPR. AND AMORT. EXPENSE			0
408 TAXES OTHER THAN INCOME			0
409 INCOME TAXES			0
410 PROV FOR DEF INC TAXES			0
411 PROV FOR DEF INC TAX CREDIT			0
411.5 INVESTMENT TAX CREDIT			0
419 INTEREST INCOME			0
426.1 DONATIONS			0
426.5 OTHER DEDUCTIONS			0
427 INTEREST ON LONG-TERM DEBT			0
431 OTHER INTEREST EXPENSE			0

INSTRUCTION: Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate

analysis of billing schedules.			
SUBTOTAL EXPENSES	0	30,000	30,000
COMPENSATION FOR USE OF EQUITY CAPITAL			0
430 INTEREST ON DEBT TO ASSOCIATE CO.'S	0	0	0
TOTAL EXPENSES	0	30,000	30,000
421 MISCELLANEOUS INCOME	0	0	0
TOTAL COST OF SERVICE	0	30,000	30,000

SCHEDULE XVI CONT.

ANALYSIS OF CHARGES FOR SERVICE

ASSOCIATE AND NONASSOCIATE COMPANIES

DESCRIPTION OF ITEMS	TOTAL CHARGES FOR SERVICE		TOTAL
	DIRECT COST	INDIRECT COST	
920 SALARIES AND WAGES	5,055,117	858,965	5,914,082
921 OFFICE SUPPLES AND EXPENSES	334,745	477,554	812,299
922 ADMIN EXPENSE TRANS-CREDIT	0	(51,631)	(51,631)
923 OUTSIDE SERVICES EMPLOYED		863,769	863,769
924 PROPERTY INSURANCE		3,524	3,524
925 INJURIES AND DAMAGES		27,449	27,449
926 EMPLOYEE PENSIONS AND BENEFITS		1,404,858	1,404,858
928 REGULATORY COMMISSION EXPENSE		0	0
930.1 GENERAL ADVERTISING EXPENSE		775,607	775,607
930.2 MISC. GENERAL EXPENSE		(59,604)	(59,604)
931 RENTS		1,482,496	1,482,496
932 MAINT. OF STRUCT. & EQUIP.	421,798	(84,122)	337,676
403 DEPR. AND AMORT. EXPENSE		785,609	785,609
408 TAXES OTHER THAN INCOME		402,731	402,731
409 INCOME TAXES		53,612	53,612
410 PROV FOR DEF INC TAXES		(53,727)	(53,727)
411 PROV FOR DEF INC TAX CREDIT		0	0
411.5 INVESTMENT TAX CREDIT		0	0
419 INTEREST INCOME		(11,369)	(11,369)
426.1 DONATIONS		5,046	5,046
426.5 OTHER DEDUCTIONS		18	18
427 INTEREST ON LONG-TERM DEBT		0	0
431 OTHER INTEREST EXPENSE		229,390	229,390

INSTRUCTION: Total cost of service will equal
for associate and nonassociate companies
the total amount billed under their separate
analysis of billing schedules.

SUBTOTAL EXPENSES	5,811,660	7,110,174	12,921,834
COMPENSATION FOR USE OF EQUITY CAPITAL			0
430 INTEREST ON DEBT TO ASSOCIATE CO.'S	0	43,446	43,446
TOTAL EXPENSES	5,811,660	7,153,620	12,965,280
421 MISCELLANEOUS INCOME	0	0	0
TOTAL COST OF SERVICE	5,811,660	7,153,620	12,965,280

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SCHEDULE XVII

SCHEDULE OF EXPENSE DISTRIBUTION

BY

DEPARTMENT OR SERVICE FUNCTION

DESCRIPTION OF ITEMS	TOTAL AMOUNT	OVER-HEAD	DEPARTMENT OR SERVICE FUNCTION	
			MARKET PRICING	ADMIN.
920 SALARIES AND WAGES	5,914,082		973,888	567,766
921 OFFICE SUPPLES AND EXPENSES	812,299		62,698	318,456
922 ADMIN. EXPENSE TRANS-CREDIT	(51,631)			
923 OUTSIDE SERVICES EMPLOYED	863,769		106,403	6,282
924 PROPERTY INSURANCE	3,524			
925 INJURIES AND DAMAGES	27,449			
926 EMPLOYEE PENSIONS AND BENEFITS	1,404,858		446	3,603
928 REGULATORY COMMISSION EXPENSE	0			
930.1 GENERAL ADVERTISING EXPENSE	775,607		744,670	30,363
930.2 MISC. GENERAL EXPENSE	(59,604)			
931 RENTS	1,482,496			1,546,791
932 MAINT. OF STRUCT. & EQUIP.	337,676			192,241
403 DEPR. AND AMORT. EXPENSE	785,609			
408 TAXES OTHER THAN INCOME	402,731			
409 INCOME TAXES	53,612			
410 PROV. FOR DEF. INC. TAXES	(53,727)			
411 PROV. FOR DEF. INC. TAX CREDIT	0			
411.5 INVESTMENT TAX CREDIT	0			
426.1 DONATIONS	5,046			
426.5 OTHER DEDUCTIONS	18			
427 INTEREST ON LONG-TERM DEBT	0			
430 INTEREST ON DEBT TO ASSOCIATE COMPANIES	43,446			
431 OTHER INTEREST EXPENSE	229,390			

INSTRUCTIONS: Indicate each department or service function. (see Instruction 01-3 General Structure of Account-

ing System Uniform System Account.
 TOTAL EXPENSES - 12,976,649 1,888,104 2,665,502

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SCHEDULE XVII
 SCHEDULE OF EXPENSE DISTRIBUTION
 BY
 DEPARTMENT OR SERVICE FUNCTION

ACCOUNT NUMBER	DEPARTMENT OR SERVICE FUNCTION						
	ACCOUNTING	ENERGY RESOURCES	DISTRIBUTION	FINANCE	CUSTOMER AFFAIRS	ENGINEERING	TECHNOLOGY
920	660,419	614,637	237,834	1,164,628	690,226	678,553	326,131
921	68,695	82,426	3,716	50,131	41,015	35,548	149,614
922	(51,631)						
923	16,558	137,926		435,772	142,550	1,485	16,793
924				3,524			
925				27,449			
926	3,045	12,419		1,381,796		759	2,790
928							
930.1		574					
930.2	(239,922)	26,296		152,008	2,014		
931	(971,511)	607	1,050	16,449	374,280	4,453	510,377
932	27,208			19,366	64,313	552	33,996
403	785,609						
408	402,731						
409	53,612						
410	(53,727)						
411							
411.5							
426.1	5,046						
426.5	18						
427							
430				43,446			
431				229,390			
	706,150	874,885	242,600	3,523,959	1,314,398	721,350	1,039,701

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DEPARTMENTAL ANALYSIS OF SALARIES
 ACCOUNT 920

NAME OF DEPARTMENT Indicate each department or service function	TOTAL AMOUNT	DEPARTMENT SALARY EXPENSE INCLUDE IN AMOUNTS BILLED TO			NUMBER PERSONNEL END OF YEAR
		PARENT COMPANY	OTHER ASSOCIATES	NON ASSOCIATES	
Market Pricing	973,889	0	973,889	0	21
Technology	326,131	0	326,131	0	8
Accounting	660,419	0	655,619	4,800	22
Finance	1,164,628	0	1,164,028	600	8
Administrative	567,766	0	544,066	23,700	16
Energy Resources	614,637	0	614,637	0	12
Engineering	678,553	0	678,553	0	10
Distribution	237,834	0	237,834	0	1
Customer Affairs	690,226	0	689,326	900	36
TOTAL	5,914,083	0	5,884,083	30,000	134

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OUTSIDE SERVICES EMPLOYED
 ACCOUNT 923

INSTRUCTIONS: Provide a breakdown by subaccount of outside services employed. If the aggregate amounts paid to any one payee and included within one subaccount is less than \$25,000, only the aggregate number and amount of all such payments included within the subaccount need be shown. Provide a subtotal for each type of service.

FROM WHOM PURCHASED	ADDRESS	RELATIONSHIP "A"= ASSOCIATE "NA"=NON ASSOCIATE	AMOUNT
Outside Services - Accounting			
Various		NA	7,400
Outside Services - Consulting			
Charles H. Tenney II		A	105,000
Outside Services-Legal			
LaBouef, Lamb, Greene & Macrae		NA	120,036
Various		NA	2,764
Outside Services - Other			
Various		NA	327,561
Venture Profiles			27,600
The Hay Group			37,240
Russell Reynolds			146,980
Kelly Services			89,187
TOTAL			863,769

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EMPLOYEE PENSIONS AND BENEFITS
ACCOUNT 926

INSTRUCTIONS: Provide a listing of each pension plan and benefit program provided by the service company. Such listing should be limited to \$25,000.

DESCRIPTION	AMOUNT
Health Insurance	608,125
Net Periodic Pension Expense	291,888
401 K	144,497
Life Insurance	72,022
Other	172,607
Supplemental Executive Retirement Plan	112,000
FASB 106	3,719
TOTAL	1,404,858

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GENERAL ADVERTISING EXPENSES
ACCOUNT 930.1

INSTRUCTIONS: Provide a listing of the amounts included in Account 930.1 "General Advertising Expenses", classifying the items according to the nature of the advertising and as defined in the account definition. If a particular class includes an amount in excess of \$3,000 applicable to a single payee, show separately the name of the payee and the aggregate amount applicable thereto.

DESCRIPTION	NAME OF PAYEE	AMOUNT
-------------	---------------	--------

Recruiting	David Wilson Associates	30,363
Advertising	Luma & Cahill	669,755
Advertising	Ingalls Advertising	52,000
Advertising	Other	23,489
TOTAL		775,607

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MISCELLANEOUS GENERAL EXPENSES
ACCOUNT 930.2

INSTRUCTIONS: Provide a listing of the amount included in Account 930.02 "Miscellaneous General Expense", classifying such expenses according to their nature. Payments and expenses permitted by Section 321 (b) (2) of the Federal Election Campaign Act, as amended by Public Law 94-283 in 1976 (2 U.S.C. 441 (b) (2)) shall be separately classified.

DESCRIPTION	AMOUNT
Printing and Distribution of Quarterly and Annual Reports	169,710
SEC Filing Fees	608
Reimbursable Move Costs	(234,922)
Company Dues	5,000
TOTAL	(59,604)

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RENTS
ACCOUNT 931

INSTRUCTIONS: Provide a listing of the amount included in Account 931, "Rents" classifying such expenses by major groupings of property, as defined in the account definition of the Uniform System of Accounts.

TYPE OF PROPERTY	AMOUNT
Office Building	1,359,772
EDP Equipment, Miscellaneous	122,724
TOTAL	1,482,496

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TAXES OTHER THAN INCOME TAXES
ACCOUNT 408

INSTRUCTIONS: Provide an analysis of Account 408, "Taxes Other Than Income Taxes". Separate the analysis into two groups: (1) other than U. S. Government and (2) U.S. Government taxes. Specify each of the various kinds of taxes and show the amounts there of. Provide a subtotal for each class of tax.

KIND OF TAX	AMOUNT
Other than U.S. Government Tax:	
State Telephone & Telegram Tax	7,918
State Unemployment Tax - NH	1,947
	9,865
U.S. Government Tax:	
Federal Telephone & Telegram Tax	3,658
Federal Insurance Contribution Act	381,784
Federal Unemployment Tax	7,424
	392,866

TOTAL

402,731

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DONATIONS

ACCOUNT 426.1

INSTRUCTIONS: Provide a listing of the amount included in Account 426.1, "Donations", classifying such expenses by its purpose. The aggregate number and amount of all items of less than \$3,000 may be shown in lieu of details.

NAME OF RECIPIENT	PURPOSE OF DONATION	AMOUNT
Aggregate		5,046
	TOTAL	5,046

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OTHER DEDUCTIONS

ACCOUNT 426.5

INSTRUCTIONS: Provide a listing of the amount included in Account 426.5, "Other Deductions", classifying such expenses according to their nature.

DESCRIPTION	NAME OF PAYEE	AMOUNT
Lobbying Expenses	Business and Industry	11
Lobbying Expenses	American Institute of CPA's	7
	TOTAL	18

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SCHEDULE XVIII

NOTES TO STATEMENT OF INCOME

INSTRUCTIONS: The space below is provided for important notes regarding the statement of income or any account thereof. Furnish particulars as to any significant increases in services rendered or expenses incurred during the year. Notes relating to financial statements shown elsewhere in this report may be indicated here by reference.

See page 19.

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SCHEDULE XIX - FINANCIAL DATA SCHEDULE

ITEM NO.	CAPTION HEADING	AMOUNT
1	Net Service Company Property	2,997,332
2	Total Investments	0
3	Total Current and Accrued Assets	2,702,718
4	Total Deferred Debits	1,288,227
5	Balancing Amount for Total Assets and Other Debits	0
6	Total Assets and Other Debits	6,988,277
7	Total Proprietary Capital	2,688
8	Total Long-Term Debt	0
9	Notes Payable	0
10	Notes Payable to Associate Companies	1,816,986

11	Balancing Amount for Total Current and Accrued Liabilities	3,665,924
12	Total Deferred Credits	0
13	Accumulated Deferred Income Taxes	(720,919)
14	Total Liabilities and Proprietary Capital	6,988,277
15	Service Rendered to Associate Companies	12,935,280
16	Service Rendered to Nonassociate Companies	30,000
17	Miscellaneous Income or Loss	11,369
18	Total Income	12,976,649
19	Salaries and Wages	5,914,082
20	Employee Pensions and Benefits	1,404,858
21	Balancing Amount for Total Expenses	5,657,709
22	Total Expenses	12,976,649
23	Net Income (Loss)	0
24	Total Expenses (Direct Costs)	5,811,660
25	Total Expenses (Indirect Costs)	7,164,989
26	Total Expenses (Total)	12,976,649
27	Number of Personnel End of Year	134

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ORGANIZATION CHART

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ORGANIZATION CHART AS OF DECEMBER 31, 1997

President and Chief Executive Officer	Schoenberger
Senior Executive Vice President - Energy Distribution	Dalton
Vice President - Engineering and Operations	Appleton
Senior Executive Vice President - Energy Markets	Daly
Assistant Vice President - Sales and Marketing	Zabetakis
Vice President - Energy Procurement	Foote
Vice President - Technology	Smith
Vice President - Finance &	Collin
Vice President and Controller	Brock
Vice President - Customer Services	Morrissey
Senior Vice President - Communication & Regulation	Gantz
Vice President - Communication & Regulation	Stewart
Assistant Vice President -Regulatory Energy	Soares

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METHODS OF ALLOCATION

See Page 38A

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METHODS OF ALLOCATION

The cost of services rendered by UNITIL Service are allocated and billed based on direct time charges and to a lesser extent, direct cost assigned to individual projects or jobs performed on behalf of associated companies in accordance with the general guidelines set forth below.

A. Direct Labor Cost - Gross Wages. Direct Labor Cost - Gross Wages are based on the actual gross wage rates of assigned employees multiplied by the actual number of hours worked and directly charged to specific projects or jobs.

B. Direct Labor Cost - Other. Direct Labor Cost - Other includes the costs of paid absences, such as vacations, sick pay and holidays, and are allocated by employee based on the direct time charged to associated companies. In the event there are no direct time charges available for this allocation, the direct time charges of all UNITIL Service employees are used to make this allocation.

C. General Overhead Costs, including Indirect Labor. General Overhead Costs represent UNITIL Service Indirect Labor Costs and Administrative and General Expenses, and are allocated based on a monthly overhead rate applied against direct time charges. Indirect Labor Costs include pension costs, insurance, payroll taxes, employee savings plan, and similar payroll and benefit items. Administrative and General Expenses are those administrative and operating expenses incurred by UNITIL Service in providing services to associated companies which cannot be identified with or directly charged to a specific project or job.

D. Direct Charges. Direct Charges are costs that are directly assignable based on the individual projects or jobs performed on behalf of associated companies, and are excluded from General Overheads. Direct Charges are billed at actual cost and include: Employee Travel, Meals, Lodging, and Other Related Expenses, Data Management Hardware Leases and Maintenance Costs, Telephone Lease, and other miscellaneous expenses.

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ANNUAL STATEMENT OF COMPENSATION FOR USE OF CAPITAL BILLED

Non applicable

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SIGNATURE CLAUSE

Pursuant to the requirements of the Public Utility Holding Company Act of 1935 and the rules and regulations of the Securities and Exchange Commission issued thereunder, the undersigned company has duly caused this report to be signed on its behalf by the undersigned officer thereunto duly authorized,

UNITIL Service Corp.
(Name of Reporting Company)

By:
(Signature of Signing Officer)

Laurence M. Brock, Controller
(Printed Name and Title of Signing Officer)

Date: