

UNITIL CORP
Form U-13-60
April 30, 2002

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM U-13-60

ANNUAL REPORT

For the Year Ended December 31, 2001

UNITIL SERVICE CORP.

6 Liberty Lane West, Hampton, New Hampshire 03842-1720

A Subsidiary Service Company

Date of Incorporation: October 9, 1984

State of Incorporation: New Hampshire

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

Mark H. Collin, Treasurer
6 Liberty Lane West
Hampton, NH 03842

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

UNITIL Corporation

LISTING OF SCHEDULES AND ANALYSIS OF ACCOUNTS

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SCHEDULE I - COMPARATIVE BALANCE SHEET

| ACCOUNT | ASSETS AND OTHER DEBITS | AS OF DECEMBER 31 | |
|-----------------------------------|---|-------------------|-----------|
| | | CURRENT | PRIOR |
| SERVICE COMPANY PROPERTY | | | |
| 101 | Service company property (Schedule II) | 10,829,741 | 5,749,973 |
| 107 | Construction work in progress (Schedule II) | 0 | 0 |
| | Total Property | 10,829,741 | 5,749,973 |
| 108 | Less accumulated provision for depreciation and amortization of service company property (Schedule III) | 4,599,580 | 3,727,634 |
| | Net Service Company Property | 6,230,161 | 2,022,339 |
| 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 | 2,098,265 | 68,903 |
| 134 | Special deposits | 0 | 0 |
| 135 | Working funds | 6,000 | 6,000 |
| 136 | Temporary cash investments (Schedule IV) | 0 | 0 |
| 141 | Notes receivable | 0 | 0 |
| 143 | Accounts receivable | 165,771 | 61,414 |
| 144 | Accumulated provision for uncollectable accounts | 0 | 0 |
| 146 | Accounts receivable from associate Companies (Schedule V) | 1,648,630 | 1,005,380 |
| 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 | 189,181 | 192,382 |
| 174 | Miscellaneous current and Accrued Assets (Schedule VIII) | 0 | 0 |
| | Total Current and Accrued Assets | 4,107,847 | 1,334,079 |
| DEFERRED DEBITS | | | |
| 181 | Unamortized debt expense | 0 | 0 |
| 184 | Clearing accounts | 11,366 | 42,556 |
| 186 | Miscellaneous deferred debits (Schedule IX) | 236,613 | 1,528,777 |

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| | | | |
|-----|--|------------|-----------|
| 188 | Research, development, demonstration expenditures (Schedule X) | 0 | 0 |
| 190 | Accumulated deferred income tax | 0 | 0 |
| | Total Deferred Debits | 247,979 | 1,571,333 |
| | TOTAL ASSETS AND OTHER DEBITS | 10,585,987 | 4,927,751 |

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 | 1,239,380 | 1,306,099 |
| | CURRENT AND ACCRUED LIABILITIES | | |
| 231 | Notes payable | 0 | 0 |
| 232 | Accounts payable | 406,380 | 151,145 |
| 233 | Notes payable to associate companies (Schedule XIII) | 6,348,248 | 990,727 |
| 234 | Accounts payable to associate companies (Schedule XIII) | (349,778) | (77,384) |
| 236 | Taxes accrued | (18,664) | 47,388 |
| 237 | Interest accrued | 0 | 0 |
| 238 | Dividends declared | 0 | 0 |
| 241 | Tax collections payable | 0 | 0 |

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| | | | |
|------------------|---|-------------|-----------|
| 242 | Miscellaneous current and accrued Liabilities (Schedule XIII) | 3,232,421 | 2,517,316 |
| 243 | Obligations under capital leases - current | 744,038 | 726,627 |
| | Total Current and Accrued Liabilities | 10,362,645 | 4,355,819 |
| 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 | (1,018,726) | (736,855) |
| | TOTAL LIABILITIES AND PROPRIETARY CAPITAL | 10,585,987 | 4,927,751 |

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 | 0 | 1,182,253 | | 3,200,580 | 4,382,833 |
| 304 LAND AND LAND RIGHTS | | | | | |
| 305 STRUCTURES AND IMPROVEMENTS | | | | | |
| 306 LEASEHOLD IMPROVEMENTS | | | | | |
| 307 EQUIPMENT 2/ | 4,590,534 | 692,643 | 0 | 0 | 5,283,177 |
| 308 OFFICE FURNITURE AND EQUIPMENT | 1,130,901 | 4,292 | 0 | 0 | 1,135,193 |

| | | | | | |
|---|-----------|-----------|---|-------------|------------|
| 309 AUTOMOBILES, OTHER VEHICLES AND RELATED GARAGE EQUIPMENT | 28,538 | 0 | 0 | 0 | 28,538 |
| 310 AIRCRAFT AND AIRPORT EQUIPMENT | | | | | |
| 311 OTHER SERVICE COMPANY PROPERTY 3/ | | | | | |
| SUB-TOTAL | 5,749,973 | 1,879,188 | 0 | 3,200,580 | 10,829,741 |
| 107 CONSTRUCTION WORK IN PROGRESS | 0 | 3,200,580 | 0 | (3,200,580) | 0 |
| TOTAL | 5,749,973 | 5,079,768 | 0 | 0 | 10,829,741 |

1/ PROVIDE AN EXPLANATION OF THOSE CHANGES CONSIDERED MATERIAL:

Software Development Project transferred from Unitil Resource, Inc.

2/ SEE NEXT PAGE FOR 2001 EQUIPMENT ADDITIONS

SCHEDULE II - SERVICE COMPANY PROPERTY

CONTINUED

2/ SUB-ACCOUNTS 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 Systems | 692,643 | 4,532,099 |

| | | |
|------------------|-------|-----------|
| PBX Phone System | 0 | 751,078 |
| | TOTAL | 692,643 |
| | | 5,283,177 |

3/ DESCRIBE OTHER SERVICE COMPANY PROPERTY: NONE

4/ DESCRIBE CONSTRUCTION WORK IN PROGRESS: NONE

OF SCHEDULE III - ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION
SERVICE COMPANY PROPERTY

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| ACCOUNT | DESCRIPTION | BALANCE AT BEGINNING OF YEAR | ADDITIONS | | OTHER CHANGES ADD(DEDUCT)1/ | BALANCE AT CLOSE OF YEAR |
|---------|---|---------------------------------------|---------------------------------|--------------|-----------------------------------|--------------------------------|
| | | | CHARGED TO ACCOUNT 403 | RETIRE-MENTS | | |
| 301 | ORGANIZATION MISCELLANEOUS INTANGIBLE | | | | | |
| 303 | PLANT | 0 | 153,312 | | | 153,312 |
| 304 | LAND AND LAND RIGHTS | | | | | |
| 035 | STRUCTURES AND IMPROVEMENTS | | | | | |
| 306 | LEASEHOLD IMPROVEMENTS | | | | | |
| 307 | EQUIPMENT | 3,100,174 | 535,966 | 0 | 0 | 3,636,140 |
| 308 | OFFICE FURNITURE AND EQUIPMENT | 610,918 | 170,358 | 0 | 0 | 781,276 |
| 309 | AUTOMOBILES, OTHER VEHICLES AND RELATED GARAGE | | | | | |
| | EQUIPMENT | 16,542 | 12,310 | 0 | 0 | 28,852 |
| 310 | AIRCRAFT AND AIRPORT EQUIPMENT | | | | | |
| 311 | OTHER SERVICE COMPANY PROPERTY | | | | | |
| TOTAL | | 3,727,634 | 871,946 | 0 | 0 | 4,599,580 |

1/ PROVIDE AN EXPLANATION OF THOSE CHANGES CONSIDERED MATERIAL: None

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.

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

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.

| ACCOUNT | DESCRIPTION | BALANCE AT BEGINNING OF YEAR | BALANCE AT CLOSE OF YEAR |
|---------|--|------------------------------------|--------------------------------|
| 146 | ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES | | |
| | Concord Electric Company | 146,157 | 228,483 |
| | Exeter & Hampton Electric Company | 160,016 | 249,111 |
| | Fitchburg Gas and Electric Light Company | 372,011 | 612,277 |
| | UNITIL Power Corp. | 229,136 | 440,213 |
| | UNITIL Realty Corp. | 1,414 | 31,807 |
| | UNITIL Corporation | 150 | 3,342 |
| | UNITIL Resources, Inc. | 96,496 | 83,397 |
| | TOTAL | 1,005,380 | 1,648,630 |

ANALYSIS OF CONVENIENCE OR ACCOMMODATION PAYMENTS:

| | |
|--------------------------|---------|
| Concord Electric Company | 579,837 |
|--------------------------|---------|

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| | |
|--|-----------|
| Exeter & Hampton Electric Company | 543,688 |
| Fitchburg Gas and Electric Light Company | 1,614,319 |
| UNITIL Power Corp. | 532,995 |
| UNITIL Realty Corp. | 15,107 |
| UNITIL Resources, Inc. | |
| | 10,352 |
| Usource Inc. | |
| | 23,801 |
| UNITIL Corp. | |
| | 2,616 |

For detail of convenience payments by type and company, paid by UNITIL

Service Corp. see next page

TOTAL PAYMENTS
3,322,715

CONVENIENCE PAYMENTS BY TYPE AND COMPANY

| | CECO | E&H | FGE | UPC | URC | URI | Usource | UC | Total |
|--------------------------------|---------|---------|-----------|---------|--------|--------|---------|-------|-----------|
| Insurance | 365,036 | 349,178 | 680,042 | 67,177 | 15,107 | 7,733 | 873 | --- | 1,485,146 |
| Legal | 119,535 | 102,567 | 807,493 | 400,318 | --- | 1,998 | 4,669 | 2,616 | 1,439,196 |
| Telephone | 13,040 | 2,524 | 12,877 | --- | --- | --- | 17,887 | --- | 46,328 |
| Payroll | 26,264 | 33,430 | 42,974 | --- | --- | 376 | --- | --- | 103,044 |
| Audit | 51,857 | 51,858 | 66,802 | 65,500 | --- | 245 | --- | --- | 236,262 |
| Network/Hardware/Data Costs | 4,105 | 4,131 | 4,131 | --- | --- | --- | 372 | --- | 12,739 |
| | 579,837 | 543,688 | 1,614,319 | 532,995 | 15,107 | 10,352 | 23,801 | 2,616 | 3,322,715 |

Total Convenience Payments
by Type and Company

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.

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

SUMMARY:

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.

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

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.

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

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.

| ACCOUNT | DESCRIPTION | BALANCE AT BEGINNING OF YEAR | BALANCE AT CLOSE OF YEAR |
|---------|--|------------------------------------|-----------------------------|
| 186 | MISCELLANEOUS DEFERRED DEBITS | | |
| | Under/(over) collected administrative expenses | | 16,755 |
| | | | 2,586 |
| | Postage | | 11,851 |

| | |
|--------------------|-----------|
| | (24,363) |
| Management Studies | |
| | 106,837 |
| | 0 |
| Software Costs | |
| | 1,393,334 |
| | 258,390 |
| | TOTAL |
| | 1,528,777 |
| | 236,613 |

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.

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

SCHEDULE XI - PROPRIETARY CAPITAL

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

| ACCOUNT | CLASS OF STOCK | NUMBER OF | PAR OR | OUTSTANDING CLOSE | |
|---------|---------------------|------------|-----------|-------------------|--------|
| | | SHARES | STATED | NO. OF | TOTAL |
| | | AUTHORIZED | VALUE PER | SHARES | AMOUNT |
| | | | SHARE | | |
| 201 | COMMON STOCK ISSUED | 300 | 10.00 | 100 | 1,000 |

| ACCOUNT | DESCRIPTION | BALANCE AT CLOSE OF YEAR |
|---------|--------------------------------|--------------------------|
| 211 | MISCELLANEOUS PAID-IN CAPITAL | 0 |
| 215 | APPROPRIATED RETAINED EARNINGS | 0 |
| | TOTAL | 0 |

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

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 name, class and series of obligation column. For Account 224 - Other long-term debt provide the name of the company or organization, terms of the obligation, date of maturity, interest rate, and the amount authorized and outstanding.

| ACCOUNT | NAME OF CREDITOR | TERMS OF OBLIG CLASS & SERIES OF OBLIGATION | DATE OF MATURITY | INTEREST RATE | AMOUNT AUTHORIZED | BALANCE AT BEGINNING OF YEAR | ADDITIONS | DEDUCTIONS | 1 |
|---------|-----------------------------------|---|------------------|---------------|-------------------|------------------------------|-----------|------------|---|
| | ADVANCES FROM ASSOCIATE COMPANIES | | | | | 0 | | 0 | |
| | OTHER LONG-TERM DEBT: | | | | | 0 | | 0 | |
| | | | | | | 0 | | 0 | |

SCHEDULE XIII - CURRENT AND ACCRUED LIABILITIES

INSTRUCTIONS: 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.

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| ACCOUNT | DESCRIPTION | BALANCE AT BEGINNING OF YEAR | BALANCE AT CLOSE OF YEAR |
|---------|---|------------------------------------|-----------------------------|
| 233 | NOTES PAYABLE TO ASSOCIATE COMPANIES Money Pool | 990,727 | 6,348,248 |
| | TOTAL | 990,727 | 6,348,248 |
| 234 | ACCOUNTS PAYABLE TO ASSOCIATE COMPANIES | | |
| | Concord Electric Company | (66,614) | (80,368) |
| | Exeter & Hampton Electric Company | (55,531) | (64,871) |
| | Fitchburg Gas and Electric Company | (286,931) | (138,395) |
| | UNITIL Corporation (1) | 369,887 | (2,519) |
| | UNITIL Power Corporation | (27,533) | (153,495) |
| | UNITIL Realty Corporation | (59) | (197) |
| | UNITIL Resources Inc | (71) | 64,827 |
| | Usource LLC | (10,532) | 25,240 |
| | (1) Balance consists of KESOP for UNITIL Service Employees only, not subsidiaries. | | |
| | TOTAL | (77,384) | (349,778) |
| 242 | MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES | | |
| | Accrued FASB 87 | 1,068,097 | 1,192,275 |
| | Accrued Supplemental Executive Retirement Plan | 632,240 | 718,936 |
| | Accrued Legal Fees | 0 | 0 |
| | Accrued Annual Report | 47,954 | 26,760 |
| | Accrued FASB 106 | 138,133 | 167,901 |
| | Accrued FASB 106 - APBO | 12,241 | 17,151 |
| | Accrued FASB 106 - Gain/Loss | (1,649) | (1,649) |
| | Accrued Auditing | 3,000 | 2,155 |
| | Accrued Compensation | 617,300 | 1,066,135 |
| | Accrued Miscellaneous Costs | 0 | 42,757 |
| | | 2,517,316 | 3,232,421 |

SCHEDULE XIV - NOTES TO FINANCIAL STATEMENTS

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 2001 UNITIL Corporation Form 10-K for additional disclosures.

SCHEDULE XV - STATEMENT OF INCOME

| ACCOUNT | DESCRIPTION | CURRENT YEAR | PRIOR YEAR |
|---------|---|--------------|------------|
| | INCOME | | |
| 457 | Services rendered to associate companies | 18,673,940 | 16,481,555 |
| 458 | Services rendered to nonassociate companies | 30,000 | 30,000 |
| 419 | Interest Income | 0 | 0 |
| 421 | Miscellaneous income or loss | | (5,142) |
| | Total Income | 18,703,940 | 16,506,413 |

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| EXPENSE | | | |
|---------|--|------------|------------|
| 920 | Salaries and wages | 10,302,268 | 8,822,930 |
| 921 | Office supplies and expenses | 826,855 | 896,018 |
| 922 | Administrative expense transferred - credit | 363,406 | (67,320) |
| 923 | Outside services employed | 492,410 | 901,143 |
| 924 | Property insurance | 4,478 | 3,254 |
| 925 | Injuries and damages | 53,150 | 54,583 |
| 926 | Employee pensions and benefits | 1,672,002 | 1,461,094 |
| 928 | Regulatory commission expense | 0 | 0 |
| 930.1 | General advertising expense | 15,385 | 40,982 |
| 930.2 | Miscellaneous general expense | 481,445 | 427,000 |
| 931 | Rents | 1,442,171 | 1,455,652 |
| 932 | Maintenance of structures and equipment | 609,766 | 482,118 |
| 403 | Depreciation and amortization expense | 1,477,661 | 1,053,409 |
| 408 | Taxes other than income taxes | 661,021 | 679,843 |
| 409 | Income taxes | 190,246 | 98,153 |
| 410 | Provision for deferred income taxes | (281,871) | (111,529) |
| 411 | Provision for deferred income taxes - credit | 0 | 0 |
| 411.5 | Investment tax credit | 0 | 0 |
| 426.1 | Donations | 48,602 | 47,765 |
| 426.5 | Other deductions | 0 | 0 |
| 427 | Interest on long-term debt | 0 | 0 |
| 430 | Interest on debt to associate companies | 123,723 | 45,715 |
| 431 | Other interest expense | 221,222 | 215,603 |
| | Total Expense | 18,703,940 | 16,506,413 |
| | Net Income or (Loss) | 0 | 0 |

ANALYSIS OF BILLING ASSOCIATE COMPANIES - ACCOUNT 457

| NAME OF ASSOCIATE COMPANY | DIRECT COSTS CHARGED | INDIRECT COSTS CHARGED |
|---------------------------|----------------------|------------------------|
|---------------------------|----------------------|------------------------|

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COMPENSATION FOR USE OF CAPITAL

TOTAL AMOUNT BILLED

457-1

457-2

457-3

Concord Electric Company

1,353,097

1,117,978

0

2,471,075

Exeter & Hampton Electric Company

1,547,653

1,305,632

0

2,853,285

Fitchburg Gas and Electric Light Company

4,137,033

3,327,016

0

7,464,049

UNITIL Power Corp.

2,590,097

2,006,157

0

21

ANALYSIS OF BILLING NONASSOCIATE COMPANIES - ACCOUNT 458

| NAME OF NONASSOCIATE 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 non-associate company.

UNITIL Retiree Trust - Professional services provided.

SCHEDULE XVI - ANALYSIS OF CHARGES FOR SERVICE - ASSOCIATE AND NONASSOCIATE COMPANIES

| DESCRIPTION OF ITEMS | ASSOCIATE COMPANY | CHARGES |
|------------------------------|-------------------|---------|
| NONASSOCIATE COMPANY CHARGES | | |
| TOTAL CHARGES FOR SERVICE | | |
| DIRECT COST | | |

INDIRECT COST

TOTAL

DIRECT COST

INDIRECT COST

TOTAL

DIRECT COST

INDIRECT COST

TOTAL

920 SALARIES AND WAGES

8,868,749

1,403,519

10,272,268

30,000 30,000

8,868,749

1,433,519

10,302,268

921 OFFICE SUPPLES AND EXPENSES

39,944

786,911

826,855

0

39,944

786,911

826,855

922 ADMIN EXPENSE TRANS-CREDIT

363,406

363,406

0

0

363,406

363,406

923 OUTSIDE SERVICES EMPLOYED

108,502

383,908

492,410

0

108,502

383,908

492,410

924 PROPERTY INSURANCE

4,478

4,478

| | |
|------------------------------------|-----------|
| | 0 |
| | 0 |
| | 4,478 |
| | 4,478 |
| 925 INJURIES AND DAMAGES | |
| | 53,150 |
| | 53,150 |
| | 0 |
| | 0 |
| | 53,150 |
| | 53,150 |
| 926 EMPLOYEE PENSIONS AND BENEFITS | |
| | 1,672,002 |
| | 1,672,002 |
| | 0 |
| | 0 |
| | 1,672,002 |
| | 1,672,002 |
| 928 REGULATORY COMMISSION EXPENSE | |
| | 0 |
| | 0 |
| | 26 |

| | |
|-----------------------------------|---------|
| | 0 |
| | 0 |
| | 0 |
| | 0 |
| 930.1 GENERAL ADVERTISING EXPENSE | |
| | 15,385 |
| | 15,385 |
| | 0 |
| | 0 |
| | 15,385 |
| | 15,385 |
| 930.2 MISC. GENERAL EXPENSE | |
| | 481,445 |
| | 481,445 |
| | 0 |
| | 0 |
| | 481,445 |
| | 481,445 |
| 931 RENTS | |

| | |
|--------------------------------|-----------|
| | 1,442,171 |
| | 1,442,171 |
| | 0 |
| | 0 |
| | 1,442,171 |
| | 1,442,171 |
| 932 MAINT. OF STRUCT. & EQUIP. | |
| | 1,311,203 |
| | (701,437) |
| | 609,766 |
| | 0 |
| | 1,311,203 |
| | (701,437) |
| | 609,766 |
| 403 DEPR. AND AMORT. EXPENSE | |
| | 1,477,661 |
| | 1,477,661 |
| | 0 |

| | |
|-----------------------------|-----------|
| | 0 |
| | 1,477,661 |
| | 1,477,661 |
| 408 TAXES OTHER THAN INCOME | |
| | 661,021 |
| | 661,021 |
| | 0 |
| | 0 |
| | 661,021 |
| | 661,021 |
| 409 INCOME TAXES | |
| | 190,246 |
| | 190,246 |
| | 0 |
| | 0 |
| | 190,246 |
| | 190,246 |
| 410 PROV FOR DEF INC TAXES | |
| | (281,871) |

(281,871)

0

0

(281,871)

(281,871)

411 PROV FOR DEF INC TAX CREDIT

0

0

0

411.5 INVESTMENT TAX CREDIT

0

0

0

30

419 INTEREST INCOME

0

0

0

426.1 DONATIONS

48,602

48,602

0

0

48,602

48,602

426.5 OTHER DEDUCTIONS

| | |
|--------------------------------|---------|
| | 0 |
| | 0 |
| | 0 |
| 427 INTEREST ON LONG-TERM DEBT | |
| | 0 |
| | 0 |
| | 0 |
| 431 OTHER INTEREST EXPENSE | |
| | 221,222 |
| | 221,222 |
| | 0 |
| | 0 |
| | 221,222 |
| | 221,222 |

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

10,328,398

8,221,819

18,550,217

0

30,000

30,000

10,328,398

8,251,819

18,580,217

COMPENSATION FOR USE OF EQUITY CAPITAL

0

| | |
|--|----------------|
| | 0 |
| | 0 |
| 430 INTEREST ON DEBT TO ASSOCIATE COS. | |
| | 0 |
| | 123,723 |
| | 123,723 |
| | 0 |
| | 0 |
| | 0 |
| | 0 |
| | 123,723 |
| | 123,723 |
| | |
| | TOTAL EXPENSES |
| | 10,328,398 |
| | 8,345,542 |
| | 18,673,940 |
| | 0 |
| | 30,000 |
| | 30,000 |
| | 10,328,398 |
| | 8,375,542 |
| | 18,703,940 |
| 421 MISCELLANEOUS (INCOME)/LOSS | |

0
0
0
0
0
0
0
0
0
0

TOTAL COST OF SERVICE

10,328,398
8,345,542
18,673,940
0
30,000
30,000
10,328,398
8,375,542
18,703,940

SCHEDULE XVII - SCHEDULE OF EXPENSE DISTRIBUTION BY DEPARTMENT OR SERVICE FUNCTION

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| DESCRIPTION OF ITEMS | TOTAL AMOUNT | OVER-HEAD | DEPARTMENT OR SERVICE FUNCTION | DEPARTMENT OR SERVICE FUNCTION |
|---------------------------------|--------------|-----------|--------------------------------|--------------------------------|
| | | | REGULATORY & COMMUN. | |
| | | | ADMIN. | |
| | | | ACCOUNTING | |
| | | | ENERGY MARKETS | |
| | | | DISTRIBUTION | |
| | | | FINANCE | |
| | | | CUSTOMER | |
| SERVICES | | | | |
| | | | ENGINEERING | |
| | | | TECHNOLOGY | |
| 920 SALARIES AND WAGES | | | | 10,302,268 |
| | | | | 1,188,798 |
| | | | | 2,302,960 |
| | | | | 881,660 |
| | | | | 1,265,154 |
| | | | | 309,480 |
| | | | | 730,797 |
| | | | | 1,655,428 |
| | | | | 1,292,610 |
| | | | | 675,381 |
| 921 OFFICE SUPPLES AND EXPENSES | | | | 826,855 |

| | |
|--------------------------|---------|
| | 233,211 |
| | 28,916 |
| | 5,719 |
| | 85,982 |
| | 62,342 |
| | 145 |
| | 53,205 |
| 924 PROPERTY INSURANCE | |
| | 4,478 |
| | 4,478 |
| 925 INJURIES AND DAMAGES | |
| | 53,150 |

| | |
|------------------------------------|-----------|
| | 53,150 |
| 926 EMPLOYEE PENSIONS AND BENEFITS | |
| | 1,672,002 |
| | 8,857 |
| | 1,630,249 |
| | 8,577 |
| | 1,839 |
| | 4,630 |
| | 5,720 |
| | 5,640 |
| | 6,490 |
| 928 REGULATORY COMMISSION EXPENSE | |
| | 0 |

930.1 GENERAL ADVERTISING EXPENSE

15,385

15,385

930.2 MISC. GENERAL EXPENSE

481,445

3,399

118,925

34,595

324,526

931 RENTS

1,442,171

1,338

30,107

(876,947)

2,866

5,122

1,477,988

30,327

3,223

768,147

932 MAINT. OF STRUCT. & EQUIP.

609,766

27,264

79,047

9,324

127,125

63

366,943

41

403 DEPR. AND AMORT. EXPENSE

1,477,661

1,477,661

408 TAXES OTHER THAN INCOME

661,021

661,021

409 INCOME TAXES

190,246

190,246

410 PROV. FOR DEF. INC. TAXES

(281,871)

(281,871)

411 PROV. FOR DEF. INC. TAX CREDIT

0

411.5 INVESTMENT TAX CREDIT

0

426.1 DONATIONS

48,602

48,602

44

426.5 OTHER DEDUCTIONS

0

427 INTEREST ON LONG-TERM DEBT

0

430 INTEREST ON DEBT TO ASSOCIATE COMPANIES

123,723

123,723

431 OTHER INTEREST EXPENSE

221,222

221,222

INSTRUCTION: Indicate each department or Service function. (see Instruction 01-3 General Structure of Accounting System Uniform System Account.)

TOTAL EXPENSES -

18,703,940

0

1,280,254

4,558,864

2,581,224

1,324,667

319,063

3,058,292

2,002,066

1,371,336

DEPARTMENTAL ANALYSIS OF SALARIES - ACCOUNT 920

| NAME OF DEPARTMENT Indicate each department or service function | DEPARTMENTAL SALARY EXPENSE | | | | NUMBER PERSONNEL END OF YEAR |
|--|-----------------------------|-------------------|---------------------|-------------------|------------------------------------|
| | TOTAL AMOUNT | PARENT COMPANY | OTHER ASSOCIATES | NON ASSOCIATES | |
| Regulatory and Communications | 1,188,798 | 0 | 1,188,798 | 0 | 15 |
| Technology Services | 675,381 | 0 | 675,381 | 0 | 12 |
| Accounting | 881,660 | 0 | 876,860 | 4,800 | 18 |
| Finance | 730,797 | 0 | 730,197 | 600 | 10 |
| Administrative | 2,302,960 | 0 | 2,279,260 | 23,700 | 19 |
| Energy Markets | 1,265,154 | 0 | 1,265,154 | 0 | 14 |
| Engineering | 1,292,610 | 0 | 1,292,610 | 0 | 21 |
| Distribution | 309,480 | 0 | 309,480 | 0 | 2 |
| Customer Services | 1,655,428 | 0 | 1,654,528 | 900 | 45 |
| TOTAL | 10,302,268 | 0 | 10,272,268 | 30,000 | 156 |

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 - Legal | | | |
| Various | | NA | 14,323 |
| Akin, Gump Strauss | | NA | |
| LeBoeuf, Lamb, Greene | | NA | 83,764 |
| Outside Services - Accounting | | | |
| Grant Thornton | | NA | 26,527 |
| Outside Services - Other | | | |
| Various | | NA | 88,563 |
| Bruce Mast & Associates | | NA | 4,350 |
| Ceridian | | NA | 61,596 |
| Factors Funding Co. | | NA | 28,655 |
| Microsmart Technologies | | NA | 35,385 |
| George Beram & Company Inc. | | NA | 37,869 |
| Hay Group | | NA | 3,832 |
| Russell Reynolds | | NA | 26,856 |
| URT | | NA | 65,300 |
| Outside Services - Market Development | | | |
| Various | | NA | 15,305 |
| Outside Services - Visibility | | | |

| | | |
|---------|-------|---------|
| Various | NA | 85 |
| | TOTAL | 492,410 |

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 | 1,005,532 | |
| 401 K | 222,688 | |
| Net Periodic Pension Expense | 131,588 | |
| Supplemental Executive Retirement Plan | 125,000 | |
| Life Insurance | 73,935 | |
| Education | 48,905 | |
| FASB 106 | 39,869 | |
| Other | 24,485 | |
| | TOTAL | 1,672,002 |

GENERAL ADVERTISING EXPENSES - ACCOUNT 930.1

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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 |
|-------------|----------------------|--------|
| Advertising | Advance Notice, Inc. | 11,465 |
| Advertising | Hot Jobs | 1,000 |
| Advertising | Monster.Com | 2,920 |
| TOTAL | | 15,385 |

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 | 74,625 | |
| Director's Fees and Expenses | 249,736 | |
| Communications Internet Development | 157,084 | |
| TOTAL | | 481,445 |

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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 | 1,477,398 |
| EDP Equipment | (26,830) |
| Miscellaneous | (8,397) |
| TOTAL | 1,442,171 |

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 Unemployment Tax - NH | 10,415 |
| Business Enterprise Tax | 0 |
| Business Profits Tax | (4,294) |
| SUBTOTAL | 6,121 |
| U.S. Government Tax: | |
| Federal Insurance Contribution Act | 645,070 |
| Federal Unemployment Tax | 9,830 |
| SUBTOTAL | 654,900 |
| TOTAL | 661,021 |

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 |
|-------------------------|---------------------|--------|
| American Cancer Society | | 1,922 |
| Easter Seals | | 2,500 |
| United Way | | 12,600 |
| Abenaqui Country Club | | 13,640 |
| Various | | 17,940 |
| | TOTAL | 48,602 |

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 |
|-------------|---------------|--------|
| NONE | | |

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 Schedule XIV - Notes to Financial Statements.

ORGANIZATION CHART

ORGANIZATION CHART as of December 31, 2001

| | |
|---------------------------------|-------------------------|
| President | Anthony J. Baratta, Jr. |
| Senior Executive Vice President | Michael J. Dalton |
| Senior Vice President | George R. Gantz |
| Vice President | Glenn D. Appleton |
| Vice President | Todd R. Black |
| Vice President & Controller | Laurence M. Brock |
| Vice President & Treasurer | Mark H. Collin |
| Vice President | David K. Foote |
| Vice President | Raymond J. Morrissey |
| Vice President | Thomas E. Smith |
| Vice President | Frederick J. Stewart |
| Asst. Treasurer | Charles J. Kershaw, Jr. |
| Secretary | Sandra L. Whitney |

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 not direct time charges available for this allocation, the direct time charges for 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.

ANNUAL STATEMENT OF COMPENSATION FOR USE OF CAPITAL BILLED -

Non applicable

SIGNATURE CLAUSE

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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.

By: /S/ Anthony J. Baratta, Jr.

Anthony J. Baratta Jr., Sr.
Vice President & CFO

April 29, 2002