

UNITIL CORP
Form U-13-60
April 26, 2005
Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM U-13-60

ANNUAL REPORT

For the Year Ended December 31, 2004

UNITIL SERVICE CORP.

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

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:

Laurence M. Brock, Vice President & Controller

6 Liberty Lane West

Hampton, New Hampshire 03842-1720

Name of Principal Holding Company:

UNITIL Corporation

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

LISTING OF SCHEDULES AND ANALYSIS OF ACCOUNTS

<u>Description of Schedules and Accounts</u>	<u>Schedule or Account Number</u>	<u>Page Number</u>
<u>COMPARATIVE BALANCE SHEET</u>	Schedule I	4-5
<u>SERVICE COMPANY PROPERTY</u>	Schedule II	6-7
<u>ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF SERVICE COMPANY PROPERTY</u>	Schedule III	8
<u>INVESTMENTS</u>	Schedule IV	9
<u>ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES</u>	Schedule V	10
<u>FUEL STOCK EXPENSES UNDISTRIBUTED</u>	Schedule VI	12
<u>STORES EXPENSE UNDISTRIBUTED</u>	Schedule VII	13
<u>MISCELLANEOUS CURRENT AND ACCRUED ASSETS</u>	Schedule VIII	14
<u>MISCELLANEOUS DEFERRED DEBITS</u>	Schedule IX	15
<u>RESEARCH, DEVELOPMENT, OR DEMONSTRATION EXPENDITURES</u>	Schedule X	16
<u>PROPRIETARY CAPITAL</u>	Schedule XI	17
<u>LONG-TERM DEBT</u>	Schedule XII	18
<u>CURRENT AND ACCRUED LIABILITIES</u>	Schedule XIII	19
<u>NOTES TO FINANCIAL STATEMENTS</u>	Schedule XIV	20
<u>COMPARATIVE INCOME STATEMENT</u>	Schedule XV	21
<u>ANALYSIS OF BILLING - ASSOCIATE COMPANIES</u>	Account 457	22
<u>ANALYSIS OF BILLING - NONASSOCIATE COMPANIES</u>	Account 458	23
<u>ANALYSIS OF CHARGES FOR SERVICE - ASSOCIATE AND NONASSOCIATE COMPANIES</u>	Schedule XVI	24
<u>SCHEDULE OF EXPENSE BY DEPARTMENT OR SERVICE FUNCTION</u>	Schedule XVII	25
<u>DEPARTMENTAL ANALYSIS OF SALARIES</u>	Account 920	26
<u>OUTSIDE SERVICES EMPLOYED</u>	Account 923	27
<u>EMPLOYEE PENSIONS AND BENEFITS</u>	Account 926	28
<u>GENERAL ADVERTISING EXPENSES</u>	Account 930.1	29
<u>MISCELLANEOUS GENERAL EXPENSES</u>	Account 930.2	30
<u>RENTS</u>	Account 931	31
<u>TAXES OTHER THAN INCOME TAXES</u>	Account 408	32
<u>DONATIONS</u>	Account 426.1	33
<u>OTHER DEDUCTIONS</u>	Account 426.5	34
<u>NOTES TO STATEMENT OF INCOME</u>	Schedule XVIII	35

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

LISTING OF INSTRUCTIONAL FILING REQUIREMENTS

Description of Reports or Statements	Page Number
<u>ORGANIZATION CHART</u>	36
<u>METHODS OF ALLOCATION</u>	37
<u>ANNUAL STATEMENT OF COMPENSATION FOR USE OF CAPITAL BILLED</u>	38

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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)	\$ 10,829,085	\$ 10,403,598
107	Construction work in progress (Schedule II)		
	Total Property	10,829,085	10,403,598
108	Less accumulated provision for depreciation and amortization of service company property (Schedule III)	7,998,839	6,663,986
	Net Service Company Property	2,830,246	3,739,612
INVESTMENTS			
123	Investments in associate companies (Schedule IV)		
124	Other investments (Schedule IV)		
	Total investments		
CURRENT AND ACCRUED ASSETS			
131	Cash	9,026	25,015
134	Special deposits		
135	Working funds	5,995	6,000
136	Temporary cash investments (Schedule IV)		
141	Notes receivable		
143	Accounts receivable	85,058	67,846
144	Accumulated provision for uncollectable accounts		
146	Accounts receivable from associate companies (Schedule V)	2,203,698	2,040,574
152	Fuel stock expense undistributed (Schedule VI)		
154	Materials and supplies		
163	Stores expense undistributed (Schedule VII)		
165	Prepayments	204,753	178,683
174	Miscellaneous current and accrued assets (Schedule VIII)		
	Total Current and Accrued Assets	2,508,530	2,318,118
DEFERRED DEBITS			
181	Unamortized debt expense		

Edgar Filing: UNITIL CORP - Form U-13-60

182	Regulatory Assets		(608,890)
184	Clearing accounts	137,053	148,462
186	Miscellaneous deferred debits (Schedule IX)	(570,521)	333,810
188	Research, development, or demonstration expenditures (Schedule X)		
190	Accumulated deferred income tax		
	Total Deferred Debits	(433,468)	(126,618)
	TOTAL ASSETS AND OTHER DEBITS	\$4,905,308	\$5,931,112

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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)		
215	Appropriated retained earnings (Schedule XI)		
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)		
224	Other long-term debt (Schedule XII)		
225	Unamortized premium on long - term debt		
226	Unamortized discount on long-term debt-debit		
	Total Long-Term Debt		
227	Obligations under capital leases - non-current	183,038	403,455
CURRENT AND ACCRUED LIABILITIES			
231	Notes payable		
232	Accounts payable	293,048	65,742
233	Notes payable to associate companies (Schedule XIII)	4,491,075	3,807,632
234	Accounts payable to associate companies (Schedule XIII)	(2,141,781)	(669,716)
236	Taxes accrued	293,470	(149,318)
237	Interest accrued		
238	Dividends declared		
241	Tax collections payable		
242	Miscellaneous current and accrued liabilities (Schedule XIII)	4,385,782	4,036,796
243	Obligations under capital leases - current	412,619	566,714
	Total Current and Accrued Liabilities	7,734,213	7,657,850
DEFERRED CREDITS			
253	Other deferred credits	(983,290)	(608,890)
255	Accumulated deferred investment tax credits		
	Total Deferred Credits	(983,290)	(608,890)
282	ACCUMULATED DEFERRED INCOME TAXES	(2,031,341)	(1,523,991)
	TOTAL LIABILITIES AND PROPRIETARY CAPITAL	\$ 4,905,308	\$ 5,931,112



Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

SCHEDULE II - SERVICE COMPANY PROPERTY

<u>DESCRIPTION</u>	<u>BALANCE AT BEGINNING OF YEAR</u>	<u>ADDITIONS</u>	<u>RETIREMENTS OR SALES</u>	<u>OTHER CHANGES^{1/}</u>	<u>BALANCE AT CLOSE OF YEAR</u>
<i>Company Property</i>					
301 ORGANIZATION					
303 MISC INTANGIBLE PLANT	\$ 4,578,556	\$ 306,202	\$	\$	\$ 4,884,758
304 LAND AND LAND RIGHTS					
305 STRUCTURES AND IMPROVEMENTS					
306 LEASEHOLD IMPROVEMENTS					
307 EQUIPMENT ^{2/}	4,626,260	201,987			4,828,247
308 OFFICE FURNITURE AND EQUIPMENT	1,072,345	18,001			1,090,346
309 AUTOMOBILES, OTHER VEHICLES AND RELATED GARAGE EQUIPMENT	22,394	25,734	(22,394)		25,734
310 AIRCRAFT AND AIRPORT EQUIPMENT					
311 OTHER SERVICE COMPANY PROPERTY ^{3/}					
SUB-TOTAL	10,299,555	551,924	(22,394)		10,829,085
107 CONSTRUCTION WORK IN PROGRESS	104,043			(104,043)	
TOTAL	\$ 10,403,598	\$ 551,924	\$ (22,394)	\$ (104,043)	\$ 10,829,085

^{1/} PROVIDE AN EXPLANATION OF THOSE CHANGES CONSIDERED MATERIAL:

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

SCHEDULE II - CONTINUED

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

<u>SUBACCOUNT DESCRIPTION</u>	<u>ADDITIONS</u>	<u>BALANCE AT CLOSE OF YEAR</u>
Computer Systems	\$ 201,987	\$ 4,044,364
Phone System		755,249
Other Equipment		28,634
TOTAL	\$ 201,987	\$ 4,828,247

^{3/} DESCRIBE OTHER SERVICE COMPANY PROPERTY:

NONE

^{4/} DESCRIBE CONSTRUCTION WORK IN PROGRESS:

NONE

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

SCHEDULE III

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF SERVICE COMPANY PROPERTY

	<u>DESCRIPTION</u>	<u>BALANCE AT BEGINNING OF YEAR</u>	<u>ADDITIONS CHARGED TO ACCOUNT 403</u>	<u>RETIREMENTS</u>	<u>OTHER CHANGES ADD (DEDUCT)^{1/}</u>	<u>BALANCE AT CLOSE OF YEAR</u>
301	ORGANIZATION					
303	MISCELLANEOUS INTANGIBLE PLANT	\$ 1,906,086	\$ 747,748	\$	\$	\$ 2,653,834
304	LAND AND LAND RIGHTS					
305	STRUCTURES AND IMPROVEMENTS					
306	LEASEHOLD IMPROVEMENTS					
307	EQUIPMENT	3,773,960	506,509			\$ 4,280,469
308	OFFICE FURNITURE AND EQUIPMENT	961,985	75,235			\$ 1,037,220
309	AUTOMOBILES, OTHER VEHICLES AND RELATED GARAGE EQUIPMENT	21,955	27,755	(22,394)		\$ 27,316
310	AIRCRAFT AND AIRPORT EQUIPMENT					
311	OTHER SERVICE COMPANY PROPERTY					
	TOTAL	\$ 6,663,986	\$ 1,357,247	\$ (22,394)	\$	\$ 7,998,839

^{1/} PROVIDE AN EXPLANATION OF THOSE CHANGES CONSIDERED MATERIAL:

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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, Temporay Cash Investments list each investment separately.

<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>BALANCE AT BEGINNING OF YEAR</u>	<u>BALANCE AT CLOSE OF YEAR</u>
123	INVESTMENT IN ASSOCIATE COMPANIES	\$	\$
124	OTHER INVESTMENTS		
136	TEMPORARY CASH INVESTMENTS		
	TOTAL	\$	\$

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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 accomodation or convenience payments for associate companies, a separate listing of total payments for each associate company by subaccount should be provided.

<u>DESCRIPTION</u>	<u>BALANCE AT BEGINNING OF YEAR</u>	<u>BALANCE AT CLOSE OF YEAR</u>
ACCOUNT 146 - ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES		
Unitil Energy Systems	\$ 992,005	\$ 1,074,047
Fitchburg Gas and Electric Light Company	861,912	978,901
UNITIL Power Corp.	962	12,452
UNITIL Realty Corp.	62,601	617
UNITIL Corporation	123,094	137,681
UNITIL Resources, Inc.	123,094	137,681
TOTAL	\$ 2,040,574	\$ 2,203,698
ANALYSIS OF CONVENIENCE OR ACCOMMODATION PAYMENTS:		
Unitil Energy Systems		\$ 5,858,634
Fitchburg Gas and Electric Light Company		4,316,652
UNITIL Power Corp.		295,246
UNITIL Realty Corp.		50,489
UNITIL Resources, Inc.		11,158
Usource Inc.		39,939
UNITIL Corp.		26,160
For detail of convenience payments by type and company, paid by UNITIL Service Corp. see page 10A.		
TOTAL PAYMENTS		\$ 10,598,278

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

CONVENIENCE PAYMENTS BY TYPE AND COMPANY

	<u>UES</u>	<u>FGE</u>	<u>UPC</u>	<u>URC</u>	<u>URI</u>	<u>Usource</u>	<u>UC</u>	<u>Total</u>
Insurance	\$ 3,412,883	\$ 2,854,170		\$ 39,630	\$ 2,402			\$ 6,309,085
Legal	234,069	281,753	279,955		6,460		13,565	815,802
Telephone Service	47,286	39,876				18,955		106,117
Audit Fees	103,080	90,318		5,070	2,296	2,333	9,480	212,577
Other	2,061,316	1,050,535	15,291	5,789		18,651	3,115	3,154,697
	<u>\$ 5,858,634</u>	<u>\$ 4,316,652</u>	<u>\$ 295,246</u>	<u>\$ 50,489</u>	<u>\$ 11,158</u>	<u>\$ 39,939</u>	<u>\$ 26,160</u>	<u>\$ 10,598,278</u>

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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.

<u>ACCOUNT</u>	<u>LABOR</u>	<u>EXPENSE</u>	<u>TOTAL</u>
152 FUEL STOCK EXPENSE UNDISTRIBUTED	\$	\$	\$
TOTAL	\$	\$	\$

SUMMARY:

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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.

<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>LABOR</u>	<u>EXPENSE</u>	<u>TOTAL</u>
163	STORES EXPENSE UNDISTRIBUTED	\$	\$	\$
	TOTAL	\$	\$	\$

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

SCHEDULE VIII - MISCELLANEOUS CURRENT & 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.

<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>BALANCE AT BEGINNING OF YEAR</u>	<u>BALANCE AT CLOSE OF YEAR</u>
174	MISCELLANEOUS CURRENT & ACCRUED ASSETS	\$	\$
	TOTAL	\$	\$

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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.

<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>BALANCE AT BEGINNING OF YEAR</u>	<u>BALANCE AT CLOSE OF YEAR</u>
186	<i>MISCELLANEOUS DEFERRED DEBITS</i>		
	Deferred Asset- APBO	\$	\$ (983,290)
	Under/(over) collected administrative expenses	(1,820)	(101,500)
	Software	93,429	229,697
	Postage	37,201	50,540
	Deferred Charges	205,000	234,032
	TOTAL	\$ 333,810	\$ (570,521)

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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.

	<u>DESCRIPTION</u>	<u>BALANCE AT CLOSE OF YEAR</u>
188	RESEARCH, DEVELOPMENT OR DEMONSTRATION EXPENDITURES	\$
	TOTAL	\$

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

SCHEDULE XI - PROPRIETARY CAPITAL

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

ACCOUNT	CLASS OF STOCK	NUMBER OF SHARES AUTHORIZED	PAR OR STATED VALUE PER SHARE	OUTSTANDING CLOSE OF PERIOD	
				NO. OF SHARES	TOTAL AMOUNT
201	COMMON STOCK ISSUED	300	\$ 10.00	100	\$ 1,000.00
ACCOUNT	DESCRIPTION	AMOUNT			
211	MISCELLANEOUS PAID-IN CAPITAL	\$			
215	APPROPRIATED RETAINED EARNINGS				
TOTAL					\$

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, rate declared and date paid.

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

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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 are received shall be shown under the class and series 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.

ACCOUNT	DESCRIPTION	NAME OF CREDITOR	TERMS OF OBLIG CLASS & SERIES OF OBLIGATION	DATE OF MATURITY	INTEREST RATE	AMOUNT AUTHORIZED	BALANCE AT BEGINNING OF YEAR			^{1/} BALANCE AT CLOSE OF YEAR
							ADDITIONS	DEDUCTIONS	NEAR	
223	ADVANCES FROM ASSOCIATE COMPANIES:						\$	\$	\$	\$
224	OTHER LONG-TERM DEBT:									
	TOTAL						\$	\$	\$	\$

^{1/} GIVE AN EXPLANATION OF DEDUCTIONS:

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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.

<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>BALANCE AT BEGINNING OF YEAR</u>	<u>BALANCE AT CLOSE OF YEAR</u>
233	<i>NOTES PAYABLE TO ASSOCIATE COMPANIES</i>		
	Cash Pool	\$ 3,807,632	\$ 4,491,075
	TOTAL	\$ 3,807,632	\$ 4,491,075
234	<i>ACCOUNTS PAYABLE TO ASSOCIATE COMPANIES</i>		
	Unitil Energy Systems	\$ (872,238)	\$ (1,294,797)
	Fitchburg Gas and Electric Company	(273,749)	(723,479)
	UNITIL Corporation	550,870	11,518
	UNITIL Power Corporation	(67,455)	(164,742)
	UNITIL Realty Corporation	(1,078)	6,682
	UNITIL Resources Inc.	(458)	
	Usource LLC	(5,608)	23,037
	TOTAL	\$ (669,716)	\$ (2,141,781)
242	<i>MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES</i>		
	Accrued Pension Costs	\$ 1,358,195	\$ 1,351,123
	Accrued SERP	904,151	1,025,384
	Accrued PBOP Costs	481,878	1,120,541
	Accrued Vacation	240,000	234,031
	Accrued Compensation	929,100	564,413
	Accrued Other	123,472	90,290
	TOTAL	\$ 4,036,796	\$ 4,385,782

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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 asset or liabilities existing at the end of the year. Notes relating to financial statements shown elsewhere in the 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 2004 UNITIL Corporation Form 10-K for additional disclosures.

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

SCHEDULE XV - STATEMENT OF INCOME

<u>ACCOUNT</u>	<u>DESCRIPTION</u>	<u>CURRENT YEAR</u>	<u>PRIOR YEAR</u>
INCOME			
457	Services rendered to associate companies	\$ 21,841,189	\$ 19,367,031
458	Services rendered to nonassociate companies		30,000
419	Interest Income		
421	Miscellaneous income or (loss)		8,297
	Total Income	<u>21,841,189</u>	<u>19,405,328</u>
EXPENSE			
920	Salaries and wages	10,736,961	9,896,462
921	Office supplies and expenses	903,121	868,672
922	Other	505,679	42,861
923	Outside services employed	646,238	475,512
924	Property insurance	7,821	7,955
925	Injuries and damages	105,495	82,861
926	Employee pensions and benefits	4,095,582	2,607,570
930.1	Advertising expense	14,706	3,553
930.2	Miscellaneous general expense	481,050	559,669
931	Rents	1,535,159	1,467,487
932	Maintenance	581,389	592,902
403	Depreciation and amortization expense	1,361,776	1,672,692
408	Taxes other than income taxes	849,668	825,889
409	Income taxes	229,749	(31,061)
410	Provision for deferred income taxes	(338,154)	124,985
426.1	Donations	28,398	50,324
426.5	Penalties		1,983
430	Interest on debt to associate companies	16,855	6,684
431	Other interest expense	79,696	148,328
	Total Expense	<u>21,841,189</u>	<u>19,405,328</u>
	Net Income or (Loss)	<u>\$</u>	<u>\$</u>

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

ANALYSIS OF BILLING - ASSOCIATE COMPANIES ACCOUNT 457

NAME OF ASSOCIATE COMPANY	DIRECT	INDIRECT	COMPENSATION	TOTAL
	COSTS CHARGED	COSTS CHARGED	OF CAPITAL	AMOUNT BILLED
	457-1	457-2	457-3	
Unitil Energy Systems, Inc.	\$ 5,540,578	\$ 5,146,304	\$	\$ 10,686,882
Fitchburg Gas and Electric Light Company	5,004,504	4,674,070		9,678,574
UNITIL Realty Corp.	45,730	48,759		94,489
UNITIL Resources, Inc.	692,527	683,207		1,375,734
UNITIL Corp.	2,655	2,855		5,510
TOTAL	\$ 11,285,994	\$ 10,555,195	\$	\$ 21,841,189

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

ANALYSIS OF BILLING - NON-ASSOCIATE COMPANIES ACCOUNT 458

NAME OF NONASSOCIATE COMPANY	DIRECT COSTS CHARGED 457-1	INDIRECT COSTS CHARGED 457-2	COMPENSATION FOR USE		EXCESS OR DEFICIENCY		TOTAL AMOUNT BILLED
			OF CAPITAL 457-3	TOTAL COST	458-4		
None	\$	\$	\$	\$	\$	\$	\$
TOTAL	\$	\$	\$	\$	\$	\$	\$

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

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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

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

ACCOUNT	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	\$ 9,746,418	\$ 990,543	\$ 10,736,961	\$	\$	\$ 9,746,418	\$ 990,543	\$ 10,736,961	
921	OFFICE SUPPLIES AND EXPENSES	245	902,876	903,121			245	902,876	903,121	
922	ADMIN EXPENSE TRANS-CREDIT		505,679	505,679				505,679	505,679	
923	OUTSIDE SERVICES EMPLOYED	90,691	555,547	646,238			90,691	555,547	646,238	
924	PROPERTY INSURANCE		7,821	7,821				7,821	7,821	
925	INJURIES AND DAMAGES		105,495	105,495				105,495	105,495	
926	EMPLOYEE PENSIONS AND BENEFITS		4,095,582	4,095,582				4,095,582	4,095,582	
928	REGULATORY COMMISSION EXPENSE									
930.1	GENERAL ADVERTISING EXPENSE		14,706	14,706				14,706	14,706	
930.2	MISC. GENERAL EXPENSE		481,050	481,050				481,050	481,050	
931	RENTS		1,535,159	1,535,159				1,535,159	1,535,159	
932	MAINT. OF STRUCT. & EQUIP.	1,448,640	(867,251)	581,389			1,448,640	(867,251)	581,389	
403	DEPR. AND AMORT. EXPENSE		1,361,776	1,361,776				1,361,776	1,361,776	
408	TAXES OTHER THAN INCOME		849,668	849,668				849,668	849,668	
409	INCOME TAXES		229,749	229,749				229,749	229,749	
410	PROV FOR DEF INC TAXES		(338,154)	(338,154)				(338,154)	(338,154)	
411	PROV FOR DEF INC TAX CREDIT									

Edgar Filing: UNITIL CORP - Form U-13-60

411.5	INVESTMENT TAX CREDIT								
419	INTEREST INCOME								
426.1	DONATIONS		28,398	28,398			28,398	28,398	
426.5	PENALTIES								
427	INTEREST ON LONG-TERM DEBT								
431	OTHER INTEREST EXPENSE		79,696	79,696			79,696	79,696	
	SUBTOTAL EXPENSES	11,285,994	10,538,340	21,824,334			11,285,994	10,538,340	21,824,334
	COMPENSATION FOR USE OF EQUITY CAPITAL								
430	INTEREST ON DEBT TO ASSOCIATE COMPANIES		16,855	16,855			16,855	16,855	
	TOTAL EXPENSES	11,285,994	10,555,195	21,841,189			11,285,994	10,555,195	21,841,189
421	MISCELLANEOUS INCOME								
	TOTAL COST OF SERVICE	\$ 11,285,994	\$ 10,555,195	\$ 21,841,189	\$	\$	\$ 11,285,994	\$ 10,555,195	\$ 21,841,189

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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

INSTRUCTION: Indicate each department or service function. (See instruction 01-3 General Structure of Accounting System Uniform System Account)

ACCOUNT	DESCRIPTION OF ITEMS	TOTAL AMOUNT	DEPARTMENT OR SERVICE FUNCTION				DEPARTMENT OR SERVICE FUNCTION				
			REGULATORY & COMMUN.	ADMIN.	ACCOUNTING	ENERGY MARKET DISTRIBUTION	FINANCE	CUSTOMER SERVICES	ENGINEERING	TECHNOLOGY	
920	SALARIES AND WAGES	\$ 10,736,961	\$ 1,091,828	\$ 2,509,340	\$ 1,065,685	\$ 1,070,011	\$ 620,807	\$ 699,427	\$ 1,735,080	\$ 1,085,272	\$ 859,511
921	OFFICE SUPPLIES AND EXPENSES	903,121	96,402	414,011	17,722	14,159	15,693	41,005	96,065	64,452	143,612
922	ADMIN. EXPENSE TRANS-CREDIT	505,679			505,679						
923	OUTSIDE SERVICES EMPLOYED	646,238	10,712	385,789	72,139	5,120		9,112	77,015	231	86,120
924	PROPERTY INSURANCE	7,821						7,821			
925	INJURIES AND DAMAGES	105,495						105,495			
926	EMPLOYEE PENSIONS AND BENEFITS	4,095,582	13,619	3,973,502	3,778	15,000	7,467	189	29,103	48,436	4,488
928	REGULATORY COMMISSION EXPENSE										
930.1	GENERAL ADVERTISING EXPENSE	14,706		14,706							
930.2	MISC. GENERAL EXPENSE	481,050	7,559	7,009	14,807			451,675			
931	RENTS	1,535,159		84,151	(659,007)	12,950		1,583,697	52,962	14,278	446,128
932	MAINT. OF STRUCT. & EQUIP.	581,389		343,780	41,042				94,862		101,705
403	DEPR. AND AMORT. EXPENSE	1,361,776			1,361,776						
408	TAXES OTHER THAN INCOME	849,668			849,668						

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

DEPARTMENTAL ANALYSIS OF SALARIES - ACCOUNT 920

NAME OF DEPARTMENT Indicate each department or service function	TOTAL AMOUNT	DEPARTMENTAL SALARY EXPENSE INCLUDED IN AMOUNTS BILLED TO			NUMBER PERSONNEL
		PARENT COMPANY	OTHER ASSOCIATES	NON ASSOCIATES	END OF YEAR
Regulatory and Communications	\$ 1,091,828	\$	\$ 1,091,828	\$	16
Technology Services	859,511		859,511		13
Accounting	1,065,685		1,065,685		18
Finance	699,427		699,427		9
Administrative	2,509,340		2,509,340		20
Energy Markets	1,070,011		1,070,011		13
Engineering	1,085,272		1,085,272		18
Distribution	620,807		620,807		6
Customer Services	1,735,080		1,735,080		43
TOTAL	\$ 10,736,961	\$	\$ 10,736,961	\$	156

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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 to be shown. Provide a subtotal for each type of service.

FROM WHOM PURCHASED	ADDRESS	RELATIONSHIP A = ASSOCIATE NA =NON	AMOUNT
<i>Outside Services - Legal</i>			
Various		NA	\$ 1,043
Brickly Sears		NA	2,252
Leboeuf Lamb & Greene		NA	102,319
Skapars & Associates		NA	19,870
Suloway & Hollis		NA	17,544
<i>Outside Services - Accounting</i>			
Grant Thornton		NA	9,148
<i>Outside Services - Other</i>			
Various		NA	4,068
Account Temps		NA	8,644
Allegiant Management		NA	18,360
Carousel Industries		NA	4,500
Ceridian		NA	154,707
Diversified Actuarials		NA	20,585
Douglas Andrews		NA	19,005
Energy Council		NA	4,590
Energy Strategies		NA	4,235
Equilar Inc.		NA	7,495
Equifax Credit Information		NA	8,472
Factors Funding Co.		NA	28,537
Galley Hatch		NA	2,035
Group Dynamic		NA	6,082
IBM		NA	1,096
MessagePro		NA	1,705
Peter Wilkins		NA	7,950
Pomerantz Staffing		NA	6,288
Putnam Fiduciary Trust		NA	13,516
R R Donnelley		NA	4,968
Salomon Smith Barney		NA	16,616
San Diego Commercial		NA	9,439
The Hay Group		NA	39,177
The Tetrion Group		NA	32,020
Towers Perrin		NA	5,200
Venture Profiles		NA	23,130
Woodland Group		NA	25,810
<i>Outside Services - Corp Sponsorships</i>			

Edgar Filing: UNITIL CORP - Form U-13-60

Various	NA	5,120
<i>Outside Services - Visibility</i>		
Various	NA	10,712
TOTAL		\$ 646,238

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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	\$ 1,379,065
401 K	236,644
Pension Cost	742,274
SERP	193,644
Life Insurance	49,571
Education	141,744
Postretirement Benefit Cost	1,138,663
Other	213,977
TOTAL	\$ 4,095,582

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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
<i>Advertising:</i>		
	Advance Notice, Inc.	\$ 10,277
	Other	2,649
	Monster.Com	1,780
	TOTAL	\$ 14,706

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

MISCELLANEOUS GENERAL EXPENSES - ACCOUNT 930.2

INSTRUCTIONS: Provide a listing of the amount included in Account 930.2 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	122,870
Director's Fees and Expenses	328,735
Systems Development Costs	19,445
Professional Fees	10,000
TOTAL	481,050

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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.

<u>TYPE OF PROPERTY</u>	<u>AMOUNT</u>
Office, Equipment & Other	\$ 1,535,159
TOTAL	\$ 1,535,159

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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.

<u>KIND OF TAX</u>	<u>AMOUNT</u>
<i>Other than U.S. Government Tax:</i>	
State Unemployment Tax - NH	\$ 28,771
Business Enterprise Tax	72,000
	<u>100,771</u>
<i>U.S. Government Tax:</i>	
Federal Insurance Contribution Act	739,190
Federal Unemployment Tax	9,707
	<u>748,897</u>
TOTAL	<u>\$ 849,668</u>

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

DONATIONS - ACCOUNT 426.1

INSTRUCTIONS: Provide a listing of the amount included in Account 426.2, 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

<u>NAME OF RECIPIENT</u>	<u>PURPOSE OF DONATION</u>	<u>AMOUNT</u>
UNH Foundation		\$ 5,000
United Way		4,000
Scleroderma Foundation		1,220
American Cancer Society		1,219
Various		16,959
TOTAL		\$ 28,398

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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.

<u>DESCRIPTION</u>	<u>NAME OF PAYEE</u>	<u>AMOUNT</u>
		\$
TOTAL		\$

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

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.

Page 35

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP

For the Year Ended December 31, 2004

ORGANIZATION CHART

Organization Chart as of December 31, 2004

President & Treasurer	Mark H. Collin
Senior Vice President	George R. Gantz
Senior Vice President	Thomas P. Meissner, Jr.
Vice President	Todd R. Black
Vice President & Controller	Laurence M. Brock
Vice President	David K. Foote
Vice President	George E. Long
Vice President	Raymond J. Morrissey
Asst. Treasurer	Charles J. Kershaw, Jr.
Secretary	Sandra L. Whitney

Page 36

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

ANNUAL REPORT OF UNITIL SERVICE CORPORATION

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.

Table of Contents

ANNUAL REPORT OF UNITIL SERVICE CORP.

For the Year Ended December 31, 2004

ANNUAL REPORT OF UNITIL SERVICE CORPORATION

ANNUAL STATEMENT OF COMPENSATION FOR USE OF CAPITAL BILLED

Non applicable

Page 38

