FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

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

For Quarter Ended June 30, 1999

Commission File Number 1-8858

Unitil Corporation
(Exact name of registrant as specified in its charter)

New Hampshire	02-0381573
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No

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

Class	Outstanding at August 1, 1999
Common Stock, No par value	4,699,726 Shares

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

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PART 1. FINANCIAL INFORMATION

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF EARNINGS
(000's except common shares and per share data)
(UNAUDITED)

	Three Months Ended June 30, 1999	Three Months Ended June 30, 1998	Six Months Ended June 30, 1999	Six Months Ended June 30, 1998
Operating Revenues				
Electric	$39,051	$38,200	$75,235	$75,859
Gas	3,672	3,335	9,828	9,661
Other	38	7	45	15
Total Operating Revenues	42,761	41,542	85,108	85,535
Operating Expenses				
Fuel and Purchased Power	26,000	25,645	48,906	50,787
Gas Purchased for Resale	2,104	2,044	5,282	5,639
Operation and Maintenance	6,333	6,124	12,270	11,754
Depreciation and Amortization	2,914	2,571	5,849	4,901
Provisions for Taxes:				
Local Property and Other	1,360	1,430	2,825	2,837
Federal and State Income	648	519	2,023	1,889
Total Operating Expenses	39,359	38,333	77,155	77,807
Operating Income	3,402	3,209	7,953	7,728
Non-Operating Expenses, Net	38	27	50	71
Income Before Interest Expense	3,364	3,182	7,903	7,657
Interest Expense, Net	1,766	1,704	3,561	3,557
Net Income	1,598	1,478	4,342	4,100
Less Dividends on Preferred Stock	67	69	135	138
Net Income Applicable to Common Stock	$1,531	$1,409	$4,207	$3,962
Average Common Shares Outstanding	4,695,844	4,496,758	4,658,443	4,487,546
Basic Earnings Per Share	$0.32	$0.31	$0.90	$0.88
Diluted Earnings Per Share	$0.32	$0.30	$0.90	$0.86
Dividends Declared Per Share of Common Stock (Note 1)	$0.345	$0.34	$1.035	$1.02

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

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS (000's)

	(UNAUDITED) June 30, 1999	(UNAUDITED) June 30, 1998	(AUDITED) December 31, 1999
ASSETS:			
Utility Plant:			
Electric	$158,872	$170,583	$152,940
Gas	32,647	30,942	32,622
Common	21,572	20,003	20,876
Construction Work in Progress	3,431	3,570	3,024
Total Utility Plant	216,522	225,098	209,462
Less: Accumulated Depreciation	65,956	71,345	63,428
Net Utility Plant	150,566	153,753	146,034
Current Assets:			
Cash	1,313	3,415	4,083
Accounts Receivable - Less Allowance for Doubtful Accounts of $496, $682 and $646	15,380	15,363	15,999
Materials and Supplies	2,205	2,695	2,962

Prepayments	709	648	1,147
Accrued Revenue	4,820	4,257	5,322
Total Current Assets	24,427	26,378	29,513
Noncurrent Assets:			
Regulatory Assets	161,830	27,970	163,034
Prepaid Pension Costs	8,789	8,363	8,591
Debt Issuance Costs	1,382	886	1,320
Other Noncurrent Assets	24,668	20,652	27,287
Total Noncurrent Assets	196,669	57,871	200,232
TOTAL	$371,662	$238,002	$375,779

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

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS (Cont.) (000's)

	(UNAUDITED) June 30, 1999	1998	(AUDITED) December 31, 1998
CAPITALIZATION AND LIABILITIES:			
Capitalization:			
Common Stock Equity	$75,977	$71,881	$75,351
Preferred Stock, Non-Redeemable, Non-Cumulative	225	225	225
Preferred Stock, Redeemable, Cumulative	3,532	3,618	3,618
Long-Term Debt, Less Current Portion	85,064	60,729	74,047
Total Capitalization	164,798	136,453	153,241
Current Liabilities:			
Long-Term Debt, Current Portion	1,183	4,539	1,175
Capitalized Leases, Current Portion	866	1,054	907
Accounts Payable	13,742	15,713	11,382
Short-Term Debt	---	18,000	20,000
Dividends Declared and Payable	1,861	1,752	232
Refundable Customer Deposits	1,297	1,556	1,293
Taxes (Refundable) Payable	(1,455)	(73)	(1,056)
Interest Payable	1,211	1,030	841
Other Current Liabilities	3,458	3,132	2,776
Total Current Liabilities	22,163	46,703	37,550
Deferred Income Taxes	43,163	41,958	43,027
Noncurrent Liabilities:			
Power Supply Contract Obligations	128,651	---	128,651
Capitalized Leases, Less Current Portion	4,013	4,418	4,287
Other Noncurrent Liabilities	8,874	8,470	9,023
Total Noncurrent Liabilities	141,538	12,888	141,961
TOTAL	$371,662	$238,002	$375,779

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

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (000'S)
(UNAUDITED)

	Six Months Ended June 30, 1999	1998
Net Cash Flow from Operating Activities:		

Net Income	$4,342	$4,100
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation and Amortization	5,849	4,901
Deferred Taxes Provision	236	(33)
Amortization of Investment Tax Credit	(188)	(190)
Amortization of Debt Issuance Costs	30	32
Changes in Working Capital:		
Accounts Receivable	619	1,527
Materials and Supplies	757	(32)
Prepayments	240	(457)
Accrued Revenue	502	2,539
Accounts Payable	2,360	979
Refundable Customer Deposits	4	(631)
Taxes and Interest Payable	(29)	424
Other, Net	(2,228)	(308)
Net Cash Provided by Operating Activities	12,494	12,851
Net Cash Flows from Investing Activities:		
Acquisition of Property, Plant and Equip.	(6,009)	(6,213)
Proceeds from Sale of Electric Generation Assets	5,288	---
Acquisition of Other Property and Investments	(3,271)	---
Net Cash Used in Investing Activities	(3,992)	(6,213)
Cash Flows from Financing Activities:		
Net Decrease in Short-Term Debt	(20,000)	--
Proceeds from Issuance of Long-Term Debt	12,000	--
Repayment of Long-Term Debt	(975)	(3,098)
Dividends Paid	(3,324)	(3,176)
Issuance of Common Stock	1,621	905
Retirement of Preferred Stock	(86)	(47)
Repayment of Capital Lease Obligations	(508)	(144)
Net Cash Flows Used in Financing Activities	(11,272)	(5,560)
Net (Decrease) Increase in Cash	(2,770)	1,078
Cash at Beginning of Year	4,083	2,337
Cash at June 30,	$1,313	$3,415
Supplemental Cash Flow Information:		
Cash Paid for:		
Interest Paid	$3,449	$3,650
Federal Income Taxes Paid	$1,912	$1,290
Non-Cash Financing Activities:		
Capital Leases Incurred	$193	$365

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

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)
Note 1.

Dividends Declared Per Share:

Three regular quarterly common stock dividends were declared during the six month periods ended June 30, 1999 and 1998.

Common Stock Dividend:

On June 24, 1999, the Company's Board of Directors declared its regular quarterly dividend on the Company's Common Stock of $0.345 per share which was payable on August 13, 1999 to shareholders of record as of July 30, 1999.

On March 18, 1999, the Company's Board of Directors declared its regular quarterly dividend on the Company's Common Stock of $0.345 per share which was payable on May 14, 1999 to shareholders of record as of April 30, 1999.

On January 19, 1999 the Company's Board of Directors approved a 1.5% increase to the dividend rate on its common stock. The new regular dividend rate of $0.345 per share was payable February 15, 1999 to shareholders of record as of February 1, 1999.

Note 2.

Common Stock:

During the second quarter of 1999, the Company sold 7,466 shares of Common Stock, at an average price of $22.14 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan. Net proceeds of $165,319 were used to reduce short-term borrowings.

Note 3.

Preferred Stock:

Details on preferred stock at June 30, 1999, June 30, 1998 and December 31, 1998 are shown below:
(Amounts in Thousands)

	June 30, 1999	June 30, 1998	December 31, 1998
Preferred Stock:			
Non-Redeemable, Non-Cumulative, 6%, $100 Par Value	$225	$225	$225
Redeemable, Cumulative, $100 Par Value:			
8.70% Series	215	215	215
5% Dividend Series	91	91	91
6% Dividend Series	168	168	168
8.75% Dividend Series	333	344	344
8.25% Dividend Series	385	395	395
5.125% Dividend Series	987	998	998
8% Dividend Series	1,353	1,407	1,407
Total Redeemable Preferred Stock	3,532	3,618	3,618
Total Preferred Stock	$3,757	$3,843	$3,843

Note 4.

Long-term Debt:

Details on long-term debt at June 30, 1999, June 30, 1998 and December 31, 1998 are shown below:

(Amounts in Thousands)

	June 30, 1999	June 30, 1998	December 31, 1998
Concord Electric Company:			
First Mortgage Bonds:			
Series H, 9.43%, due September 1, 2003	--	5,200	--
Series I, 8.49%, due October 14, 2024	6,000	6,000	6,000
Series J, 6.96%, due September 1, 2028	10,000	--	10,000
Exeter & Hampton Electric Company:			
First Mortgage Bonds:			
Series H, 8.50%, due December 15, 2002	--	700	--
Series J, 9.43%, due September 1, 2003	--	4,000	--
Series K, 8.49%, due October 14, 2024	9,000	9,000	9,000
Series L, 6.96%, due September 1, 2028	10,000	--	10,000
Fitchburg Gas and Electric Light Company:			
Promissory Notes:			
8.55% Notes due March 31, 2004	13,000	14,000	14,000
6.75% Notes due November 30, 2023	19,000	19,000	19,000
7.37% Notes due January 15, 2029	12,000	--	--
Unitil Realty Corp.			
Senior Secured Notes:			
8.00% Notes Due August 1, 2017	7,247	7,368	7,222
Total	86,247	65,268	75,222
Less: Installments due within one year	1,183	4,539	1,175
Total Long-term Debt	$85,064	$60,729	$74,047

Note 5.

Contingencies:

The Company is currently undergoing an audit of the 1992 and 1993 Federal income tax returns by the Internal Revenue Service. Although the outcome cannot be predicted with certainty, it is not expected to have a material impact on the Company's results of operations.

Note 6.

In the opinion of the Company, the accompanying unaudited consolidated financial statements contain all adjustments (consisting only of normal recurring accruals) necessary to present fairly the consolidated financial position as of June 30, 1999 and 1998; and results of operations for the three and six months ended June 30, 1999 and 1998; and consolidated statements of cash flows for the six months ended June 30, 1999 and 1998. Reclassifications of amounts are made periodically to previously issued financial statements to conform with the current year presentation.

The results of operations for the six months ended June 30, 1999 and 1998 are not necessarily indicative of the results to be expected for the full year.

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

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

EARNINGS

The Company earned $0.32 per average common share (basic) for the second quarter of 1999, up from $0.31 for the second quarter of 1998. The increase of $0.01 per share was driven by higher Electric Sales to all customer classes during the quarter, due to growth fueled by the overall healthy regional economy and warmer-than-normal early summer temperatures. However, because of this warmer weather, second quarter Gas Sales were off, compared to prior year. Total Revenues increased by 2.9% for the second quarter of 1999, compared to 1998. These revenue gains were partially offset by higher Depreciation and Operation and Maintenance expenses related to utility industry restructuring.

On a year-to-date basis, basic earnings were up $0.02 to $0.90 per average common share, compared to the six months ended June 30,1998.

Total electric KWH sales volume improved 4.9% in the second quarter and 5.3% on a year-to-date basis in 1999, compared to 1998. While Firm Therm gas sales were down 8.2% during the second quarter, they increased slightly - by 0.5% - over the first two quarters of 1998 (See Table).

Sales and Revenues (000's)

	Three Months Ended			Six Months Ended		
KWH Sales	6/30/99	6/30/98	Change	6/30/99	6/30/98	Change
Residential	124,464	120,693	3.1%	279,137	271,822	2.7%
Commercial/Industrial	253,724	239,781	5.8%	513,257	480,639	6.8%
Total KWH Sales	378,188	360,474	4.9%	792,394	752,461	5.3%
Electric Revenue						
Residential	$13,897	$13,976	(0.6)%	$28,561	$29,654	(3.7)%
Commercial/Industrial	25,154	24,224	3.8%	46,674	46,205	1.0%
Total Electric Revenue	$39,051	$28,200	2.2%	$75,235	$75,859	(0.8)%
Firm Therm Sales						
Residential	2,235	2,496	(10.5)%	7,629	7,989	(4.5)%
Commercial/Industrial	2,074	2,199	(5.7)%	6,920	6,482	6.8%
Total Firm Therm Sales	4,309	4,695	(8.2)%	14,549	14,471	0.5%
Gas Revenue						
Residential	$1,681	$1,805	(6.9)%	$4,931	$5,262	(6.3)%
Commercial/Industrial	1,265	1,162	8.9%	3,845	3,520	9.2%
Total Firm Gas Revenue	2,946	2,967	(0.7)%	8,776	8,782	(0.1)%
Interruptible Gas Revenue	726	368	97.3%	1,052	879	19.7%
Total Gas Revenues	$3,672	$3,335	10.1%	$9,828	$9,661	1.7%

Despite the mild winter weather during the first half of 1999, total energy sales were favorable to prior year, partially as a result of increased sales to a major customer who had previously curtailed its operations and then restarted and expanded operations in the last half of 1998 and the first half of 1999. However, this customer recently notified the Company that, because of a bankruptcy filing by its parent, it has suspended operations. As a result, the Company now anticipates that energy sales to this customer will be significantly reduced in the near future.

Total Operating Revenues were $42.8 million in the second quarter of 1999, compared to $41.5 million in the prior year. The increase in Electric Operating revenues of 2.2% in the second quarter of 1999 was due to higher KWH sales volume, partially offset by the Company's lower electric rates in 1999. The lower electric rates are a result of a reduction in energy supply prices, which are passed through to customers. Also, a 10% rate reduction, granted to our Massachusetts customers as a result of electric utility industry restructuring, began in March, 1998. On a year-to-date basis, Electric Operating revenues were $75.2 million in 1999, compared to $75.9 million in 1998.

Lower Firm Therm gas sales volume in the second quarter resulted in relatively flat Firm Therm gas revenues compared to the prior year. Lower gas supply prices in 1999 offset an approved gas base rate increase implemented by the Company on December 1, 1998. Total gas revenues in the second quarter increased by 10.1% compared to the prior year, due to the significant increase in interruptible gas sales. Margins earned on interruptible gas sales are used to lower rates directly to firm gas customers through the cost of gas adjustment mechanism.

For the six months ended June 30, 1999, Operation and Maintenance expenses increased over the prior year due to the costs of customer information, metering and billing systems and accounting and other administrative systems needed to implement electric and gas utility industry restructuring. The increase in Depreciation and Amortization expenses during the same period was due to the accelerated write-off of electric generating assets - including the Company's abandoned investment in Seabrook Station as a result from electric utility industry restructuring in Massachusetts.

In 1999 Unitil acquired a minority interest in North American Power Brokers, Inc. ("NAP"), through the purchase of Preferred Stock and Common Stock Warrants for approximately $3 Million in cash. Also, Unitil Resources, Inc. (URI) purchased NAP's New York customer list and now, under the name "Usource", offers retail energy consumers the price benefits of competitive energy supplier bidding, without URI or its customers undertaking the financial risk of commodity ownership.

As previously reported, the Company's Balance Sheet reflects the recording at December 31, 1998, of significant Regulatory Assets, estimated at $140 million, related to the approval by the Massachusetts Department of Telecommunications and Energy ("MDTE") of Fitchburg Gas and Electric Light Company's ("FG&E") Electric Restructuring Plan. FG&E is Unitil's Electric and Gas Utility subsidiary in Massachusetts. FG&E's divestiture process is complete and consummation awaits MDTE approval, which is expected in the third quarter.

Basic earnings per average common share for the 12 months ended June 30, 1999 and 1998, were $1.79 and $1.68, respectively. The increase is attributable to higher Electric and Gas marginal revenues, lower Interest Expense and lower effective Income Tax rates which were partially offset by higher Operation and Maintenance and Depreciation and Amortization expenses.

RESTRUCTURING AND COMPETITION

Regulatory activity surrounding restructuring and competition continues in both Massachusetts and New Hampshire. March 1, 1998 was "Choice Date" or the beginning of competition for all electric consumers in Massachusetts, while New Hampshire's "Choice Date" slipped past the legislature's mandated date of July 1, 1998 and is currently the subject of a federal court injunction (see below).

Massachusetts gas industry restructuring plans continue to be under development. The MDTE, gas utilities and other stakeholders began a collaborative effort in late 1997 to develop solutions to the many issues that surround restructuring the local natural gas distribution business.

Unitil has been preparing for electric and gas industry restructuring by developing transition plans that will move its utility subsidiaries into this new market structure in a way that will ensure fairness in the treatment of the Company's assets and obligations that are dedicated to the current regulated franchises and, at the same time, provide choice for all customers.

Massachusetts (Electric)- On January 15, 1999, the MDTE gave final approval to FG&E's restructuring plan with certain modifications. The Plan provides customers with: a) a choice of energy supplier; b) an option to purchase

Standard Offer Service (i.e. state-mandated energy service) provided by FG&E at regulated rates for up to seven years; and c) a cumulative 15% rate reduction. The Plan also provides for FG&E to divest generation assets and its portfolio of purchased power contracts. The Company will be afforded full recovery of any transition costs through a non-bypassable retail Transition Charge.

Pursuant to the Plan, on October 30, 1998, FG&E filed with the MDTE a proposed contract with Constellation Power Services Inc. for provision of Standard Offer Service. The MDTE's January 15, 1999 Order approves the FG&E/Constellation contract, and service thereunder commenced on March 1, 1999, and is scheduled to continue through February 28, 2005. This contract is the result of the first successful Standard Offer auction conducted in Massachusetts.

The January 15 Order also approved FG&E's power supply divestiture plan for its interest in three generating units and four long-term power supply contracts. A contract for the sale of FG&E's interest in the New Haven Harbor plant was filed with the MDTE on November 20, 1998. The MDTE approved the contract on March 31, 1999 and the deal closed on April 14, 1999. A contract for the sale of the entire output from FG&E's remaining generating assets and purchased power contracts was filed with the MDTE on June 11, 1999. MDTE approval is pending.

The first annual reconciliation filing was made with the MDTE on May 5, 1999. As a result of the reconciliations, approved by the MDTE on May 28, 1999, FG&E raised its transmission charges and reduced its transition charges effective June 1, 1999. On July 30, 1999, FG&E filed with the MDTE a proposal to lower its transition charge effective September 1, 1999, to reflect: a) the legislative requirement to increase its retail rate discount another 5%, to 15%; b) the impact of inflation since mid-1997; and c) the effects of the divestiture of its generation assets and sale of the output from its portfolio of purchased power contracts.

Massachusetts (Gas) -In mid-1997, the MDTE directed all Massachusetts natural gas Local Distribution Companies (LDCs) to form a collaborative with other stakeholders to develop common principles and appropriate regulations for the unbundling of gas service, and directed FG&E and four other LDCs to file unbundled gas rates for its review. FG&E's unbundled gas rates were approved by the MDTE and implemented in November 1998.

On February 1, 1999, the MDTE issued an order in which it determined that the LDCs would continue to have an obligation to provide gas supply and delivery services for another five years, with a review after three years. That order also set forth the MDTE's decision regarding release by LDCs of their pipeline capacity contracts to competitive marketers. On March 24, 1999 the LDCs and other stakeholders filed a settlement with the MDTE which set forth rules for implementing an interim firm transportation service through October 31, 2000. The interim service will ultimately be superseded by the permanent transportation service, beginning as early as November 1, 1999. The MDTE approved the settlement on April 2, 1999. On May 17, 1999, FG&E made a compliance filing with the MDTE to implement the interim firm gas transportation service for its largest general service customers effective June 1, 1999. On May 28, 1999, the MDTE approved FG&E's Interim Firm Transportation filing. On June 11, 1999, FG&E filed a Firm Gas Peaking Service with the MDTE to complement the Interim Firm Transportation Service. The MDTE's decision is pending. FG&E continues to work with the other Massachusetts LDCs and various stakeholders to develop and implement the infrastructure to complete the restructuring of gas service for all customers in Massachusetts.

New Hampshire - On February 28, 1997, the New Hampshire Public Utilities Commission (NHPUC) issued its Final Plan for transition to a competitive electric market in New Hampshire. The order allowed Concord Electric Company and Exeter & Hampton Electric Company, Unitil's New Hampshire retail distribution utilities, to recover 100% of "stranded" costs for a two-year period, but excluded recovery of certain administrative-related charges.

Northeast Utilities' affiliate, Public Service Company of New Hampshire (PSNH), appealed the NHPUC order in Federal District Court. A temporary restraining order was issued on March 10, 1997. In June 1997, Unitil was admitted as a Plaintiff Intervenor in the Federal Court proceeding. On June 9, 1998, the Federal Court issued an injunction continuing the freeze on NHPUC efforts to implement restructuring. Various interlocutory appeals and pretrial disputes have delayed this proceeding and no date has been scheduled for a trial. However, at a preliminary hearing on April 7, 1999, the Judge reiterated the continuing injunction against implementation by the NHPUC. The Company will vigorously pursue its action in the federal court and simultaneously look for ways to resolve issues and bring forth choice to its retail customers.

In September 1998, the Company reached a comprehensive restructuring settlement with key parties and filed this voluntary Agreement with the NHPUC. The Agreement was modified on October 20, 1998. In oral deliberations on November 2 and November 18, 1998, the NHPUC imposed conditions to approval of the Settlement which were unacceptable to the Company, and the Settlement was subsequently withdrawn. The component of the Agreement dealing with wholesale rates was filed with the Federal Energy Regulatory Commission ("FERC") in September 1998, and approved by the FERC in early November. However, implementation will not occur, as the changes were conditioned upon approval by the NHPUC. Unitil continues to participate actively in all proceedings and in several NHPUC-established working groups which will define details of the transition to competition and customer choice. In June 1999, the Governor of New Hampshire announced a Memorandum of Understanding (MOU) with PSNH intended to lead to a comprehensive settlement of all restructuring issues for PSNH. A settlement was subsequently filed with the NHPUC on August 2, 1999 for review and approval. Extensive hearings on the settlement are expected.

Rate Cases -The last formal regulatory hearings to increase base electric rates for Unitil's three retail operating subsidiaries occurred in 1985 for Concord Electric Company, 1984 for Fitchburg Gas and Electric Light Company and 1981 for Exeter & Hampton Electric Company.

On May 15, 1998, FG&E filed a gas base rate case with the MDTE. After evidentiary hearings, the MDTE issued an Order allowing FG&E to establish new rates, effective November 30, 1998, that would produce an annual increase of approximately $1.0 million in gas revenues. However, as part of the proceeding, the Attorney General of the Commonwealth of Massachusetts alleged that FG&E had double-collected fuel inventory finance charges, since 1987, and requested that the MDTE require FG&E to refund approximately $1.6 million to its customers. The Company believes that the Attorney General's claim is without merit and that a refund is not justified or warranted. The MDTE stated its intent to open a separate proceeding to investigate the Attorney General's claim.

A majority of the Company's operating revenues are collected under various periodic rate adjustment mechanisms including fuel, purchased power, cost of gas and energy efficiency program cost recovery mechanisms. Restructuring will continue to change the methods of how certain costs are recovered from customers and from suppliers. Transition costs, Standard Offer Service and Default Service power supply costs, internal and external transmission service costs and energy efficiency and renewable energy program costs for FG&E are being recovered via fully reconciling rate adjustment mechanisms in Massachusetts.

Millstone Unit No. 3- FG&E has a 0.217% nonoperating ownership in the Millstone Unit No. 3 (Millstone 3) nuclear generating unit which supplies it with 2.49 megawatts (MW) of electric capacity. Due to various operating problems and NRC oversight, Millstone 3 was out of service from March 30, 1996 until early July, 1998.

During the period that Millstone 3 was out of service, FG&E continued to incur its proportionate share of the unit's ongoing Operations and Maintenance (O&M) costs, and may incur additional O&M costs and capital expenditures to meet NRC requirements. FG&E also incurred costs to replace the power that was expected to be generated by the unit. During the outage, FG&E had been incurring approximately $35,000 per month in replacement power costs, and had been recovering those costs through its fuel adjustment clause, which will be subject to review and approval by the MDTE.

In August 1997, FG&E, in concert with other non-operating joint owners, filed a demand for arbitration in Connecticut and a lawsuit in Massachusetts, in an effort to recover costs associated with the extended unplanned shutdown. Several preliminary rulings have been issued in the arbitration and legal cases and both cases are continuing.

YEAR 2000 SOFTWARE COMPLIANCE DISCUSSION

The Company recognizes the need to ensure its operations are not adversely affected by software or device failures related to the Year 2000 date recognition problem, ("Y2K Issues"). Specifically, Y2K Issues would arise when software applications, or devices with embedded chips, fail to correctly recognize and process the year 2000 and beyond. Certain software applications and devices are certified to recognize and process date references to the year 2000 and beyond and they are deemed to be Year 2000 compliant, ("Year 2000 Compliance"). Potential software failures could create incorrect calculations, among other errors, and they present a risk to the integrity of our Company's financial systems and the reliability of our operating systems. In order to minimize the risk of disruption to our business operations, the Company is taking the actions described below, including communicating with suppliers, dealers, financial institutions and others with which it does business, to coordinate the identification, evaluation, remediation and testing of possible Y2K Issues which may affect the Company.

The Company has established a centralized task force to identify and implement necessary changes to the Company's internal computer systems, controlling hardware devices and software applications in order to achieve Year 2000 Compliance for those systems. The remediation of Y2K Issues and testing of all critical components of the Company's internal systems was completed on June 30, 1999.

The Company has also established processes for evaluating and managing the risks and possible costs associated with Y2K Issues which may exist in systems external to the Company's operations, but could affect the Company's operations indirectly. The Company has already directed efforts to notify our critical vendors and suppliers about Y2K Issues which may affect our operations, and most are already providing important information about the Year 2000 readiness of their organizations. Testing of certain critical systems has been completed, in conjunction with our key suppliers and vendors, and the Company is currently developing contingency plans for circumstances where assurance of Year 2000 Compliance cannot be obtained or where we believe the greatest Y2K susceptibility exists.

The Company currently estimates it will invest in the range of $250,000 to $500,000 plus internal costs, over the cost of normal software upgrades and replacements to achieve Year 2000 Compliance. These additional capital outlays include costs to replace certain devices and software, and the costs for consultants to assist us with software programming and testing.

Unitil relies on the proper operation of a regional network of systems and devices to transport and distribute electricity and gas to its customers. Any disruption in those systems caused by Y2K Issues could interrupt the reliable delivery of electric and gas service through our Distribution Operating Companies. Some of these software systems and devices belong to other companies and are beyond the control of Unitil to ensure that they are properly remediated for Year 2000. However, several agencies, including the Department of Energy, The New England ISO, and The National Electricity Reliability Council, have active Year 2000 programs in place. These programs will ensure that member companies are actively and comprehensively dealing with any Year 2000 Issues in their supply, generation, transportation and distribution facilities and systems. Unitil participates in these groups and currently believes that satisfactory progress is being made and will continue to be made to ensure a reliable supply and delivery of energy. Furthermore, these groups plan to establish contingency plans to cover delivery difficulties during key Year 2000 dates. The Company also plans to work with local, state and regional agencies and other utility companies to ensure that appropriate contingency plans are in place for energy supply and delivery systems which could be affected by Year 2000 difficulties.

In addition, while the Company currently believes that its own mission-critical systems are Year 2000 Compliant, it cannot guarantee the compliance of other systems operated by other companies upon which it depends. For example, the Company's ability to provide electricity to its customers depends upon the regional electric transmission grid which connects the systems of neighboring utilities to provide electric power for the region. If one company's system is not Year 2000 Compliant, then a failure could impact all providers within the grid, including Unitil. Similarly, the Company's gas operations depend upon natural gas pipelines that it does not own or control, and any Year 2000 noncompliance associated with these pipelines may affect the Company's ability to provide natural gas to its customers. Failure to achieve Year 2000 readiness could have a material effect on the Company's results of operations, financial position and cash flows.

INVESTING ACTIVITIES

Capital expenditures on plant and equipment for the six months ended June 30, 1999 were approximately $6.0 million. This compares to $6.2 million during the same period last year. Capital expenditures for plant and equipment for the year 1999 are estimated to be approximately $15.2 million as compared to $14.5 million for 1998. This projection reflects capital expenditures for utility system expansions, replacements and other improvements.

In 1999 Unitil acquired a minority interest in North American Power Brokers, Inc. ("NAP"), through the purchase of Preferred Stock and Common Stock Warrants for approximately $3 million in cash. Also, Unitil Resources, Inc. (URI) purchased NAP's New York customer list and now, under the name "Usource", offers retail energy consumers the price benefits of competitive energy supplier bidding, without URI or its customers undertaking the financial risk of commodity ownership.

LEGAL PROCEEDINGS

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

FORWARD-LOOKING INFORMATION

This report contains forward-looking statements which are subject to the inherent uncertainties in predicting future results and conditions. Certain factors that could cause the actual results to differ materially from those projected in these forward-looking statements include, but are not limited to; variations in weather, changes in the regulatory environment, customers' preferences on energy sources, general economic conditions, increased competition and other uncertainties, all of which are difficult to predict, and many of which are beyond the control of the Company.

PART I. EXHIBIT 11.

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING
(UNAUDITED)

(Amounts in Thousands, except Shares and Per Share Data)

	Three Months Ended June 30,		Six Months Ended June 30,	
BASIC EARNINGS PER SHARE	1999	1998	1999	1998
Net Income	$1,598	$1,478	$4,342	$4,100
Less: Dividend Requirement on Preferred Stock	67	69	135	138
Net Income Applicable to Common Stock	$1,531	$1,409	$4,207	$3,962
Average Number of Common Shares Outstanding	4,695,844	4,496,758	4,658,443	4,487,546
Basic Earnings Per Common Share	$0.32	$0.31	$0.90	$0.88

	Three Months Ended June 30,		Six Months Ended June 30,	
DILUTED EARNINGS PER SHARE	1999	1998	1999	1998
Net Income	$1,598	$1,478	$4,342	$4,100
Less: Dividend Requirement on Preferred Stock	67	69	135	138
Net Income Applicable to Common Stock	$1,531	$1,409	$4,207	$3,962
Average Number of Common Shares Outstanding	4,703,965	4,605,770	4,667,028	4,599,252
Diluted Earnings per Common Share	$0.32	$0.30	$0.90	$0.86

PART II. OTHER INFORMATION

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

(a) Exhibits

Exhibit No.	Description of Exhibit	Reference

11	Computation in Support of Earnings Per Average Common Share	Filed herewith

(b) Reports on Form 8-K

During the quarter ended June 30, 1999, the Company did not file any reports on Form 8-K.

SIGNATURES

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

UNITIL CORPORATION
(Registrant)

Date: August 11, 1999 /s/ Anthony J. Baratta, Jr.
Anthony J. Baratta, Jr.
Chief Financial Officer

Date: August 11,1999 /s/ Mark H. Collin
Mark H. Collin
Treasurer