UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For Quarter Ended March 31, 2015

Commission File Number 1-8858

UNITIL CORPORATION

(Exact name of registrant as specified in its charter)

New Hampshire **(State or other jurisdiction of incorporation or organization)**	**02-0381573** **(I.R.S. Employer Identification No.)**
6 Liberty Lane West, Hampton, New Hampshire **(Address of principal executive office)**	**03842-1720** **(Zip Code)**

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

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 ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☐	Accelerated filer	☒
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ 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 April 20, 2015
Common Stock, no par value	**13,966,702 Shares**

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
FORM 10-Q
For the Quarter Ended March 31, 2015

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CAUTIONARY STATEMENT

This report and the documents incorporated by reference into this report contain statements that constitute "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, included or incorporated by reference into this report, including, without limitation, statements regarding the financial position, business strategy and other plans and objectives for the Company's future operations, are forward-looking statements.

These statements include declarations regarding the Company's beliefs and current expectations. In some cases, forward-looking statements can be identified by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," or the negative of such terms or other comparable terminology. These forward-looking statements are subject to inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include those described in Item 1A (Risk Factors) and the following:

- the Company's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters), which could affect the rates the Company is able to charge, the Company's authorized rate of return and the Company's ability to recover costs in its rates;
- fluctuations in the supply of, demand for, and the prices of energy commodities and transmission capacity and the Company's ability to recover energy commodity costs in its rates;
- customers' preferred energy sources;
- severe storms and the Company's ability to recover storm costs in its rates;
- the Company's stranded electric generation and generation-related supply costs and the Company's ability to recover stranded costs in its rates;
- declines in the valuation of capital markets, which could require the Company to make substantial cash contributions to cover its pension obligations, and the Company's ability to recover pension obligation costs in its rates;
- general economic conditions, which could adversely affect (i) the Company's customers and, consequently, the demand for the Company's distribution services, (ii) the availability of credit and liquidity resources and (iii) certain of the Company's counterparties' obligations (including those of its insurers and lenders);
- the Company's ability to obtain debt or equity financing on acceptable terms;
- increases in interest rates, which could increase the Company's interest expense;
- restrictive covenants contained in the terms of the Company's and its subsidiaries' indebtedness, which restrict certain aspects of the Company's business operations;
- variations in weather, which could decrease demand for the Company's distribution services;
- long-term global climate change, which could adversely affect customer demand or cause extreme weather events that could disrupt the Company's electric and natural gas distribution services;

- numerous hazards and operating risks relating to the Company's electric and natural gas distribution activities, which could result in accidents and other operating risks and costs;
- catastrophic events;
- the Company's ability to retain its existing customers and attract new customers;
- the Company's energy brokering customers' performance under multi-year energy brokering contracts; and
- increased competition.

Many of these risks are beyond the Company's control. Any forward-looking statements speak only as of the date of this report, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which such statements are made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors, nor can the Company assess the impact of any such factor on its business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements.

PART I. FINANCIAL INFORMATION

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations (MD&A)

OVERVIEW

Unitil Corporation (Unitil or the Company) is a public utility holding company headquartered in Hampton, New Hampshire. Unitil is subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005.

Unitil's principal business is the local distribution of electricity and natural gas throughout its service territory in the states of New Hampshire, Massachusetts and Maine. Unitil is the parent company of three wholly-owned distribution utilities:

i) Unitil Energy Systems, Inc. (Unitil Energy), which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, including the capital city of Concord;

ii) Fitchburg Gas and Electric Light Company (Fitchburg), which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and

iii) Northern Utilities, Inc. (Northern Utilities), which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine, including the city of Portland, which is the largest city in northern New England.

Unitil Energy, Fitchburg and Northern Utilities are collectively referred to as the "distribution utilities." Together, the distribution utilities serve approximately 102,700 electric customers and 77,900 natural gas customers in their service territory.

In addition, Unitil is the parent company of Granite State Gas Transmission, Inc. (Granite State) an interstate natural gas transmission pipeline company, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north.

Unitil had an investment in Net Utility Plant of $738.2 million at March 31, 2015. Unitil's total operating revenue includes revenue to recover the approved cost of purchased electricity and natural gas in rates on a fully reconciling basis. As a result of this reconciling rate structure, the Company's earnings are not directly affected by changes in the cost of purchased electricity and natural gas. Earnings from Unitil's utility operations are primarily derived from the return on investment in the utility assets of the three distribution utilities and Granite State.

Unitil also conducts non-regulated operations principally through Usource Inc. and Usource L.L.C. (collectively, Usource), which is wholly-owned by Unitil Resources Inc., a wholly-owned subsidiary of Unitil. Usource provides energy brokering and advisory services to large commercial and industrial customers primarily in the northeastern United States. The Company's other subsidiaries include Unitil Service Corp., which provides, at cost, a variety of administrative and professional services to Unitil's affiliated companies, Unitil Realty Corp. (Unitil Realty), which owns and manages Unitil's corporate office building and property located in Hampton, New Hampshire and Unitil Power Corp., which formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. Unitil's consolidated net income includes the earnings of the holding company and these subsidiaries.

RATES AND REGULATION

Regulation

Unitil is subject to comprehensive regulation by federal and state regulatory authorities. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005 with regard to certain bookkeeping, accounting and reporting requirements. Unitil's utility operations related to wholesale and interstate energy business activities are also regulated by the FERC. Unitil's distribution utilities are subject to regulation by the applicable state public utility commissions, with regard to their rates, issuance of securities and other accounting and operational matters: Unitil Energy is subject to regulation by the New Hampshire Public Utilities Commission (NHPUC); Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and the Maine Public Utilities Commission (MPUC). Granite State, Unitil's interstate natural gas transmission pipeline, is subject to regulation by the FERC with regard to its rates and operations. Because Unitil's primary operations are subject to rate regulation, the regulatory treatment of various matters could significantly affect the Company's operations and financial position.

Unitil's distribution utilities deliver electricity and/or natural gas to all customers in their service territory, at rates established under traditional cost of service regulation. Under this regulatory structure, Unitil's distribution utilities recover the cost of providing distribution service to their customers based on a historical test year, in addition to earning a return on their capital investment in utility assets. As a result of a restructuring of the utility industry in New Hampshire, Massachusetts and Maine, Unitil's customers, with the exception of Northern Utilities' residential customers, have the opportunity to purchase their electricity or natural gas supplies from third-party energy supply vendors. Most customers, however, continue to purchase such supplies through the distribution utilities under regulated energy rates and tariffs. Unitil's distribution utilities purchase electricity or natural gas from unaffiliated wholesale suppliers and recover the actual approved costs of these supplies on a pass-through basis, as well as certain costs associated with industry restructuring, through reconciling rate mechanisms that are periodically adjusted.

Fitchburg is subject to revenue decoupling mechanisms (RDM). Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. The difference between distribution revenue amounts billed to customers and the targeted RDM amounts is recognized as an increase or a decrease in Accrued Revenue which forms the basis for resetting rates for future cash recoveries from, or credits to, customers. These RDM revenue targets may be adjusted as a result of rate cases that the Company files with the MDPU. The Company estimates that RDM applies to approximately 27% and 11% of Unitil's total annual electric and natural gas sales volumes, respectively.

Rate Case Activity

Northern Utilities – Pipeline Refund – On May 12, 2010, Portland Natural Gas Transmission System (PNGTS) filed a Natural Gas Act Section 4 rate case with the FERC proposing increased pipeline rates of approximately 55 percent over the previously approved rate. The filing was docketed as RP10-729 and rates went into effect on December 1, 2010, subject to refund pending the determination in the rate proceeding. Northern Utilities and other long-term shippers on PNGTS opposed the proposed rate increase. On December 8, 2011, an Initial Decision was issued and on March 21, 2013, the FERC issued Opinion No. 524. Opinion No. 524 was appealed and the FERC issued Opinion No. 524-A on February 19, 2015 denying all appeals and ordering PNGTS to issue refunds to shippers within 60 days. Northern Utilities received a pipeline refund of $22.0 million on April 15, 2015. As a gas supply-related refund, the entire amount refunded will be credited to retail customers. Northern Utilities has proposed to credit the refund to customers over a three year period with interest and that proposal is pending review of the MPUC and the NHPUC.

The Company has recorded Accrued Revenue and Regulatory Liabilities of $22.0 million each on its Consolidated Balance Sheets as of March 31, 2015.

Northern Utilities – Maine – On December 27, 2013, the MPUC approved a settlement agreement providing for a $3.8 million permanent increase in annual revenue for Northern Utilities' Maine division, effective January 1, 2014. The settlement agreement also provided that the Company shall be allowed to implement a Targeted Infrastructure Replacement Adjustment (TIRA) rate mechanism to adjust base distribution rates annually to recover the revenue requirements associated with targeted investments in gas distribution system infrastructure replacement and upgrade projects. The TIRA has an initial term of four years, and covers targeted capital expenditures in 2013 through 2016. The 2014 TIRA provided for an annual increase in base distribution revenue of $1.3 million, effective May 1, 2014. On February 27, 2015 Northern Utilities filed its second annual TIRA for rates effective May 1, 2015, seeking an annual increase in base distribution revenue of $1.2 million. This filing remains pending. TIRA filings in future periods are projected to result in annual increases in revenue of approximately $1.0 million each year.

Northern Utilities – New Hampshire – On April 21, 2014, the NHPUC approved a settlement agreement providing for an increase of $4.6 million in distribution base revenue and a return on equity of 9.5% for Northern Utilities' New Hampshire division. In addition, the settlement agreement provides for additional step adjustments in 2014 and 2015 to recover the revenue requirements associated with investments in gas mains extensions and infrastructure replacement projects. The 2014 step adjustment provided for an annual increase in revenue of $1.4 million, effective May 1, 2014. On February 27, 2015 Northern Utilities' New Hampshire division filed for a step increase of $1.8 million in base distribution revenue effective May 1, 2015. On April 15, 2015, the NHPUC approved the step increase as filed by issuing an Order Nisi. The Order is effective April 28, 2015, subject to the right of any party to file comments or request a hearing prior to the effective date.

Unitil Energy – On April 26, 2011, the NHPUC approved a rate settlement that extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with a series of step adjustments to increase revenue in future years to support Unitil Energy's continued capital improvements to its distribution system. On April 30, 2014, the NHPUC approved Unitil Energy's third and final step increase of $1.5 million in annual revenue effective May 1, 2014.

Granite State – Granite State has in place a FERC approved rate settlement agreement under which it is permitted each June to file for a rate adjustment to recover the revenue requirements associated with specified capital investments in gas transmission projects up to a specific cost cap. On June 27, 2014, Granite State filed to increase its rates and annual revenue by an additional $0.6 million beginning August 1, 2014. With this filing, Granite State reached the cost cap. The FERC accepted this filing on July 18, 2014 and the new rates became effective August 1, 2014. For 2015, the rate settlement agreement requires Granite State to file a Section 4 FERC rate case by June 2015 with rates effective by January 1, 2016.

Fitchburg – Electric – On May 30, 2014, the Massachusetts Department of Public Utilities (MDPU) issued its final order approving a $5.6 million increase in Fitchburg's electric RDM base revenue target, effective June 1, 2014. The MDPU approved a 9.7% return on equity and a common equity ratio of 48%. As part of the increase in base revenue, the MDPU approved the recovery, over three years, of $5.0 million of previously deferred emergency storm repair costs incurred in 2011 and 2012. In addition, the MDPU approved an expanded storm resiliency vegetation management program at an annual funding amount of $0.5 million. The MDPU also approved the recovery of $0.9 million over a five-year period of past due amounts associated with hardship accounts that are protected from shut-off. The impact of the rate order on previously capitalized or deferred items was not material.

RESULTS OF OPERATIONS

The following section of MD&A compares the results of operations for each of the two fiscal periods ended March 31, 2015 and March 31, 2014 and should be read in conjunction with the accompanying unaudited Consolidated Financial Statements and the accompanying Notes to unaudited Consolidated Financial Statements included in Part I, Item 1 of this report, which are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

The Company's results of operations reflect the seasonal nature of the natural gas business. Annual gas revenues are substantially realized during the heating season as a result of higher sales of natural gas due to cold weather. Accordingly, the results of operations are historically most favorable in the first and fourth quarters. Fluctuations in seasonal weather conditions may have a significant effect on the result of operations. Sales of electricity are generally less sensitive to weather than natural gas sales, but may also be affected by the weather conditions in both the winter and summer seasons. Also, as a result of recent rate cases, the Company's natural gas sales margins are derived from a higher percentage of fixed billing components, including customer charges. Therefore, natural gas revenues and margin will be less affected by the seasonal nature of the natural gas business. In addition, as discussed above, approximately 27% and 11% of the Company's total annual electric and natural gas sales volumes, respectively, are decoupled and changes in sales to existing customers do not affect sales margin.

Earnings Overview

The Company's Net Income was $13.6 million, or $0.98 per share, for the first quarter of 2015, an increase of $1.0 million, or $0.07 per share, compared to the first quarter of 2014. The 7.9% increase in earnings for the first three months of 2015 was driven by higher natural gas and electric sales and margins partially offset by higher net operating expenses.

Natural gas sales margin was $38.8 million in the three months ended March 31, 2015, resulting in an increase of $2.3 million compared to the same period in 2014. Natural gas sales margin was positively affected by higher therm unit sales in the first quarter of 2015, a growing customer base and higher distribution rates. Therm sales of natural gas increased 6.5% in the three months ended March 31, 2015 compared to the same period in 2014. The increase in gas therm sales in the Company's utility service territories was driven by colder winter weather in the first quarter of 2015 compared to 2014 coupled with strong growth in the number of customers. Based on weather data collected in the Company's service areas, there were 4% more Heating Degree Days (HDD) in the first quarter of 2015 compared to the same period in 2014 and 14% more HDD than normal. Weather-normalized gas therm sales are estimated to be up 4.6% in the first quarter of 2015 compared to the same period in 2014.

Electric sales margin was $21.2 million in the three months ended March 31, 2015, resulting in an increase of $2.0 million compared to the same period in 2014 primarily reflecting higher electric distribution rates. Electric kilowatt-hour (kWh) sales increased 0.3% compared to the first quarter of 2014.

Operation and Maintenance (O&M) expenses decreased $0.2 million in the three months ended March 31, 2015 compared to the same period in 2014. The change in O&M expenses reflects lower professional fees of $0.8 million, partially offset by higher utility operating costs of $0.4 million and higher compensation and benefit costs of $0.3 million. All other O&M costs, net were $0.1 million lower in the first quarter of 2015 compared to 2014. Included in the increase in utility operating costs are $0.2 million of higher vegetation management costs which are currently recovered in electric rates and reflected in electric sales margin.

Depreciation and Amortization expense increased $1.2 million in the three months ended March 31, 2015 compared to the same period in 2014, reflecting higher depreciation of $0.6 million on normal utility plant assets in service, higher amortization of major storm restoration costs of $0.4 million and an increase in all other amortization of $0.2 million. The amortization of major storm restoration costs is currently recovered in electric rates and reflected in electric sales margin.

Taxes Other Than Income Taxes increased $0.3 million in the three months ended March 31, 2015 compared to the same period in 2014, reflecting higher local property taxes on higher levels of utility plant in service.

Interest Expense, net increased $0.6 million in the three months ended March 31, 2015 compared to the same period in 2014, reflecting higher levels of long-term debt and lower net interest income on regulatory assets.

Revenues of $1.6 million in the first quarter of 2015 for Usource, the Company's non-regulated energy brokering business, were on par with results for the first quarter of 2014.

At its January 2015 and April 2015 meetings, Unitil's Board of Directors declared quarterly dividends on the Company's common stock of $0.35 per share, resulting in an increase in the effective annual dividend rate to $1.40 per share from $1.38 per share. These dividend declarations continue an unbroken record of quarterly dividend payments since trading began in Unitil's common stock.

A more detailed discussion of the Company's results of operations for the three months ended March 31, 2015 is presented below.

Gas Sales, Revenues and Margin

Therm Sales – Unitil's total therm sales of natural gas increased 6.5% in the three months ended March 31, 2015 compared to the same period in 2014, reflecting increases of 9.6% and 5.5% in sales to Residential and Commercial and Industrial (C&I) customers, respectively. The increase in gas therm sales in the Company's utility service territories was driven by the colder winter weather in the first quarter of 2015 compared to 2014 coupled with strong growth in the number of customers. Based on weather data collected in the Company's service areas, there were 4% more HDD in the first quarter of 2015 compared to the same period in 2014 and 14% more HDD than normal. Weather-normalized gas therm sales are estimated to be up 4.6% in the first quarter of 2015 compared to the same period in 2014. As of March 31, 2015, the number of total natural gas customers served has increased by 2.3% in the last twelve months.

The following table details total firm therm sales for the three months ended March 31, 2015 and 2014, by major customer class:

Therm Sales (millions)

	Three Months Ended March 31,			
	2015	2014	Change	% Change
Residential	**25.1**	22.9	2.2	9.6%
Commercial/Industrial	**74.4**	70.5	3.9	5.5%
Total	**99.5**	93.4	6.1	6.5%

Gas Operating Revenues and Sales Margin – The following table details total Gas Operating Revenues and Sales Margin for the three months ended March 31, 2015 and 2014:

Gas Operating Revenues and Sales Margin (millions)

	Three Months Ended March 31, 2015	2014	$ Change	% Change
Gas Operating Revenues:				
Residential	**$ 40.5**	$37.7	$ 2.8	7.4%
Commercial / Industrial	**59.8**	54.9	4.9	8.9%
Total Gas Operating Revenues	**$100.3**	$92.6	$ 7.7	8.3%
Cost of Gas Sales	**$ 61.5**	$56.1	$ 5.4	9.6%
Gas Sales Margin	**$ 38.8**	$36.5	$ 2.3	6.3%

The Company analyzes operating results using Gas Sales Margin, a non-GAAP measure. Gas Sales Margin is calculated as Total Gas Operating Revenue less Cost of Gas Sales. The Company believes Gas Sales Margin is a better measure to analyze profitability than Total Gas Operating Revenue because the approved cost of sales are tracked and reconciled costs that are passed through directly to the customer, resulting in an equal and offsetting amount reflected in Total Gas Operating Revenue. Sales margin can be reconciled to Operating Income, a GAAP measure, by including Operation and Maintenance, Depreciation and Amortization and Taxes Other Than Income Taxes for each segment in the analysis.

Natural gas sales margin was $38.8 million in the three months ended March 31, 2015, resulting in an increase of $2.3 million compared to the same period in 2014. The increase in gas sales margin is attributable to customer growth of approximately $1.0 million; $0.8 million in higher distribution rates related to Northern Utilities' TIRA and step adjustments which went into effect in the second quarter of 2014; and $0.5 million related to the effect of the colder winter weather in 2015.

The increase in Total Gas Operating Revenues of $7.7 million in the first quarter of 2015 reflects higher gas sales margin of $2.3 million and higher Cost of Gas Sales of $5.4 million, which are tracked and reconciled costs that are passed through directly to customers.

Electric Sales, Revenues and Margin

Kilowatt-hour Sales – In the first quarter of 2015, Unitil's total electric kWh sales increased 0.3% compared to the first quarter of 2014. Sales to Residential customers decreased 1.6% in the first quarter of 2015 compared to the same period in 2014, reflecting lower average usage in 2015 compared to 2014. Sales to C&I customers increased 1.9% in the first quarter of 2015 compared to the same period in 2014, driven by the addition of new customers. As discussed above, sales margin derived from decoupled unit sales (representing approximately 27% of total annual kWh sales volume) is not sensitive to changes in electric kWh sales.

The following table details total kWh sales for the three months ended March 31, 2015 and 2014 by major customer class:

kWh Sales (millions)

	Three Months Ended March 31,			
	2015	**2014**	**Change**	**% Change**
Residential	**198.6**	201.9	(3.3)	(1.6%)
Commercial/Industrial	**249.8**	245.1	4.7	1.9%
Total	**448.4**	447.0	1.4	0.3%

Electric Operating Revenues and Sales Margin – The following table details total Electric Operating Revenues and Sales Margin for the three months ended March 31, 2015 and 2014:

Electric Operating Revenues and Sales Margin (millions)

	Three Months Ended March 31,			
	2015	**2014**	**$ Change**	**% Change**
Electric Operating Revenues:				
Residential	**$42.7**	$34.8	$ 7.9	22.7%
Commercial / Industrial	**27.6**	27.1	0.5	1.8%
Total Electric Operating Revenues	**$70.3**	$61.9	$ 8.4	13.6%
Total Cost of Electric Sales	**$49.1**	$42.7	$ 6.4	15.0%
Electric Sales Margin	**$21.2**	$19.2	$ 2.0	10.4%

The Company analyzes operating results using Electric Sales Margin, a non-GAAP measure. Electric Sales Margin is calculated as Total Electric Operating Revenues less Cost of Electric Sales. The Company believes Electric Sales Margin is a better measure to analyze profitability than Total Electric Operating Revenues because the approved cost of sales are tracked and reconciled costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in Total Electric Operating Revenues. Sales margin can be reconciled to Operating Income, a GAAP measure, by including Operation and Maintenance, Depreciation and Amortization and Taxes Other Than Income Taxes for each segment in the analysis.

Electric sales margin was $21.2 million in the three months ended March 31, 2015, resulting in an increase of $2.0 million compared to the same period in 2014 primarily reflecting higher electric distribution rates resulting from Fitchburg’s recent base rate case and Unitil Energy’s most recent step adjustment, both of which went into effect in the second quarter of 2014.

The increase in Total Electric Operating Revenues of $8.4 million in the first quarter of 2015 reflects higher electric sales margin of $2.0 million and higher Costs of Electric Sales of $6.4 million, which are tracked and reconciled costs that are passed through directly to customers.

Operating Revenue - Other

The following table details total Other Operating Revenue for the three months ended March 31, 2015 and 2014:

Other Operating Revenue (Millions)

	Three Months Ended March 31,			
	2015	**2014**	**$ Change**	**% Change**
Other	**$1.6**	$1.6	$ —	—
Total Other Operating Revenue	**$1.6**	$1.6	$ —	—

Total Other Operating Revenue in the first quarter of 2015, which is comprised of revenues from the Company's non-regulated energy brokering business, Usource, was on par with results for the first quarter of 2014. Usource's revenues are primarily derived from fees and charges billed to suppliers as customers take delivery of energy from these suppliers under term contracts brokered by Usource.

Operating Expenses

Cost of Gas Sales – Cost of Gas Sales includes the cost of natural gas purchased and manufactured to supply the Company's total gas supply requirements and spending on energy efficiency programs. Cost of Gas Sales increased $5.4 million, or 9.6%, in the three months ended March 31, 2015 compared to the same period in 2014. This increase reflects higher sales of natural gas and a decrease in the amount of natural gas purchased by customers directly from third-party suppliers, partially offset by lower wholesale natural gas prices. The Company reconciles and recovers the approved Cost of Gas Sales in its rates at cost on a pass through basis and therefore changes in approved expenses do not affect earnings.

Cost of Electric Sales – Cost of Electric Sales includes the cost of electric supply as well as other energy supply related restructuring costs, including power supply buyout costs, and spending on energy efficiency programs. Cost of Electric Sales increased $6.4 million, or 15.0%, in the three months ended March 31, 2015 compared to the same period in 2014. This increase reflects higher wholesale electricity prices, an increase in the amount of electricity purchased by customers directly from third-party suppliers and higher electric sales. The Company reconciles and recovers the approved Cost of Electric Sales in its rates at cost and therefore changes in approved expenses do not affect earnings.

Operation and Maintenance – O&M expense includes electric and gas utility operating costs, and the operating costs of the Company's other business activities. O&M expenses decreased $0.2 million, or 1.2%, in the three months ended March 31, 2015 compared to the same period in 2014. The change in O&M expenses reflects lower professional fees of $0.8 million, partially offset by higher utility operating costs of $0.4 million and higher compensation and benefit costs of $0.3 million. All other O&M costs, net were $0.1 million lower in the first quarter of 2015 compared to 2014. Included in the increase in utility operating costs are $0.2 million of higher vegetation management costs which are currently recovered in electric rates and reflected in electric sales margin.

Depreciation and Amortization – Depreciation and Amortization expense increased $1.2 million, or 11.8%, in the three months ended March 31, 2015 compared to the same period in 2014, reflecting higher depreciation of $0.6 million on normal utility plant assets in service, higher amortization of major storm restoration costs of $0.4 million and an increase in all other amortization of $0.2 million. The amortization of major storm costs is currently recovered in electric rates and reflected in electric sales margin.

Taxes Other Than Income Taxes – Taxes Other Than Income Taxes increased $0.3 million, or 6.5%, in the three months ended March 31, 2015 compared to the same period in 2014, reflecting higher local property taxes on higher levels of utility plant in service.

Other Expense, net – Other Expense, net in the three month period ended March 31, 2015 was flat compared to the same period in 2014.

Income Taxes – Federal and State Income Taxes increased by $1.4 million for the three months ended March 31, 2015 compared to the same period in 2014, reflecting higher pre-tax earnings in the current period.

Interest Expense, net

Interest expense is presented in the financial statements net of interest income. Interest expense is mainly comprised of interest on long-term debt and short-term borrowings. In addition, certain reconciling rate mechanisms used by the Company's distribution operating utilities give rise to regulatory assets and regulatory liabilities on which interest is calculated.

Unitil's utility subsidiaries operate a number of reconciling rate mechanisms to recover specifically identified costs on a pass-through basis. These reconciling rate mechanisms track costs and revenue on a monthly basis. In any given month, this monthly tracking and reconciling process will produce either an under-collected or an over-collected balance of costs. In accordance with the distribution utilities' rate tariffs, interest is accrued on these balances and will produce either interest income or interest expense. Consistent with regulatory precedent, interest income is recorded on an under-collection of costs which creates a regulatory asset to be recovered in future periods when rates are reset. Interest expense is recorded on an over-collection of costs, which creates a regulatory liability to be refunded in future periods when rates are reset.

Interest Expense, net (millions)	Three Months Ended March 31,		
	2015	2014	Change
Interest Expense			
Long-term Debt	**$ 5.5**	$ 5.1	$ 0.4
Short-term Debt	**0.2**	0.3	(0.1)
Regulatory Liabilities	**0.2**	0.1	0.1
Subtotal Interest Expense	**5.9**	5.5	0.4
Interest (Income)			
Regulatory Assets	—	(0.2)	0.2
AFUDC and Other	**(0.1)**	(0.1)	—
Subtotal Interest (Income)	**(0.1)**	(0.3)	0.2
Total Interest Expense, net	**$ 5.8**	$ 5.2	$ 0.6

Interest Expense, net increased $0.6 million in the three months ended March 31, 2015 compared to the same period in 2014, reflecting higher levels of long-term debt and lower net interest income on regulatory assets.

CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent periods through regulated rates. The capital necessary to meet these requirements is derived primarily from internally-generated funds, which consist of cash flows from operating activities. The Company initially supplements internally generated funds through bank borrowings, as needed, under its unsecured short-term revolving credit facility. Periodically, the Company replaces portions of its short-term debt with long-term financings more closely matched to the long-term nature of its utility assets. Additionally, from time to time, the Company has accessed the public capital markets through public offerings of equity securities. The Company's utility operations are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The amount, type and timing of any future financing will vary from year to year based on capital needs and maturity or redemptions of securities.

On October 15, 2014, Northern Utilities completed a private placement of $50 million aggregate principal amount of 4.42% Senior Unsecured Notes due October 15, 2044 to institutional investors. The proceeds from the offering were used to repay short-term debt and for general corporate purposes.

The Company and its subsidiaries are individually and collectively members of the Unitil Cash Pool (the "Cash Pool"). The Cash Pool is the financing vehicle for day-to-day cash borrowing and investing. The Cash Pool allows for an efficient exchange of cash among the Company and its subsidiaries. The interest rates charged to the subsidiaries for borrowing from the Cash Pool are based on actual interest costs from lenders under the Company's revolving credit facility. At March 31, 2015, March 31, 2014 and December 31, 2014, the Company and all of its subsidiaries were in compliance with the regulatory requirements to participate in the Cash Pool.

On October 4, 2013, the Company entered into an Amended and Restated Credit Agreement (the "Credit Facility") with a syndicate of lenders which amended and restated in its entirety the Company's prior credit agreement, dated as of November 26, 2008, as amended. The Credit Facility extends to October 4, 2018 and provides for a new borrowing limit of $120 million which includes a $25 million sublimit for the issuance of standby letters of credit. The Credit Facility provides Unitil with the ability to elect that borrowings under the Credit Facility bear interest under several options, including at a daily fluctuating rate of interest per annum equal to one-month London Interbank Offered Rate plus 1.375%. Provided there is no event of default under the Credit Facility, the Company may on a one-time basis request an increase in the aggregate commitments under the Credit Facility by an aggregate additional amount of up to $30 million.

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The following table details the borrowing limits, amounts outstanding and amounts available under the revolving Credit Facility as of March 31, 2015, March 31, 2014 and December 31, 2014:

	Revolving Credit Facility ($ millions)		
	March 31,		December 31,
	2015	2014	2014
Limit	**$120.0**	$120.0	$ 120.0
Outstanding	**$ 32.0**	$ 59.2	$ 29.3
Available	**$ 88.0**	$ 60.8	$ 90.7

The Credit Facility contains customary terms and conditions for credit facilities of this type, including affirmative and negative covenants. There are restrictions on, among other things, Unitil's and its subsidiaries' ability to permit liens or incur indebtedness, and restrictions on Unitil's ability to merge or consolidate with another entity or change its line of business. The affirmative and negative covenants under the Credit Facility shall apply to Unitil until the Credit Facility terminates and all amounts borrowed under the Credit Facility are paid in full (or with respect to letters of credit, they are cash collateralized). The only financial covenant in the Credit Facility provides that Unitil's Funded Debt to Capitalization (as each term is defined in the Credit Facility) cannot exceed 65% tested on a quarterly basis. At March 31, 2015, March 31, 2014 and December 31, 2014, the Company was in compliance with the covenants contained in the Credit Facility in effect on that date. (See also "Credit Arrangements" in Note 4.)

On December 23, 2014, Standard &Poor's Ratings Services assigned its "BBB+" issuer credit rating to Unitil Corporation and its utility subsidiaries, Fitchburg, Unitil Energy and Northern Utilities.

In April 2014, Unitil Service Corp. entered into an arrangement for the financing of the construction and installation of a customer information system, including software and equipment. The financing arrangement is structured as a capital lease obligation with maximum availability of $15 million. As of March 31, 2015, Unitil Service Corp. has received funding under this financing arrangement in the amount of $7.7 million, which was used to fund project costs.

The continued availability of various methods of financing, as well as the choice of a specific form of security for such financing, will depend on many factors, including, but not limited to: security market conditions; general economic climate; regulatory approvals; the ability to meet covenant issuance restrictions; the level of earnings, cash flows and financial position; and the competitive pricing offered by financing sources.

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of March 31, 2015, there were approximately $37.1 million of guarantees outstanding and the longest term guarantee extends through April 2015.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $5.6 million, $3.2 million and $15.1 million of natural gas storage inventory at March 31, 2015, March 31, 2014 and December 31, 2014, respectively, related to these asset management agreements. The amount of natural gas inventory released in March 2015 and payable in April 2015 is $2.0 million and is recorded in Accounts Payable at March 31, 2015. The amount of natural gas inventory released in March 2014 and payable in April 2014 was $2.2 million and is recorded in Accounts Payable at March 31, 2014. The amount of natural gas inventory released in December 2014 and payable in January 2015 was $1.0 million and was recorded in Accounts Payable at December 31, 2014.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of March 31, 2015, the principal amount outstanding for the 8% Unitil Realty notes was $1.5 million. On December 15, 2008, the Company entered into a guarantee for the payment of principal, interest and other amounts payable on the $10.0 million Granite State notes due 2018. As of March 31, 2015, the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

Off-Balance Sheet Arrangements

The Company and its subsidiaries do not currently use, and are not dependent on the use of, off-balance sheet financing arrangements such as securitization of receivables or obtaining access to assets or cash through special purpose entities or variable interest entities. Unitil's subsidiaries conduct a portion of their operations in leased facilities and also lease some of their vehicles, machinery and office equipment under both capital and operating lease arrangements.

Cash Flows

Unitil's utility operations, taken as a whole, are seasonal in nature and are therefore subject to seasonal fluctuations in cash flows. The tables below summarize the major sources and uses of cash (in millions) for the three months ended March 31, 2015 compared to the same period in 2014.

	Three Months Ended March 31,	
	2015	2014
Cash Provided by Operating Activities	**$ 27.8**	$ 28.7

Cash Provided by Operating Activities – Cash Provided by Operating Activities was $27.8 million in the three months ended March 31, 2015, a decrease of $0.9 million compared to the same period in 2014.

Cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes, was $33.8 million in 2015 compared to $29.8 million in 2014, representing an increase of $4.0 million. The increase in net income in the three months ended March 31, 2015 compared to the same period in 2014 is primarily attributable to increases in natural gas and electric sales margins as a result of higher unit sales from colder weather and customer growth, as well as base rate relief from recently completed base rate cases. The increase in depreciation and amortization in 2015 compared to 2014 reflects higher utility depreciation from higher net utility plant in service and higher amortization from major storm restoration costs. The increase in the deferred tax provision in 2015 compared to 2014 is due to higher tax depreciation and tax repair expense on capital additions partially offset by federal and state net operating loss carryforward assets.

Changes in working capital items resulted in a $7.6 million net use of cash in 2015 compared to a $0.6 million net use of cash in 2014, representing an increase in the use of cash of $7.0 million.

Uses of cash for Accounts Receivable were higher by $7.9 million in 2015 compared to 2014 as a result of normal variations in payment patterns by customers and higher electricity costs. All other changes in Current Assets and Liabilities resulted in an increase in sources of cash of $0.9 million in 2015 compared to 2014.

Changes in Deferred Regulatory and Other Charges and Other, net operating activities resulting in an increase in sources of cash of $2.1 million in 2015 compared to 2014.

	Three Months Ended March 31,	
	2015	2014
Cash (Used in) Investing Activities	**$ (13.1)**	$ (9.2)

Cash (Used in) Investing Activities – Cash (Used in) Investing Activities was ($13.1) million in the three months ended March 31, 2015 compared to ($9.2) million in 2014. The higher cash used in investing activities in the 2015 period is reflective of normal variations in the timing of cash disbursements. The actual capital spending in both 2015 and 2014 is representative of distribution utility capital expenditures for electric and gas utility system additions. The Company's projected capital spending range for 2015 is $95 million to $100 million.

	Three Months Ended March 31,	
	2015	2014
Cash (Used in) Financing Activities	**$ (11.9)**	$ (14.6)

Cash (Used in) Financing Activities – Cash (Used in) Financing Activities was ($11.9) million in the three months ended March 31, 2015 compared to ($14.6) million in 2014. The lower cash used in financing activities in 2015 is primarily a result of greater Short-Term Debt financing of $3.7 million in 2015 compared to 2014.

CRITICAL ACCOUNTING POLICIES

The preparation of the Company's financial statements in conformity with generally accepted accounting principles in the United States of America requires the Company to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. In making those estimates and assumptions, the Company is sometimes required to make difficult, subjective and/or complex judgments about the impact of matters that are inherently uncertain and for which different estimates that could reasonably have been used could have resulted in material differences in its financial statements. If actual results were to differ significantly from those estimates, assumptions and judgment, the financial position of the Company could be materially affected and the results of operations of the Company could be materially different than reported. The following is a summary of the Company's most critical accounting policies, which are defined as those policies where judgments or uncertainties could materially affect the application of those policies. For a complete discussion of the Company's significant accounting policies, refer to the Note 1 to the Consolidated Financial Statements in the Company's Annual Report on Form 10-K, as filed with the Securities and Exchange Commission on January 28, 2015.

Regulatory Accounting – The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the MDPU, Unitil Energy is regulated by the NHPUC and Northern Utilities is regulated by the MPUC and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the Financial Accounting Standards Board Accounting Standards Codification (FASB Codification). In accordance with the FASB Codification, the Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

The FASB Codification specifies the economic effects that result from the cause and effect relationship of costs and revenues in the rate-regulated environment and how these effects are to be accounted for by a regulated enterprise. Revenues intended to cover some costs may be recorded either before or after the costs are incurred. If regulation provides assurance that incurred costs will be recovered in the future, these costs would be recorded as deferred charges or "regulatory assets." If revenues are recorded for costs that are expected to be incurred in the future, these revenues would be recorded as deferred credits or "regulatory liabilities."

The Company's principal regulatory assets and liabilities are included on the Company's Consolidated Balance Sheet and a summary of the Company's Regulatory Assets and Regulatory Liabilities is provided in Note 1 thereto. The Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's consolidated financial statements.

The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Utility Revenue Recognition – Utility revenues are recognized according to regulations and are based on rates and charges approved by federal and state regulatory commissions. Revenues related to the sale of electric and gas service are recorded when service is rendered or energy is delivered to customers. However, the determination of energy sales to individual customers is based on the reading of their meters, which occurs on a systematic basis throughout the month. At the end of each calendar month, amounts of energy delivered to customers since the date of the last meter reading are estimated and the corresponding unbilled revenues are calculated. These unbilled revenues are calculated each month based on estimated customer usage by class and applicable customer rates.

Fitchburg is subject to RDM. Revenue decoupling is the term given to the elimination of the dependency of a utility's distribution revenue on the volume of electricity or natural gas sales. The difference between distribution revenue amounts billed to customers and the targeted RDM amounts is recognized as an increase or a decrease in Accrued Revenue which forms the basis for resetting rates for future cash recoveries from, or credits to, customers. These RDM revenue targets may be adjusted as a result of rate cases that the Company files with the MDPU. The Company estimates that RDM applies to approximately 27% and 11% of Unitil's total annual electric and natural gas sales volumes, respectively.

Allowance for Doubtful Accounts – The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Also, the electric division of Fitchburg is authorized to recover through rates past due amounts associated with hardship accounts that are protected from shut-off. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

Retirement Benefit Obligations – The Company sponsors the Unitil Corporation Retirement Plan (Pension Plan), which is a defined benefit pension plan covering substantially all of its employees. The Company also sponsors an unfunded retirement plan, the Unitil Corporation Supplemental Executive Retirement Plan (SERP), covering certain executives of the Company, and an employee 401(k) savings plan. Additionally, the Company sponsors the Unitil Employee Health and Welfare Benefits Plan (PBOP Plan), primarily to provide health care and life insurance benefits to retired employees.

The FASB Codification requires companies to record on their balance sheets as an asset or liability the overfunded or underfunded status of their retirement benefit obligations (RBO) based on the projected benefit obligation. The Company has recognized a corresponding Regulatory Asset to recognize the future collection of these obligations in electric and gas rates.

The Company's RBO and reported costs of providing retirement benefits are dependent upon numerous factors resulting from actual plan experience and assumptions of future experience. The Company has made critical estimates related to actuarial assumptions, including assumptions of expected returns on plan assets, future compensation, health care cost trends, and appropriate discount rates. The Company's RBO are affected by actual employee demographics, the level of contributions made to the plans, earnings on plan assets, and health care cost trends. Changes made to the provisions of these plans may also affect current and future costs. If these assumptions were changed, the resultant change in benefit obligations, fair values of plan assets, funded status and net periodic benefit costs could have a material impact on the Company's financial statements. The discount rate assumptions used in determining retirement plan costs and retirement plan obligations are based on an assessment of current market conditions using high quality corporate bond interest rate indices and pension yield curves. For the year ended December 31, 2014, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $341,000 in the Net Periodic Benefit Cost for the Pension Plan. Similarly, a change of 0.50% in the expected long-term rate of return on plan assets would have resulted in an increase or decrease of approximately $390,000 in the

Net Periodic Benefit Cost for the Pension Plan. For the year ended December 31, 2014, a 1.0% increase in the assumption of health care cost trend rates would have resulted in an increase in the Net Periodic Benefit Cost for the PBOP Plan of $989,000. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for that same time period would have resulted in a decrease in the Net Periodic Benefit Cost for the PBOP Plan of $771,000. (See Note 9 to the accompanying Consolidated Financial Statements.)

Income Taxes – The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's unaudited consolidated balance sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the unaudited consolidated statements of earnings.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes, which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. Periodically, the Company assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known.

Depreciation – Depreciation expense is calculated on a group straight-line basis based on the useful lives of assets, and judgment is involved when estimating the useful lives of certain assets. The Company conducts independent depreciation studies on a periodic basis as part of the regulatory ratemaking process and considers the results presented in these studies in determining the useful lives of the Company's fixed assets. A change in the estimated useful lives of these assets could have a material impact on the Company's unaudited consolidated financial statements.

Commitments and Contingencies – The Company's accounting policy is to record and/or disclose commitments and contingencies in accordance with the FASB Codification as it applies to an existing condition, situation, or set of circumstances involving uncertainty as to possible loss that will ultimately be resolved when one or more future events occur or fail to occur. As of March 31, 2015, the Company is not aware of any material commitments or contingencies other than those disclosed in the Commitments and Contingencies footnote to the Company's unaudited consolidated financial statements below.

Refer to "Recently Issued Pronouncements" in Note 1 of the Notes to the unaudited Consolidated Financial Statements for information regarding recently issued accounting standards.

LABOR RELATIONS

As of March 31, 2015, the Company and its subsidiaries had 495 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of March 31, 2015, a total of 158 employees of certain of the Company’s subsidiaries were represented by labor unions. The following table details by subsidiary the employees covered by a collective bargaining agreement (CBA) as of March 31, 2015:

	Employees Covered	CBA Expiration
Fitchburg	44	05/31/2019
Northern Utilities NH Division	34	06/05/2017
Northern Utilities ME Division/Granite State	37	03/31/2017
Unitil Energy	38	05/31/2018
Unitil Service	5	05/31/2016

The CBAs provide discrete salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

INTEREST RATE RISK

As discussed above, Unitil meets its external financing needs by issuing short-term and long-term debt. The majority of debt outstanding represents long-term notes bearing fixed rates of interest. Changes in market interest rates do not affect interest expense resulting from these outstanding long-term debt securities. However, the Company periodically repays its short-term debt borrowings through the issuance of new long-term debt securities. Changes in market interest rates may affect the interest rate and corresponding interest expense on any new issuances of long-term debt securities. In addition, short-term debt borrowings bear a variable rate of interest. As a result, changes in short-term interest rates will increase or decrease interest expense in future periods. For example, if the average amount of short-term debt outstanding was $25 million for the period of one year, a change in interest rates of 1% would result in a change in annual interest expense of approximately $250,000. The average interest rates on the Company’s short-term borrowings for the three months ended March 31, 2015 and March 31, 2014 were 1.57% and 1.55%, respectively. The average interest rate on the Company’s short-term borrowings for the twelve months ended December 31, 2014 was 1.60%.

COMMODITY PRICE RISK

Although Unitil’s three distribution utilities are subject to commodity price risk as part of their traditional operations, the current regulatory framework within which these companies operate allows for full collection of electric power and natural gas supply costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

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REGULATORY MATTERS

Please refer to Note 6 to the unaudited Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Regulatory Matters.

ENVIRONMENTAL MATTERS

Please refer to Note 7 to the unaudited Consolidated Financial Statements in Part I, Item 1 of this report for a discussion of Environmental Matters.

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Item 1. Financial Statements

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF EARNINGS
(Millions, except per share data)
(UNAUDITED)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Operating Revenues		
Gas	**$ 100.3**	$ 92.6
Electric	**70.3**	61.9
Other	**1.6**	1.6
Total Operating Revenues	**172.2**	156.1
Operating Expenses		
Cost of Gas Sales	**61.5**	56.1
Cost of Electric Sales	**49.1**	42.7
Operation and Maintenance	**16.9**	17.1
Depreciation and Amortization	**11.4**	10.2
Taxes Other than Income Taxes	**4.9**	4.6
Total Operating Expenses	**143.8**	130.7
Operating Income	**28.4**	25.4
Interest Expense, net	**5.8**	5.2
Other Expense, net	**0.1**	0.1
Income Before Income Taxes	**22.5**	20.1
Income Taxes	**8.9**	7.5
Net Income	**$ 13.6**	$ 12.6
Net Income Per Common Share (Basic and Diluted)	**$ 0.98**	$ 0.91
Weighted Average Common Shares Outstanding – (Basic and Diluted)	**13.9**	13.8
Dividends Declared Per Share of Common Stock	**$ 0.350**	$ 0.345

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

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS
(Millions)
(UNAUDITED)

	March 31, 2015	March 31, 2014	December 31, 2014
ASSETS:			
Current Assets:			
Cash and Cash Equivalents	**$ 11.2**	$ 14.3	$ 8.4
Accounts Receivable, net	**85.9**	69.5	60.7
Accrued Revenue	**64.2**	49.6	48.5
Exchange Gas Receivable	**4.0**	1.3	15.0
Deferred Income Taxes	**2.6**	—	—
Gas Inventory	**0.4**	0.6	1.1
Materials and Supplies	**5.9**	5.1	6.3
Prepayments and Other	**5.9**	5.2	5.2
Total Current Assets	**180.1**	145.6	145.2
Utility Plant:			
Gas	**529.7**	483.0	522.9
Electric	**393.7**	377.3	390.6
Common	**34.6**	31.6	32.7
Construction Work in Progress	**39.4**	21.3	42.6
Total Utility Plant	**997.4**	913.2	988.8
Less: Accumulated Depreciation	**259.2**	246.4	255.1
Net Utility Plant	**738.2**	666.8	733.7
Other Noncurrent Assets:			
Regulatory Assets	**106.2**	96.5	107.6
Other Assets	**16.3**	19.1	13.7
Total Other Noncurrent Assets	**122.5**	115.6	121.3
TOTAL ASSETS	**$1,040.8**	$928.0	$ 1,000.2

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

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEETS (Cont.)
(Millions, except number of shares)
(UNAUDITED)

	March 31, 2015	March 31, 2014	December 31, 2014
LIABILITIES AND CAPITALIZATION:			
Current Liabilities:			
Accounts Payable	**$ 34.8**	$ 31.8	$ 44.2
Short-Term Debt	**32.0**	59.2	29.3
Long-Term Debt, Current Portion	**4.0**	2.5	4.0
Energy Supply Obligations	**12.6**	6.1	22.1
Deferred Income Taxes	**—**	3.4	3.1
Environmental Obligations	**3.4**	1.4	3.5
Interest Payable	**6.3**	5.4	3.5
Regulatory Liabilities (Note 6)	**39.4**	13.1	8.7
Other Current Liabilities	**7.9**	8.8	11.0
Total Current Liabilities	**140.4**	131.7	129.4
Noncurrent Liabilities:			
Deferred Income Taxes	**87.3**	82.5	72.9
Cost of Removal Obligations	**65.7**	59.2	63.8
Retirement Benefit Obligations	**121.4**	79.1	118.6
Capital Lease Obligations	**8.2**	0.1	7.5
Energy Supply Obligations	**1.9**	2.3	1.9
Environmental Obligations	**2.0**	12.8	2.0
Other Noncurrent Liabilities	**1.9**	1.6	1.9
Total Noncurrent Liabilities	**288.4**	237.6	268.6
Capitalization:			
Long-Term Debt, Less Current Portion	**328.7**	284.7	328.9
Stockholders' Equity:			
Common Equity (Authorized: 25,000,000 and Outstanding:13,966,150, 13,886,768 and 13,916,026 Shares)	**236.0**	233.1	234.7
Retained Earnings	**47.1**	40.7	38.4
Total Common Stock Equity	**283.1**	273.8	273.1
Preferred Stock	**0.2**	0.2	0.2
Total Stockholders' Equity	**283.3**	274.0	273.3
Total Capitalization	**612.0**	558.7	602.2
Commitments and Contingencies (Notes 6 & 7)			
TOTAL LIABILITIES AND CAPITALIZATION	**$1,040.8**	$928.0	$ 1,000.2

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

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

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Operating Activities:		
Net Income	**$ 13.6**	$ 12.6
Adjustments to Reconcile Net Income to Cash Provided by Operating Activities:		
Depreciation and Amortization	**11.4**	10.2
Deferred Tax Provision	**8.8**	7.0
Changes in Working Capital Items:		
Accounts Receivable	**(25.2)**	(17.3)
Accrued Revenue	**6.3**	7.0
Exchange Gas Receivable	**11.0**	9.5
Regulatory Liabilities	**8.7**	3.4
Accounts Payable	**(9.4)**	(6.3)
Other Changes in Working Capital Items	**1.0**	3.1
Deferred Regulatory and Other Charges	**(0.5)**	(1.9)
Other, net	**2.1**	1.4
Cash Provided by Operating Activities	**27.8**	28.7
Investing Activities:		
Property, Plant and Equipment Additions	**(13.1)**	(9.2)
Cash (Used in) Investing Activities	**(13.1)**	(9.2)
Financing Activities:		
Proceeds from (Repayment of) Short-Term Debt, net	**2.7**	(1.0)
Repayment of Long-Term Debt	**(0.2)**	(0.1)
Increase / (Decrease) in Capital Lease Obligations	**0.7**	(0.1)
Net Decrease in Exchange Gas Financing	**(10.5)**	(8.8)
Dividends Paid	**(4.9)**	(4.8)
Proceeds from Issuance of Common Stock	**0.3**	0.3
Other, net	**—**	(0.1)
Cash (Used in) Financing Activities	**(11.9)**	(14.6)
Net Increase in Cash and Cash Equivalents	**2.8**	4.9
Cash and Cash Equivalents at Beginning of Period	**8.4**	9.4
Cash and Cash Equivalents at End of Period	**$ 11.2**	$ 14.3
Supplemental Cash Flow Information:		
Interest Paid	**$ 3.1**	$ 3.0
Income Taxes Paid	**$ 1.4**	$ 0.3
Non-cash Investing Activity:		
Capital Expenditures Included in Accounts Payable	**$ 0.4**	$ 0.4

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

UNITIL CORPORATION AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENTS OF CHANGES IN COMMON STOCK EQUITY
(Millions, except number of shares)
(UNAUDITED)

	Common Equity	Retained Earnings	Total
Balance at January 1, 2015	$ 234.7	$ 38.4	**$273.1**
Net Income		13.6	**13.6**
Dividends on Common Shares		(4.9)	**(4.9)**
Stock Compensation Plans	1.0		**1.0**
Issuance of 10,114 Common Shares	0.3		**0.3**
Balance at March 31, 2015	**$ 236.0**	**$ 47.1**	**$283.1**
Balance at January 1, 2014	$ 232.1	$ 32.9	**$265.0**
Net Income		12.6	**12.6**
Dividends on Common Shares		(4.8)	**(4.8)**
Stock Compensation Plans	0.7		**0.7**
Issuance of 9,868 Common Shares	0.3		**0.3**
Balance at March 31, 2014	**$ 233.1**	**$ 40.7**	**$273.8**

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

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations – Unitil Corporation (Unitil or the Company) is a public utility holding company. Unitil and its subsidiaries are subject to regulation as a holding company system by the Federal Energy Regulatory Commission (FERC) under the Energy Policy Act of 2005. The following companies are wholly-owned subsidiaries of Unitil: Unitil Energy Systems, Inc. (Unitil Energy), Fitchburg Gas and Electric Light Company (Fitchburg), Northern Utilities, Inc. (Northern Utilities), Granite State Gas Transmission, Inc. (Granite State), Unitil Power Corp. (Unitil Power), Unitil Realty Corp. (Unitil Realty), Unitil Service Corp. (Unitil Service) and its non-regulated business unit Unitil Resources, Inc. (Unitil Resources). Usource Inc. and Usource L.L.C. are subsidiaries of Unitil Resources.

The Company's earnings are seasonal and are typically higher in the first and fourth quarters when customers use natural gas for heating purposes.

Unitil's principal business is the local distribution of electricity in the southeastern seacoast and state capital regions of New Hampshire and the greater Fitchburg area of north central Massachusetts, and the local distribution of natural gas in southeastern New Hampshire, portions of southern and central Maine and in the greater Fitchburg area of north central Massachusetts. Unitil has three distribution utility subsidiaries, Unitil Energy, which operates in New Hampshire, Fitchburg, which operates in Massachusetts and Northern Utilities, which operates in New Hampshire and Maine (collectively referred to as the distribution utilities).

Granite State is a natural gas transportation pipeline, operating 86 miles of underground gas transmission pipeline primarily located in Maine and New Hampshire. Granite State provides Northern Utilities with interconnection to three major natural gas pipelines and access to domestic natural gas supplies in the south and Canadian natural gas supplies in the north. Granite State derives its revenues principally from the transportation services provided to Northern Utilities and, to a lesser extent, third-party marketers.

A fifth utility subsidiary, Unitil Power, formerly functioned as the full requirements wholesale power supply provider for Unitil Energy. In connection with the implementation of electric industry restructuring in New Hampshire, Unitil Power ceased being the wholesale supplier of Unitil Energy on May 1, 2003 and divested of its long-term power supply contracts through the sale of the entitlements to the electricity associated with various electric power supply contracts it had acquired to serve Unitil Energy's customers.

Unitil also has three other wholly-owned subsidiaries: Unitil Service; Unitil Realty; and Unitil Resources. Unitil Service provides, at cost, a variety of administrative and professional services, including regulatory, financial, accounting, human resources, engineering, operations, technology, energy management and management services on a centralized basis to its affiliated Unitil companies. Unitil Realty owns and manages the Company's corporate office in Hampton, New Hampshire and leases this facility to Unitil Service under a long-term lease arrangement. Unitil Resources is the Company's wholly-owned non-regulated subsidiary. Usource, Inc. and Usource L.L.C. (collectively, Usource) are wholly-owned subsidiaries of Unitil Resources. Usource provides brokering and advisory services to large commercial and industrial customers in the northeastern United States.

Basis of Presentation – The accompanying unaudited consolidated financial statements of Unitil have been prepared in accordance with the instructions to Form 10-Q and include all of the information and footnotes required by generally accepted accounting principles. In the opinion of management, all adjustments considered necessary for a fair presentation have been included. The results of operations for the three months ended March 31, 2015 are not necessarily indicative of results to be expected for the year ending December 31, 2015. For further information, please refer to Note 1 of Part II to the Consolidated Financial Statements – "Summary of Significant Accounting Policies" of the Company's Form 10-K for the year ended December 31, 2014, as filed with the Securities and Exchange Commission (SEC) on January 28, 2015, for a description of the Company's Basis of Presentation.

Fair Value – The Financial Accounting Standards Board (FASB) Codification defines fair value, and establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under the FASB Codification are described below:

Level 1 - Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2 - Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Prices or valuations that require inputs that are both significant to the fair value measurement and unobservable.

To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised by the Company in determining fair value is greatest for instruments categorized in Level 3. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure. Therefore, even when market assumptions are not readily available, the Company's own assumptions are set to reflect those that market participants would use in pricing the asset or liability at the measurement date. The Company uses prices and inputs that are current as of the measurement date, including during periods of market dislocation. In periods of market dislocation, the observability of prices and inputs may be reduced for many instruments. This condition could cause an instrument to be reclassified from Level 1 to Level 2 or from Level 2 to Level 3.

There have been no changes in the valuation techniques used during the current period.

Income Taxes – The Company is subject to Federal and State income taxes as well as various other business taxes. This process involves estimating the Company's current tax liabilities as well as assessing temporary and permanent differences resulting from the timing of the deductions of expenses and recognition of taxable income for tax and book accounting purposes. These temporary differences result in deferred tax assets and liabilities, which are included in the Company's Consolidated Balance Sheets. The Company accounts for income tax assets, liabilities and expenses in accordance with the FASB Codification guidance on Income Taxes. The Company classifies penalty and interest expense related to income tax liabilities as income tax expense and interest expense, respectively, in the Consolidated Statements of Earnings.

Provisions for income taxes are calculated in each of the jurisdictions in which the Company operates for each period for which a statement of earnings is presented. The Company accounts for income taxes in accordance with the FASB Codification guidance on Income Taxes, which requires an asset and liability approach for the financial accounting and reporting of income taxes. Significant judgments and estimates are required in determining the current and deferred tax assets and liabilities. The Company's current and deferred tax assets and liabilities reflect its best assessment of estimated future taxes to be paid. In accordance with the FASB Codification, the Company periodically assesses the realization of its deferred tax assets and liabilities and adjusts the income tax provision, the current tax liability and deferred taxes in the period in which the facts and circumstances which gave rise to the revision become known. Deferred income taxes are reflected as Deferred Income Taxes in Current Assets and Noncurrent Liabilities on the Consolidated Balance Sheets based on the nature of the underlying timing item.

Cash and Cash Equivalents – Cash and Cash Equivalents includes all cash and cash equivalents to which the Company has legal title. Cash equivalents include short-term investments with original maturities of three months or less and interest bearing deposits. The Company's cash and cash equivalents are held at financial institutions and at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. Under the Independent System Operator – New England (ISO-NE) Financial Assurance Policy (Policy), Unitil's subsidiaries Unitil Energy, Fitchburg and Unitil Power are required to provide assurance of their ability to satisfy their obligations to ISO-NE. Under this Policy, Unitil's subsidiaries provide cash deposits covering approximately 2-1/2 months of outstanding obligations. As of March 31, 2015, March 31, 2014 and December 31, 2014, the Unitil subsidiaries had deposited $1.5 million, $9.8 million and $6.3 million, respectively to satisfy their ISO-NE obligations. In addition, Northern Utilities has cash margin deposits to satisfy requirements for its natural gas hedging program. As of March 31, 2015, March 31, 2014 and December 31, 2014, there was $0, $0.1 million and $0, respectively, deposited for this purpose.

Allowance for Doubtful Accounts – The Company recognizes a provision for doubtful accounts each month based upon the Company's experience in collecting electric and gas utility service accounts receivable in prior years. At the end of each month, an analysis of the delinquent receivables is performed which takes into account an assumption about the cash recovery of delinquent receivables. The analysis also calculates the amount of written-off receivables that are recoverable through regulatory rate reconciling mechanisms. The Company's distribution utilities are authorized by regulators to recover the costs of their energy commodity portion of bad debts through rate mechanisms. Also, the electric division of Fitchburg is authorized to recover through rates past due amounts associated with hardship accounts that are protected from shut-off. Evaluating the adequacy of the Allowance for Doubtful Accounts requires judgment about the assumptions used in the analysis, including expected fuel assistance payments from governmental authorities and the level of customers enrolling in payment plans with the Company. It has been the Company's experience that the assumptions it has used in evaluating the adequacy of the Allowance for Doubtful Accounts have proven to be reasonably accurate.

The Allowance for Doubtful Accounts as of March 31, 2015, March 31, 2014 and December 31, 2014, which are included in Accounts Receivable, net on the accompanying unaudited consolidated balance sheets, were as follows:

($ millions)	March 31,		December 31,
	2015	2014	2014
Allowance for Doubtful Accounts	**$1.9**	$2.1	$ 1.8

Accrued Revenue – Accrued Revenue includes the current portion of Regulatory Assets and unbilled revenues. The following table shows the components of Accrued Revenue as of March 31, 2015, March 31, 2014 and December 31, 2014.

Accrued Revenue ($ millions)	March 31, 2015	March 31, 2014	December 31, 2014
Regulatory Assets – Current	**$33.7**	$39.7	$ 37.8
Gas Pipeline Refund (Note 6)	**22.0**	—	—
Unbilled Revenues	**8.5**	9.9	10.7
Total Accrued Revenue	**$64.2**	$49.6	$ 48.5

Exchange Gas Receivable – Northern Utilities and Fitchburg have gas exchange and storage agreements whereby natural gas purchases during the months of April through October are delivered to a third party. The third party delivers natural gas back to the Company during the months of November through March. The exchange and storage gas volumes are recorded at weighted average cost. The following table shows the components of Exchange Gas Receivable as of March 31, 2015, March 31, 2014 and December 31, 2014.

Exchange Gas Receivable ($ millions)	March 31, 2015	March 31, 2014	December 31, 2014
Northern Utilities	**$3.6**	$1.0	$ 14.2
Fitchburg	**0.4**	0.3	0.8
Total Exchange Gas Receivable	**$4.0**	$1.3	$ 15.0

Gas Inventory – The Company uses the weighted average cost methodology to value natural gas inventory. The following table shows the components of Gas Inventory as of March 31, 2015, March 31, 2014 and December 31, 2014.

Gas Inventory ($ millions)	March 31, 2015	March 31, 2014	December 31, 2014
Natural Gas	**$0.1**	$0.2	$ 0.8
Propane	**0.2**	0.1	0.2
Liquefied Natural Gas & Other	**0.1**	0.3	0.1
Total Gas Inventory	**$0.4**	$0.6	$ 1.1

Utility Plant – The cost of additions to Utility Plant and the cost of renewals and betterments are capitalized. Cost consists of labor, materials, services and certain indirect construction costs, including an allowance for funds used during construction (AFUDC). The costs of current repairs and minor replacements are charged to appropriate operating expense accounts. The original cost of utility plant retired or otherwise disposed of is charged to the accumulated provision for depreciation. The Company includes in its mass asset depreciation rates, which are periodically reviewed as part of its ratemaking proceedings, cost of removal amounts to provide for future negative salvage value. At March 31, 2015, March 31, 2014 and December 31, 2014, the

Company estimates that the cost of removal amounts, which are recorded on the Consolidated Balance Sheets in Cost of Removal Obligations are $65.7 million, $59.2 million, and $63.8 million, respectively.

Regulatory Accounting – The Company's principal business is the distribution of electricity and natural gas by the three distribution utilities: Unitil Energy, Fitchburg and Northern Utilities. Unitil Energy and Fitchburg are subject to regulation by the FERC. Fitchburg is also regulated by the Massachusetts Department of Public Utilities (MDPU), Unitil Energy is regulated by the New Hampshire Public Utilities Commission (NHPUC) and Northern Utilities is regulated by the Maine Public Utilities Commission (MPUC) and NHPUC. Granite State, the Company's natural gas transmission pipeline, is regulated by the FERC. Accordingly, the Company uses the Regulated Operations guidance as set forth in the FASB Codification. The Company has recorded Regulatory Assets and Regulatory Liabilities which will be recovered from customers, or applied for customer benefit, in accordance with rate provisions approved by the applicable public utility regulatory commission.

Regulatory Assets consist of the following ($ millions)	March 31, 2015	March 31, 2014	December 31, 2014
Retirement Benefits	$ 65.0	$ 42.3	$ 65.1
Energy Supply & Other Regulatory Tracker Mechanisms	28.5	30.3	31.0
Deferred Storm Charges	20.1	24.2	21.2
Environmental	11.0	16.0	11.0
Income Taxes	9.5	10.7	9.7
Deferred Restructuring Costs	—	6.9	1.6
Other	5.8	5.8	5.8
Total Regulatory Assets	**139.9**	136.2	145.4
Less: Current Portion of Regulatory Assets[1]	**33.7**	39.7	37.8
Regulatory Assets – noncurrent	**$106.2**	$ 96.5	$ 107.6

(1) Reflects amounts included in Accrued Revenue, discussed above, on the Company's Consolidated Balance Sheets.

Regulatory Liabilities consist of the following ($ millions)	March 31, 2015	March 31, 2014	December 31, 2014
Regulatory Tracker Mechanisms	**$17.4**	$13.1	$ 8.7
Gas Pipeline Refund (Note 6)	**22.0**	—	—
Total Regulatory Liabilities	**$39.4**	$13.1	$ 8.7

Generally, the Company receives a return on investment on its regulated assets for which a cash outflow has been made. Regulatory commissions can reach different conclusions about the recovery of costs, which can have a material impact on the Company's Consolidated Financial Statements. The Company believes it is probable that its regulated distribution and transmission utilities will recover their investments in long-lived assets, including regulatory assets. If the Company, or a portion of its assets or operations, were to cease meeting the criteria for application of these accounting rules, accounting standards for businesses in general would become applicable and immediate recognition of any previously deferred costs, or a portion of deferred costs, would be required in the year in which the criteria are no longer met, if such deferred costs were not recoverable in the portion of the business that continues to meet the criteria for application of the FASB Codification topic on Regulated Operations. If unable to continue to apply the FASB Codification provisions for Regulated Operations, the Company would be required to apply the provisions for the Discontinuation of Rate-Regulated Accounting included in the FASB Codification. In the Company's opinion, its regulated operations will be subject to the FASB Codification provisions for Regulated Operations for the foreseeable future.

Derivatives – The Company's regulated energy subsidiaries enter into energy supply contracts to serve their electric and gas customers. The Company follows a procedure for determining whether each contract qualifies as a derivative instrument under the guidance provided by the FASB Codification on Derivatives and Hedging. For each contract, the Company reviews and documents the key terms of the contract. Based on those terms and any additional relevant components of the contract, the Company determines and documents whether the contract qualifies as a derivative instrument as defined in the FASB Codification. The Company has determined that none of its energy supply contracts, other than the regulatory approved hedging program, described below, qualifies as a derivative instrument under the guidance set forth in the FASB Codification.

The Company has a regulatory approved hedging program for Northern Utilities designed to fix or cap a portion of its gas supply costs for the coming years of service. Prior to April 2013 Northern Utilities purchased natural gas futures contracts on the New York Mercantile Exchange (NYMEX) that correspond to associated delivery months. Beginning in April 2013, the hedging program was redesigned and the Company began purchasing call option contracts on NYMEX natural gas futures contracts for future winter period months. As of March 31, 2015, all futures contracts purchased under the prior program design have been sold and the hedging portfolio now consists entirely of call option contracts.

Any gains or losses resulting from the change in the fair value of these derivatives are passed through to ratepayers directly through Northern Utilities' Cost of Gas Adjustment Clause. The fair value of these derivatives is determined using Level 2 inputs (valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly), specifically based on the NYMEX closing prices for outstanding contracts as of the balance sheet date. As a result of the ratemaking process, the Company records gains and losses resulting from the change in fair value of the derivatives as regulatory liabilities or assets, then reclassifies these gains or losses into Cost of Gas Sales when the gains and losses are passed through to customers through the Cost of Gas Adjustment Clause.

As of March 31, 2015, March 31, 2014 and December 31, 2014 the Company had 2.0 billion, 1.1 billion and 2.4 billion cubic feet (BCF), respectively, outstanding in natural gas futures and options contracts under its hedging program.

The tables below show derivatives, which are part of the regulatory approved hedging program, that are not designated as hedging instruments under FASB ASC 815-20. The tables below include disclosure of the derivative assets and liabilities and the recognition of the charges from their corresponding regulatory liabilities and assets, respectively into Cost of Gas Sales. The current and noncurrent portions of these regulatory assets are recorded as Accrued Revenue and Regulatory Assets, respectively, on the Company's unaudited Consolidated Balance Sheets. The current and noncurrent portions of these regulatory liabilities are recorded as Regulatory Liabilities and Other Noncurrent Liabilities, respectively on the Company's unaudited Consolidated Balance Sheets.

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Fair Value Amount of Derivative Assets / Liabilities ($ millions) Offset in Regulatory Liabilities / Assets, as of:

Description	Balance Sheet Location	Fair Value March 31, 2015	March 31, 2014	December 31, 2014
Derivative Assets				
Natural Gas Futures/ Options Contracts	Prepayments and Other	**$ 0.1**	$ 0.2	$ —
Natural Gas Futures/ Options Contracts	Other Assets	—	—	0.1
Total Derivative Assets		**$ 0.1**	$ 0.2	$ 0.1
Derivative Liabilities				
Natural Gas Futures/ Options Contracts	Other Current Liabilities	**$ —**	$ —	$ —
Natural Gas Futures/ Options Contracts	Other Noncurrent Liabilities	—	—	—
Total Derivative Liabilities		**$ —**	$ —	$ —

($ millions)	Three Months Ended March 31, 2015	2014
Amount of Loss / (Gain) Recognized in Regulatory Assets (Liabilities) for Derivatives:		
Natural Gas Futures / Options Contracts	**$ —**	$ 0.9
Amount of Loss / (Gain) Reclassified into unaudited Consolidated Statements of Earnings[1]:		
Cost of Gas Sales	**$ —**	$ 0.9

(1) These amounts are offset in the unaudited Consolidated Statements of Earnings with Accrued Revenue and therefore there is no effect on earnings.

Energy Supply Obligations – The following discussion and table summarize the nature and amounts of the items recorded as current and noncurrent Energy Supply Obligations on the Company's Consolidated Balance Sheets.

Energy Supply Obligations ($ millions)	March 31, 2015	March 31, 2014	December 31, 2014
Current:			
Exchange Gas Obligation	**$ 3.6**	$1.0	$ 14.2
Renewable Energy Portfolio Standards	**8.5**	4.3	7.4
Power Supply Contract Divestitures	**0.5**	0.8	0.5
Total Energy Supply Obligations – Current	**12.6**	6.1	22.1
Long-Term:			
Power Supply Contract Divestitures	**1.9**	2.3	1.9
Total Energy Supply Obligations	**$14.5**	$8.4	$ 24.0

Exchange Gas Obligation – Northern Utilities enters into gas exchange agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. The gas inventory related to these agreements is recorded in Exchange Gas Receivable on the Company's Consolidated Balance Sheets while the corresponding obligations are recorded in Energy Supply Obligations.

Renewable Energy Portfolio Standards – Renewable Energy Portfolio Standards (RPS) require retail electricity suppliers, including public utilities, to demonstrate that required percentages of their sales are met with power generated from certain types of resources or technologies. Compliance is demonstrated by purchasing and retiring Renewable Energy Certificates (REC) generated by facilities approved by the state as qualifying for REC treatment. Unitil Energy and Fitchburg purchase RECs in compliance with RPS legislation in New Hampshire and Massachusetts for supply provided to default service customers. RPS compliance costs are a supply cost that is recovered in customer default service rates. Unitil Energy and Fitchburg collect RPS compliance costs from customers throughout the year and demonstrate compliance for each calendar year on the following July 1. Due to timing differences between collection of revenue from customers and payment of REC costs to suppliers, Unitil Energy and Fitchburg typically maintain accrued revenue for RPS compliance which is recorded in Accrued Revenue with a corresponding liability in Energy Supply Obligations on the Company's Consolidated Balance Sheets.

Fitchburg has a contract for energy procurement with a renewable energy developer which began commercial production in September 2013. Fitchburg will recover its costs under this contract through a regulatory approved cost tracker reconciling rate mechanism.

Power Supply Contract Divestitures – As a result of the restructuring of the utility industry in New Hampshire and Massachusetts, Unitil Energy's and Fitchburg's customers have the opportunity to purchase their electric or natural gas supplies from third-party suppliers. In connection with the implementation of retail choice, Unitil Power, which formerly functioned as the wholesale power supply provider for Unitil Energy, and Fitchburg divested their long-term power supply contracts through the sale of the entitlements to the electricity sold under those contracts. Unitil Energy and Fitchburg recover in their rates all the costs associated with the divestiture of their power supply portfolios and have secured regulatory approval from the NHPUC and MDPU, respectively, for the recovery of power supply-related stranded costs. The obligations related to these divestitures are recorded in Energy Supply Obligations on the Company's Consolidated Balance Sheets with corresponding regulatory assets recorded in Accrued Revenue (current portion) and Regulatory Assets (long-term portion).

Massachusetts Green Communities Act – In compliance with the Massachusetts Green Communities Act, discussed below in Note 6, Regulatory Matters, Fitchburg has entered into long-term renewable contracts for electric energy and/or renewable energy credits. The facility associated with one of these contracts has been constructed and is operating. The other contracts are pending approval by the MDPU as well as subsequent facility construction and operation. These facilities are anticipated to begin operation by the end of 2016. Fitchburg will recover its costs associated with long-term renewable contracts on a fully reconciling basis through a MDPU-approved cost recovery mechanism.

Recently Issued Pronouncements – On April 7, 2015, the FASB issued ASU 2015-03 which requires entities to present debt issuance costs related to a debt liability as a direct deduction from the carrying amount of that debt liability on the balance sheet as opposed to being presented as a deferred charge. The effective date of this pronouncement is for fiscal years beginning after December 15, 2015, with early adoption permitted. The Company is evaluating the impact that this new guidance will have on the Company's Consolidated Financial Statements.

On May 28, 2014, the FASB issued ASU 2014-09 which outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The effective date of this pronouncement is for fiscal years beginning after December 15, 2017. The Company is evaluating the impact that this new guidance will have on the Company's Consolidated Financial Statements.

Other than ASU 2015-03 and ASU 2014-09, there are no recently issued pronouncements that the Company has not already adopted or that have a material impact on the Company.

Subsequent Events – The Company evaluates all events or transactions through the date of the related filing. During the period through the date of this filing, the Company did not have any material subsequent events that impacted its Consolidated Financial Statements.

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NOTE 2 – DIVIDENDS DECLARED PER SHARE

Declaration Date	Date Paid (Payable)	Shareholder of Record Date	Dividend Amount
04/22/15	05/28/15	05/14/15	$ 0.350
01/26/15	02/27/15	02/13/15	$ 0.350
10/21/14	11/28/14	11/14/14	$0.345
07/22/14	08/29/14	08/15/14	$0.345
04/22/14	05/29/14	05/15/14	$ 0.345
01/16/14	02/28/14	02/14/14	$ 0.345

NOTE 3 – SEGMENT INFORMATION

The following table provides significant segment financial data for the three months ended March 31, 2015 and March 31, 2014:

Three Months Ended March 31, 2015 ($ millions)	Gas	Electric	Non-Regulated	Other	Total
Revenues	**$100.3**	**$ 70.3**	**$ 1.6**	**$ —**	**$ 172.2**
Segment Profit (Loss)	**11.6**	**1.8**	**0.3**	**(0.1)**	**13.6**
Identifiable Segment Assets	**593.2**	**421.3**	**5.6**	**20.7**	**1,040.8**
Capital Expenditures	**7.2**	**4.4**	**—**	**1.5**	**13.1**
Three Months Ended March 31, 2014 ($ millions)					
Revenues	$ 92.6	$ 61.9	$ 1.6	$ —	$ 156.1
Segment Profit	11.5	0.9	0.2	—	12.6
Identifiable Segment Assets	506.1	405.1	5.8	11.0	928.0
Capital Expenditures	3.0	5.1	0.1	1.0	9.2
As of December 31, 2014 ($ millions)					
Identifiable Segment Assets	$566.3	$414.1	$ 6.3	$13.5	$1,000.2

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NOTE 4 – DEBT AND FINANCING ARRANGEMENTS

Long-Term Debt – On October 15, 2014, Northern Utilities completed a private placement of $50 million aggregate principal amount of 4.42% Senior Unsecured Notes due October 15, 2044 to institutional investors. The proceeds from the offering were used to repay short-term debt and for general corporate purposes.

Details on long-term debt at March 31, 2015, March 31, 2014 and December 31, 2014 are shown below:

($ millions)	March 31, 2015	March 31, 2014	December 31, 2014
Unitil Corporation Senior Notes:			
6.33% Notes, Due May 1, 2022	**$ 20.0**	$ 20.0	$ 20.0
Unitil Energy Systems, Inc.:			
First Mortgage Bonds:			
5.24% Series, Due March 2, 2020	**15.0**	15.0	15.0
8.49% Series, Due October 14, 2024	**15.0**	15.0	15.0
6.96% Series, Due September 1, 2028	**20.0**	20.0	20.0
8.00% Series, Due May 1, 2031	**15.0**	15.0	15.0
6.32% Series, Due September 15, 2036	**15.0**	15.0	15.0
Fitchburg Gas and Electric Light Company:			
Long-Term Notes:			
6.75% Notes, Due November 30, 2023	**15.2**	19.0	15.2
7.37% Notes, Due January 15, 2029	**12.0**	12.0	12.0
7.98% Notes, Due June 1, 2031	**14.0**	14.0	14.0
6.79% Notes, Due October 15, 2025	**10.0**	10.0	10.0
5.90% Notes, Due December 15, 2030	**15.0**	15.0	15.0
Northern Utilities Senior Notes:			
6.95% Senior Notes, Series A, Due December 3, 2018	**30.0**	30.0	30.0
5.29% Senior Notes, Due March 2, 2020	**25.0**	25.0	25.0
7.72% Senior Notes, Series B, Due December 3, 2038	**50.0**	50.0	50.0
4.42% Senior Notes, Due October 15, 2044	**50.0**	—	50.0
Granite State Senior Notes:			
7.15% Senior Notes, Due December 15, 2018	**10.0**	10.0	10.0
Unitil Realty Corp.:			
Senior Secured Notes:			
8.00% Notes, Due Through August 1, 2017	**1.5**	2.2	1.7
Total Long-Term Debt	**332.7**	287.2	332.9
Less: Current Portion	**4.0**	2.5	4.0
Total Long-term Debt, Less Current Portion	**$328.7**	$284.7	$ 328.9

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Fair Value of Long-Term Debt – Currently, the Company believes that there is no active market in the Company's debt securities, which have all been sold through private placements. If there were an active market for the Company's debt securities, the fair value of the Company's long-term debt would be estimated based on the quoted market prices for the same or similar issues, or on the current rates offered to the Company for debt of the same remaining maturities. The fair value of the Company's long-term debt is estimated using Level 2 inputs (valuations based on quoted prices available in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are directly observable, and inputs derived principally from market data.) In estimating the fair value of the Company's long-term debt, the assumed market yield reflects the Moody's Baa Utility Bond Average Yield. Costs, including prepayment costs, associated with the early settlement of long-term debt are not taken into consideration in determining fair value.

($ millions)	March 31,		December 31,
	2015	2014	2014
Estimated Fair Value of Long-Term Debt	**$385.3**	$332.8	$ 380.6

Credit Arrangements

On October 4, 2013, the Company entered into an Amended and Restated Credit Agreement (the "Credit Facility") with a syndicate of lenders which amended and restated in its entirety the Company's prior credit agreement, dated as of November 26, 2008, as amended. The Credit Facility extends to October 4, 2018 and provides for a new borrowing limit of $120 million which includes a $25 million sublimit for the issuance of standby letters of credit. The Credit Facility provides Unitil with the ability to elect that borrowings under the Credit Facility bear interest under several options, including at a daily fluctuating rate of interest per annum equal to one-month London Interbank Offered Rate plus 1.375%. Provided there is no event of default under the Credit Facility, the Company may on a one-time basis request an increase in the aggregate commitments under the Credit Facility by an aggregate additional amount of up to $30 million.

The following table details the borrowing limits, amounts outstanding and amounts available under the revolving Credit Facility as of March 31, 2015, March 31, 2014 and December 31, 2014:

	Revolving Credit Facility ($ millions)		
	March 31,		December 31,
	2015	2014	2014
Limit	**$120.0**	$120.0	$ 120.0
Outstanding	**$ 32.0**	$ 59.2	$ 29.3
Available	**$ 88.0**	$ 60.8	$ 90.7

The Credit Facility contains customary terms and conditions for credit facilities of this type, including affirmative and negative covenants. There are restrictions on, among other things, Unitil's and its subsidiaries' ability to permit liens or incur indebtedness, and restrictions on Unitil's ability to merge or consolidate with another entity or change its line of business. The affirmative and negative covenants under the Credit Facility shall apply to Unitil until the Credit Facility terminates and all amounts borrowed under the Credit Facility are paid in full (or with respect to letters of credit, they are cash collateralized). The only financial covenant in the Credit Facility provides that Unitil's Funded Debt to Capitalization (as each term is defined in the Credit Facility) cannot exceed 65% tested on a quarterly basis. At March 31, 2015, March 31, 2014 and December 31, 2014, the Company was in compliance with the covenants contained in the Credit Facility in effect on that date.

On December 23, 2014, Standard &Poor's Ratings Services assigned its "BBB+" issuer credit rating to Unitil Corporation and its utility subsidiaries, Fitchburg, Unitil Energy and Northern Utilities.

In April 2014, Unitil Service Corp. entered into an arrangement for the financing of the construction and installation of a customer information system, including software and equipment. The financing arrangement is structured as a capital lease obligation with maximum availability of $15 million. As of March 31, 2015, Unitil Service Corp. has received funding under this financing arrangement in the amount of $7.7 million, which was used to fund project costs.

Northern Utilities enters into asset management agreements under which Northern Utilities releases certain natural gas pipeline and storage assets, resells the natural gas storage inventory to an asset manager and subsequently repurchases the inventory over the course of the natural gas heating season at the same price at which it sold the natural gas inventory to the asset manager. There was $5.6 million, $3.2 million and $15.1 million of natural gas storage inventory at March 31, 2015, March 31, 2014 and December 31, 2014, respectively, related to these asset management agreements. The amount of natural gas inventory released in March 2015 and payable in April 2015 is $2.0 million and is recorded in Accounts Payable at March 31, 2015. The amount of natural gas inventory released in March 2014 and payable in April 2014 was $2.2 million and is recorded in Accounts Payable at March 31, 2014. The amount of natural gas inventory released in December 2014 and payable in January 2015 was $1.0 million and was recorded in Accounts Payable at December 31, 2014.

Guarantees

The Company provides limited guarantees on certain energy and natural gas storage management contracts entered into by the distribution utilities. The Company's policy is to limit the duration of these guarantees. As of March 31, 2015, there were approximately $37.1 million of guarantees outstanding and the longest term guarantee extends through April 2015.

The Company also guarantees the payment of principal, interest and other amounts payable on the notes issued by Unitil Realty and Granite State. As of March 31, 2015, the principal amount outstanding for the 8% Unitil Realty notes was $1.5 million. As of March 31, 2015, the principal amount outstanding for the 7.15% Granite State notes was $10.0 million.

NOTE 5 – COMMON STOCK AND PREFERRED STOCK

Common Stock

The Company's common stock trades on the New York Stock Exchange under the symbol, "UTL."

The Company had 13,886,768, 13,916,026 and 13,966,150 shares of common stock outstanding at March 31, 2014, December 31, 2014 and March 31, 2015, respectively.

Dividend Reinvestment and Stock Purchase Plan – During the first quarter of 2015, the Company sold 10,114 shares of its common stock, at an average price of $34.27 per share, in connection with its Dividend Reinvestment and Stock Purchase Plan (DRP) and its 401(k) plans resulting in net proceeds of approximately $347,000. The DRP provides participants in the plan a method for investing cash dividends on the Company's common stock and cash payments in additional shares of the Company's common stock.

Stock Plan - The Company maintains the Unitil Corporation Second Amended and Restated 2003 Stock Plan (the Stock Plan). Participants in the Stock Plan are selected by the Compensation Committee of the Board of Directors to receive awards under the Stock Plan, including awards of restricted shares (Restricted Shares), or of restricted stock units (Restricted Stock Units). The Compensation Committee has the authority to determine the sizes of awards; determine the terms and conditions of awards in a manner consistent with the Stock Plan; construe and interpret the Stock Plan and any agreement or instrument entered into under the Stock Plan as they apply to participants; establish, amend, or waive rules and regulations for the Stock Plan's administration as they apply to participants; and, subject to the provisions of the Stock Plan, amend the terms and conditions of any outstanding award to the extent such terms and conditions are within the discretion of the Compensation Committee as provided for in the Stock Plan. On April 19, 2012, the Company's shareholders approved an amendment to the Stock Plan to, among other things, increase the maximum number of shares of common stock available for awards to plan participants.

The maximum number of shares available for awards to participants under the Stock Plan is 677,500. The maximum number of shares that may be awarded in any one calendar year to any one participant is 20,000. In the event of any change in capitalization of the Company, the Compensation Committee is authorized to make an equitable adjustment to the number and kind of shares of common stock that may be delivered under the Stock Plan and, in addition, may authorize and make an equitable adjustment to the Stock Plan's annual individual award limit.

Restricted Shares

Outstanding awards of Restricted Shares fully vest over a period of four years at a rate of 25% each year. During the vesting period, dividends on Restricted Shares underlying the award may be credited to a participant's account. The Company may deduct or withhold, or require a participant to remit to the Company, an amount sufficient to satisfy any taxes required by federal, state, or local law or regulation to be withheld with respect to any taxable event arising in connection with an Award. For purposes of compensation expense, Restricted Shares vest immediately upon a participant becoming eligible for retirement, as defined in the Stock Plan. Prior to the end of the vesting period, the restricted shares are subject to forfeiture if the participant ceases to be employed by the Company other than due to the participant's death.

On January 26, 2015, 40,010 Restricted Shares were issued in conjunction with the Stock Plan with an aggregate market value at the date of issuance of approximately $1.5 million. There were 81,251 and 69,073 non-vested shares under the Stock Plan as of March 31, 2015 and 2014, respectively. The weighted average grant date fair value of these shares was $33.15 and $28.52, respectively. The compensation expense associated with the issuance of shares under the Stock Plan is being recognized over the vesting period and was $1.3 million and $1.1 million for the three months ended March 31, 2015 and 2014, respectively. At March 31, 2015, there was approximately $1.5 million of total unrecognized compensation cost under the Stock Plan which is expected to be recognized over approximately 3.0 years. There were no forfeitures or cancellations under the Stock Plan during the three months ended March 31, 2015.

Restricted Stock Units

Restricted Stock Units earn dividend equivalents and will generally be settled by payment to each Director as soon as practicable following the Director's separation from service to the Company. The Restricted Stock Units will be paid such that the Director will receive (i) 70% of the shares of the Company's common stock underlying the restricted stock units and (ii) cash in an amount equal to the fair market value of 30% of the shares of the Company's common stock underlying the Restricted Stock Units. The equity portion of Restricted Stock Units activity during the three months ended March 31, 2015 in conjunction with the Stock Plan are presented in the following table:

Restricted Stock Units (Equity Portion)

	Units	Weighted Average Stock Price
Restricted Stock Units as of December 31, 2014	23,576	$ 29.90
Restricted Stock Units Granted	—	—
Dividend Equivalents Earned	243	$ 33.98
Restricted Stock Units Settled	—	—
Restricted Stock Units as of March 31, 2014	**23,819**	**$ 29.94**

There were 15,066 Restricted Stock Units outstanding as of March 31, 2014 with a weighted average stock price of $28.93. Included in Other Noncurrent Liabilities on the Company's Consolidated Balance Sheets as of March 31, 2015, March 31, 2014 and December 31, 2014 is $0.4 million, $0.2 million and $0.4 million, respectively, representing the fair value of liabilities associated with the portion of fully vested RSUs that will be settled in cash.

Preferred Stock

There was $0.2 million, or 2,250 shares, of Unitil Energy's 6.00% Series Preferred Stock outstanding as of March 31, 2015, March 31, 2014 and December 31, 2014. There were less than $0.1 million of total dividends declared on Preferred Stock in each of the three month periods ended March 31, 2015 and March 31, 2014, respectively.

NOTE 6 – REGULATORY MATTERS

UNITIL'S REGULATORY MATTERS ARE DESCRIBED IN NOTE 8 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2014 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JANUARY 28, 2015.

Regulatory Matters

Northern Utilities – Base Rates – Maine – On December 27, 2013, the MPUC approved a settlement agreement providing for a $3.8 million permanent increase in annual revenue for Northern Utilities' Maine division, effective January 1, 2014. The settlement agreement also provided that the Company shall be allowed to implement a Targeted Infrastructure Replacement Adjustment (TIRA) rate mechanism to adjust base distribution rates annually to recover the revenue requirements associated with targeted investments in gas distribution system infrastructure replacement and upgrade projects. The TIRA has an initial term of four years and covers targeted capital expenditures in 2013 through 2016. The 2014 TIRA provided for an annual increase in base distribution revenue of $1.3 million, effective May 1, 2014. On February 27, 2015 Northern

Utilities filed its second annual TIRA for rates effective May 1, 2015, seeking an annual increase in base distribution revenue of $1.2 million. This filing remains pending. TIRA filings in future periods are projected to result in annual increases in revenue of approximately $1.0 million each year.

Northern Utilities – New Hampshire – On April 21, 2014, the New Hampshire Public Utilities Commission (NHPUC) approved a settlement agreement providing for an increase of $4.6 million in distribution base revenue and a return on equity of 9.5% for Northern Utilities' New Hampshire division. In addition, the settlement agreement provides for additional step adjustments in 2014 and 2015 to recover the revenue requirements associated with investments in gas mains extensions and infrastructure replacement projects. The 2014 step adjustment provided for an annual increase in revenue of $1.4 million, effective May 1, 2014. The 2015 step adjustment is for a projected annual increase in revenue of approximately $1.4 million, effective May 1, 2015. On February 27, 2015 Northern Utilities' New Hampshire division filed for a step increase of $1.8 million in base distribution revenue effective May 1, 2015. On April 15, 2015, the NHPUC approved the step increase as filed by issuing an Order Nisi. The Order is effective April 28, 2015, subject to the right of any party to file comments or request a hearing prior to the effective date.

Northern Utilities – Pipeline Refund – On May 12, 2010, Portland Natural Gas Transmission System (PNGTS) filed a Natural Gas Act Section 4 rate case with the FERC proposing increased pipeline rates of approximately 55 percent over the previously approved rate. The filing was docketed as RP10-729 and rates went into effect on December 1, 2010, subject to refund pending the determination in the rate proceeding. Northern Utilities and other long-term shippers on PNGTS opposed the proposed rate increase. On December 8, 2011, an Initial Decision was issued and on March 21, 2013, the FERC issued Opinion No. 524. Opinion No. 524 was appealed and the FERC issued Opinion No. 524-A on February 19, 2015 denying all appeals and ordering PNGTS to issue refunds to shippers within 60 days. Northern Utilities received a pipeline refund of $22.0 million on April 15, 2015. As a gas supply-related refund, the entire amount refunded will be credited to retail customers. Northern Utilities has proposed to credit the refund to customers over a three year period with interest and that proposal is pending review of the MPUC and the NHPUC.

The Company has recorded Accrued Revenue and Regulatory Liabilities of $22.0 million each on its Consolidated Balance Sheets as of March 31, 2015. This amount has been presented on net basis on the Consolidated Statement of Cash Flows for the period ended March 31, 2015.

Unitil Energy – Base Rates – On April 26, 2011, the NHPUC approved a rate settlement that extends through May 1, 2016 and provides for a long-term rate plan and earnings sharing mechanism, with a series of step adjustments to increase revenue in future years to support Unitil Energy's continued capital improvements to its distribution system, along with an approved return on equity of 9.67%. On April 30, 2014, the NHPUC approved Unitil Energy's third and final step increase of $1.5 million in annual revenue effective May 1, 2014.

Granite State – Base Rates – Granite State has in place a FERC approved rate settlement agreement under which it is permitted each June to file for a rate adjustment to recover the revenue requirements associated with specified capital investments in gas transmission projects up to a specific cost cap. On June 27, 2014, Granite State filed to increase its rates and annual revenue by an additional $0.6 million beginning August 1, 2014. With this filing, Granite State reached the cost cap. The FERC accepted this filing on July 18, 2014 and the new rates became effective August 1, 2014. For 2015, the rate settlement agreement requires Granite State to file a Section 4 FERC rate case by June 2015 with rates effective by January 1, 2016.

Fitchburg—Base Rates—Electric—On May 30, 2014, the MDPU issued its final order approving a $5.6 million increase in Fitchburg's electric revenue decoupling mechanisms (RDM) base revenue target, effective June 1, 2014. The MDPU approved a 9.7% return on equity and a common equity ratio of 48%. As part of the increase in base revenue, the MDPU approved the recovery, over three years, of $5.0 million of previously deferred emergency storm repair costs incurred in 2011 and 2012. In addition, the MDPU approved an expanded storm resiliency vegetation management program at an annual funding amount of $0.5 million. The MDPU also approved the recovery of $0.9 million over a five-year period of past due amounts associated with hardship accounts that are protected from shut-off. The impact of the rate order on previously capitalized or deferred items was not material.

Major Storms—Fitchburg and Unitil Energy

Fitchburg—2011 Storm Cost Deferral and 2012 Storm Costs—As part of its May 30, 2014 order approving a base rate increase for Fitchburg, the MDPU approved the recovery over three years, without carrying charges, of $5.0 million of costs of repair for damage due to severe storms, including previously deferred costs incurred in 2011, as well as costs incurred in 2012 as a result of Superstorm Sandy.

Unitil Energy—2012 Storm Costs—On April 25, 2013, the NHPUC approved the recovery of $2.3 million of costs to repair damage to Unitil Energy's electrical system resulting from Superstorm Sandy over a five-year period, with carrying charges at the Company's long-term cost of debt, net of deferred taxes, or 4.52%, applied to the uncollected balance through the recovery period.

Thanksgiving 2014 Snow Storm—Both Fitchburg and Unitil Energy experienced a significant snow storm that began the afternoon of November 26, 2014 and ended the morning of November 27, 2014, Thanksgiving Day. Unitil Energy spent approximately $2.1 million for the repair and replacement of electric distribution systems damaged during the storm, including $0.4 million related to capital construction and $1.7 million for which Unitil Energy will seek recovery of through its approved storm reserve fund, subject to review by the NHPUC in a future regulatory proceeding. Fitchburg spent approximately $0.3 million for the repair and replacement of electric distribution systems damaged during the storm, including $0.1 million related to capital construction and $0.2 million in storm expense. As Fitchburg does not have an approved storm reserve fund, these expenses resulted in a pre-tax charge against 2014 earnings of $0.2 million. The Company does not believe these storm restoration expenditures and the timing of cost recovery will have a material adverse impact on the Company's financial condition or results of operations.

Fitchburg—Electric Operations—On November 24, 2014, Fitchburg submitted its annual reconciliation of costs and revenues for transition and transmission under its restructuring plan. The filing also includes the reconciliation of costs and revenues for a number of other surcharges and cost factors which are subject to review and approval by the MDPU. All of the rates were approved effective January 1, 2015 for billing purposes, subject to reconciliation pending investigation by the MDPU. This matter remains pending.

Fitchburg—Gas Operations—On June 26, 2014, the Governor of Massachusetts signed into law a gas leak bill providing for the following, among other items: amends MDPU's ability to fine gas companies for violations of gas pipeline safety rules consistent with federal law; establishes a uniform natural gas leak classification standard for the Commonwealth; provides that the MDPU investigate new programs and policies to facilitate customer conversions to natural gas; and establishes an infrastructure replacement program to address aging natural gas pipeline infrastructure. The infrastructure replacement program allows gas distribution companies to accelerate the replacement of eligible infrastructure in order to improve public safety or infrastructure reliability, and to reduce or potentially reduce lost and unaccounted for natural gas. The law also authorizes gas companies to begin to recover through rates the estimated costs associated with infrastructure plans once they are approved by the MDPU, subject to reconciliation to actual prudently incurred costs. Pursuant to this new law, on October 31, 2014, Fitchburg Gas filed with the MDPU a 20 year gas system enhancement plan to replace aging natural gas pipeline infrastructure. The Company seeks approval to collect $0.3 million to recover the estimated cost to be incurred in calendar year 2015, the first year of the program, to replace eligible leak-prone infrastructure, with rates effective May 1, 2015. This matter remains pending.

Fitchburg – Service Quality – On March 1, 2015, Fitchburg submitted its 2014 Service Quality Reports for both its gas and electric divisions. Fitchburg reported that it met or exceeded its benchmarks for service quality performance in all metrics for its gas division except for the metric related to consumer complaints. As a result of penalty offsets earned, no net penalty was assessed. The electric division met or exceeded all metric benchmarks. On December 22, 2014, the MDPU approved Fitchburg’s 2011 electric division Service Quality Report as filed. Fitchburg’s 2012, 2013, and 2014 Service Quality Reports remain pending.

Amendments to MDPU Service Quality Guidelines – On December 22, 2014, the MDPU issued an order adopting new Service Quality Guidelines. The new guidelines, which are to be implemented over several years, establish state-wide standards for most metrics, impose new methods for calculating penalty thresholds, eliminate the ability to offset subpar performance in one metric by exemplary performance in another, and add several new or enhanced metrics. The joint utilities have filed a motion with the MDPU to reconsider the adoption of state-wide standards and have requested reconsideration and clarification on other technical issues. The Company does not believe that the MDPU’s new Service Quality Guidelines will have a material adverse impact on the Company’s financial condition or results of operations.

Fitchburg – Other – On February 5, 2013, there was a natural gas explosion in the city of Fitchburg, Massachusetts in an area served by Fitchburg’s gas division resulting in property damage to a number of commercial and residential properties. The MDPU, pursuant to its authority under state and federal law, has commenced an investigation of the incident, with which Fitchburg is cooperating. The Company has resolved some claims through settlement and will continue to work with various affected parties to resolve their claims. The Company does not believe this incident or investigation will have a material adverse impact on the Company’s financial condition, results of operations or cash flows.

On February 11, 2009, the Massachusetts Supreme Judicial Court (SJC) issued its decision in the Attorney General’s (AG) appeal of the MDPU orders relating to Fitchburg’s recovery of bad debt expense. The SJC agreed with the AG that the MDPU was required to hold hearings regarding changes in Fitchburg’s tariff and rates, and on that basis vacated the MDPU orders. The SJC, however, declined to rule on an appropriate remedy, and remanded the cases back to the MDPU for consideration of that issue. In the Company’s August 1, 2011 rate decision, the MDPU held that the approval of dollar for dollar collection of supply-related bad debt in Fitchburg’s rate cases in 2006 (gas) and 2007 (electric) satisfied the requirement for a hearing ordered by the SJC. The MDPU opened a docket to address the amounts collected by Fitchburg between the time the MDPU first approved dollar for dollar collection of Fitchburg’s bad debt, and the rate decisions in 2006 and 2007. Briefs were filed in June 2013. This matter remains pending before the MDPU.

On December 23, 2013, the MDPU opened an investigation into Modernization of the Electric Grid. The stated objective of the Grid Modernization proceeding is to ensure that the electric distribution companies “adopt grid modernization policies and practices.” On June 12, 2014, the MDPU issued its first Grid Modernization order, setting forth a requirement that each electric distribution company submit a ten-year strategic Grid Modernization Plan (GMP). As part of the GMP, each company must include a five-year Short-Term Investment Plan (STIP), which must include an approach to achieving advanced metering functionality within five years of the Department's approval of the GMP. The filing of a GMP will be a recurring obligation and must be updated as part of subsequent base distribution rate cases, which by statute must occur no less often than every five years. Capital investments contained in the STIP are eligible for pre-authorization, meaning that the MDPU will not revisit in later filings whether the Company should have proceeded with these investments. On November 5, 2014, the MDPU issued two inter-related orders regarding Grid Modernization. The first order provides guidance and filing requirements for the business case justification that the electric companies must file as part of their GMPs. The second order requires the electric companies to implement sufficient advanced metering functionality to enable the sale of electricity to Basic Service customers via time varying rates (rates which vary depending upon the period or time of day that the electricity is consumed). The MDPU determined that time varying rates will establish pricing signals that will enable customers to save money by altering usage patterns and reducing peak load, among other enumerated benefits. The electric companies' initial GMPs are to be filed within nine months of the November 2014 orders. The MDPU is addressing in separate proceedings (1) cybersecurity, privacy, and access to meter data, and (2) electric vehicles. These matters remain pending.

Legal Proceedings

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

In early 2009, a putative class action complaint was filed against Unitil's Massachusetts based utility, Fitchburg, in Massachusetts' Worcester Superior Court (the "Court"), (captioned Bellerman et al v. Fitchburg Gas and Electric Light Company). The Complaint seeks an unspecified amount of damages, including the cost of temporary housing and alternative fuel sources, emotional and physical pain and suffering and property damages allegedly incurred by customers in connection with the loss of electric service during the ice storm in Fitchburg's service territory in December 2008. The Complaint, as amended, includes M.G.L. ch. 93A claims for purported unfair and deceptive trade practices related to the December 2008 ice storm. Following several years of discovery, the plaintiffs in the complaint filed a motion with the Court to certify the case as a class action. On January 7, 2013, the Court issued its decision denying plaintiffs' motion to certify the case as a class action. The plaintiffs appealed this decision to the Massachusetts Supreme Judicial Court (the "SJC"), and the SJC has now upheld the lower Court's order. The Company does not have any information at this time as to whether the plaintiffs will proceed with their lawsuit on an individual basis in light of the decision by the SJC. Plaintiffs have filed a renewed motion to certify a class under a different theory than previously argued. The Company has filed its opposition to this motion and has also filed a motion for summary judgment. Oral arguments on both motions are scheduled for June 5, 2015. The Town of Lunenburg has also filed a separate action in the Court arising out of the December 2008 ice storm. The Court accepted the parties' joint schedule with discovery continuing into 2016 and trial likely in late 2016. The Company continues to believe these suits are without merit and will continue to defend itself vigorously.

NOTE 7 – ENVIRONMENTAL MATTERS

UNITIL'S ENVIRONMENTAL MATTERS ARE DESCRIBED IN NOTE 8 TO THE FINANCIAL STATEMENTS IN ITEM 8 OF PART II OF UNITIL CORPORATION'S FORM 10-K FOR DECEMBER 31, 2014 AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON JANUARY 28, 2015.

The Company’s past and present operations include activities that are generally subject to extensive and complex federal and state environmental laws and regulations. The Company believes it is in material compliance with applicable environmental and safety laws and regulations, and the Company believes that as of March 31, 2015, there were no material losses reasonably likely to be incurred in excess of recorded amounts. However, we cannot assure you that significant costs and liabilities will not be incurred in the future. It is possible that other developments, such as increasingly stringent federal, state or local environmental laws and regulations could result in increased environmental compliance costs.

Northern Utilities Manufactured Gas Plant Sites – Northern Utilities has an extensive program to identify, investigate and remediate former manufactured gas plant (MGP) sites that were operated from the mid-1800s through the mid-1900s. In New Hampshire, MGP sites were identified in Dover, Exeter, Portsmouth, Rochester and Somersworth. This program has also documented the presence of MGP sites in Lewiston and Portland, Maine and a former MGP disposal site in Scarborough, Maine. Northern Utilities has worked with the environmental regulatory agencies in both New Hampshire and Maine to address environmental concerns with these sites.

Northern Utilities or others have substantially completed remediation of the Exeter, Rochester, Somersworth, Portsmouth, Lewiston and Scarborough sites. The site in Portland has been investigated and remedial activities are ongoing with the most recent phase completed in December 2013. Final remediation activities in Portland are scheduled to occur in 2015. In May 2014, the State of Maine completed its taking of the site via eminent domain for the expansion of the adjacent marine terminal. As a result of the outcome of negotiations with the State of Maine, future operation, maintenance and remedial costs have been accrued, to ensure that applicable remedial activities are completed. Additionally, as a result of the eminent domain taking by the State of Maine, a long-term lease on the property previously entered into by Northern Utilities and New Yard LLC in 2013, to redevelop the Portland site as a possible boat repair facility was terminated.

The NHPUC and MPUC have approved the recovery of MGP environmental costs. For Northern Utilities’ New Hampshire division, the NHPUC approved the recovery of MGP environmental costs over succeeding seven-year periods, without carrying costs. For Northern Utilities’ Maine division, the MPUC authorized the recovery of environmental remediation costs over succeeding five-year periods, without carrying costs.

The Environmental Obligations table below shows the amounts accrued for Northern Utilities related to estimated future cleanup costs associated with Northern Utilities’ environmental remediation obligations for former MGP sites. Corresponding Regulatory Assets were recorded to reflect that the future recovery of these environmental remediation costs is expected based on regulatory precedent and established practices.

Fitchburg’s Manufactured Gas Plant Site – Fitchburg began work on the permanent remediation solution at the former MGP site at Sawyer Passway, located in Fitchburg, Massachusetts in the second quarter of 2014. The scheduled site work was completed in December 2014. A limited sediment investigation is nearing completion – the results of which will be included in the closure documentation associated with the permanent remediation solution. Based on the results of site investigations and evaluations and initial remediation efforts, the Company updated its estimate for remediation of this site during the second quarter of 2014 using revised estimates from the consultant performing the work. Consequently, the Company's previously recorded estimate for this work was adjusted from $12.0 million to $5.5 million. As of March 31, 2015, $3.7 million was spent on this remediation project. The Environmental Obligations table below shows the amounts accrued for Fitchburg related to estimated future cleanup costs for permanent remediation of the Sawyer Passway site with a corresponding Regulatory Asset recorded to reflect that the recovery of these environmental remediation costs are probable through the regulatory process. The amounts recorded do not assume any amounts are recoverable from insurance companies or other third parties. Fitchburg recovers the environmental response costs incurred at this former MGP site in gas rates pursuant to the terms of a cost recovery agreement approved by the MDPU. Pursuant to this agreement, Fitchburg is authorized to amortize and recover environmental response costs from gas customers over succeeding seven-year periods, without carrying costs.

The Company's ultimate liability for future environmental remediation costs, including MGP site costs, may vary from estimates, which may be adjusted as new information or future developments become available. Based on the Company's current assessment of its environmental responsibilities, existing legal requirements and regulatory policies, the Company does not believe that these environmental costs will have a material adverse effect on the Company's consolidated financial position or results of operations.

The following table sets forth a summary of changes in the Company's liability for Environmental Obligations for the three months ended March 31, 2015 and 2014.

Environmental Obligations

	($ millions)					
	Fitchburg		Northern Utilities		Total	
	Three months ended March 31,					
	2015	2014	2015	2014	2015	2014
Total Balance at Beginning of Period	**$ 1.9**	$12.0	**$3.6**	$ 2.8	**$5.5**	$14.8
Additions	—	1.0	**0.1**	—	**0.1**	1.0
Less: Payments / Reductions	**0.1**	1.0	**0.1**	0.6	**0.2**	1.6
Total Balance at End of Period	**1.8**	12.0	**3.6**	2.2	**5.4**	14.2
Less: Current Portion	**1.8**	1.0	**1.6**	0.4	**3.4**	1.4
Noncurrent Balance at End of Period	**$—**	$11.0	**$2.0**	$ 1.8	**$2.0**	$12.8

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NOTE 8: INCOME TAXES

The Company filed its tax returns for the year ended December 31, 2013 with the Internal Revenue Service (IRS) in September 2014 and generated federal net operating loss (NOL) carryforward assets of $2.1 million principally due to bonus depreciation and targeted asset repair deductions. As of December 31, 2014, the Company had recorded cumulative federal and state NOL carryforward assets of $13.1 million to offset against taxes payable in future periods. If unused, the Company's state NOL carryforward assets will begin to expire in 2019 and the federal NOL carryforward assets will begin to expire in 2029. In addition, at December 31, 2014, the Company had $2.1 million of cumulative Alternative Minimum Tax (AMT) credit carryforwards to offset future AMT taxes payable indefinitely.

The Company evaluated its tax positions at March 31, 2015 in accordance with the FASB Codification, and has concluded that no adjustment for recognition, derecognition, settlement and foreseeable future events to any tax liabilities or assets as defined by the FASB Codification is required. The Company remains subject to examination by Federal, Maine, Massachusetts, and New Hampshire tax authorities for the tax periods ended December 31, 2011; December 31, 2012; and December 31, 2013.

The Company bills its customers for sales tax in Massachusetts and Maine and consumption tax in New Hampshire. These taxes are remitted to the appropriate departments of revenue in each state and are excluded from revenues on the Company's unaudited Consolidated Statements of Earnings.

NOTE 9: RETIREMENT BENEFIT OBLIGATIONS

The Company co-sponsors the Unitil Corporation Retirement Plan (Pension Plan), the Unitil Retiree Health and Welfare Benefits Plan (PBOP Plan), and the Unitil Corporation Supplemental Executive Retirement Plan (SERP) to provide certain pension and postretirement benefits for its retirees and current employees. Please see Note 10 to the Consolidated Financial Statements in the Company's Form 10-K for the year ended December 31, 2014 as filed with the SEC on January 28, 2015 for additional information regarding these plans.

The following table includes the key weighted average assumptions used in determining the Company's benefit plan costs and obligations:

	2015	2014
Used to Determine Plan Costs		
Discount Rate	**4.00%**	4.80%
Rate of Compensation Increase	**3.00%**	3.00%
Expected Long-term rate of return on plan assets	**8.00%**	8.00%
Health Care Cost Trend Rate Assumed for Next Year	**6.00%**	7.00%
Ultimate Health Care Cost Trend Rate	**4.00%**	4.00%
Year that Ultimate Health Care Cost Trend Rate is reached	**2018**	2018

The following table provides the components of the Company's Retirement plan costs ($000's):

	Pension Plan		PBOP Plan		SERP	
Three Months Ended March 31,	2015	2014	2015	2014	2015	2014
Service Cost	**$ 916**	$ 751	**$ 656**	$ 497	**$ 28**	$ 14
Interest Cost	**1,343**	1,273	**729**	672	**78**	68
Expected Return on Plan Assets	**(1,694)**	(1,561)	**(273)**	(230)	**—**	—
Prior Service Cost Amortization	**54**	53	**420**	420	**3**	3
Actuarial Loss Amortization	**1,180**	712	**288**	14	**84**	25
Sub-total	**1,799**	1,228	**1,820**	1,373	**193**	110
Amounts Capitalized and Deferred	**(708)**	(344)	**(760)**	(473)	**—**	—
Net Periodic Benefit Cost Recognized	**$ 1,091**	$ 884	**$1,060**	$ 900	**$193**	$110

Employer Contributions

As of March 31, 2015, the Company had made $0.9 million of contributions to its Pension Plan in 2015 and had not made any contributions to its PBOP Plan in 2015. The Company, along with its subsidiaries, expects to continue to make contributions to its Pension and PBOP Plans in 2015 and future years at minimum required and discretionary funding levels consistent with the amounts recovered in the distribution utilities' rates for these Pension and PBOP Plan costs.

As of March 31, 2015, the Company had made $13,000 of contributions to the SERP Plan in 2015. The Company presently anticipates contributing an additional $40,000 to the SERP Plan in 2015.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Reference is made to the "Interest Rate Risk" and "Commodity Price Risk" sections of Item 2. "Management's Discussion and Analysis of Financial Condition and Results of Operations" (above).

Item 4. Controls and Procedures

Management of the Company, under the supervision and with the participation of the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of March 31, 2014. Based upon this evaluation, the Company's Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer concluded as of March 31, 2015 that the Company's disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15(d)-15(e)) are effective.

There have been no changes in the Company's internal controls over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15(d)-15(f)) during the fiscal quarter covered by this Form 10-Q that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting. During 2015, the Company intends to implement a new customer information system.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

The Company is involved in legal and administrative proceedings and claims of various types, which arise in the ordinary course of business. Certain specific matters are discussed in Notes 6 and 7 to the unaudited Consolidated Financial Statements. In the opinion of 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.

Item 1A. Risk Factors

There have been no material changes to the risk factors disclosed in the Company's Form 10-K for the year-ended December 31, 2014 as filed with the SEC on January 28, 2015.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Sales of Unregistered Securities

There were no sales of unregistered equity securities by the Company during the fiscal quarter ended March 31, 2015.

Purchases of Equity Securities by the Issuer and Affiliated Purchasers

Pursuant to the written trading plan under Rule 10b5-1 under the Securities Exchange Act of 1934, as amended (the Exchange Act), adopted by the Company on May 1, 2014, the Company will periodically repurchase shares of its Common Stock on the open market related to Employee Length of Service Awards and the stock portion of the Directors' annual retainer for those Directors who elected to receive common stock. There is no pool or maximum number of shares related to these purchases; however, the trading plan will terminate when $90,000 in value of shares have been purchased or, if sooner, on May 1, 2015.

The Company may suspend or terminate this trading plan at any time, so long as the suspension or termination is made in good faith and not as part of a plan or scheme to evade the prohibitions of Rule 10b-5 under the Exchange Act, or other applicable securities laws.

The following table shows information regarding repurchases by the Company of shares of its common stock pursuant to the trading plan for each month in the quarter ended March 31, 2015.

	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs
1/1/15 – 1/31/15	—	—	—	$ 7,186
2/1/15 – 2/28/15	—	—	—	$ 7,186
3/1/15 – 3/31/15	127	$ 33.55	127	$ 2,925
Total	127		127	

Item 5. Other Information

On April 23, 2015, the Company issued a press release announcing its results of operations for the three-month period ended March 31, 2015. The press release is furnished with this Quarterly Report on Form 10-Q as Exhibit 99.1.

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Item 6. Exhibits

(a) Exhibits

Exhibit No.	Description of Exhibit	Reference
10.1	Unitil Corporation Incentive Plan – Amended and Restated as of January 26, 2015	Filed herewith
11	Computation in Support of Earnings Per Average Common Share	Filed herewith
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
31.3	Certification of Chief Accounting Officer Pursuant to Rule 13a-14 of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Filed herewith
32.1	Certifications of Chief Executive Officer, Chief Financial Officer and Chief Accounting Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Filed herewith
99.1	Unitil Corporation Press Release Dated April 23, 2015 Announcing Earnings For the Quarter Ended March 31, 2015.	Filed herewith
101.INS	XBRL Instance Document.	Filed herewith
101.SCH	XBRL Taxonomy Extension Schema Document.	Filed herewith
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document.	Filed herewith
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document	Filed herewith
101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

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SIGNATURES

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

	UNITIL CORPORATION (Registrant)
Date: April 23, 2015	/s/ Mark H. Collin Mark H. Collin Chief Financial Officer
Date: April 23, 2015	/s/ Laurence M. Brock Laurence M. Brock Chief Accounting Officer

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101.LAB	XBRL Taxonomy Extension Label Linkbase Document.	Filed herewith
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document.	Filed herewith

UNITIL CORPORATION INCENTIVE PLAN
(amended and restated as of January 26, 2015)

The purpose of the Unitil Corporation Incentive Plan (the “Plan”) is to provide employees of Unitil Corporation and its subsidiaries identified on Exhibit A attached hereto (collectively, the “Corporation”) with significant incentives related to the performance of the Corporation and thereby to motivate them to maximize their efforts on the Corporation’s behalf. The Plan is further intended to provide the Corporation’s employees with competitive levels of total compensation when considered with their base salaries.

I. PARTICIPATION

All employees of the Corporation who are not selected by the Compensation Committee (the “Committee”) of the Corporation’s Board of Directors (the “Board”) to participate in the Unitil Corporation Management Incentive Plan shall participate in the Plan (each such participating employee, a “Participant”); provided, however, that employees of the Corporation whose employment is covered by a collective bargaining agreement in effect between the Corporation and a union shall not participate in the Plan unless the participation of such employees is provided for under the terms of such collective bargaining agreement.

II. TARGET INCENTIVE AWARD

The Committee shall establish an individual targeted award (the “Target Incentive Award”) under the Plan for each Participant for each Performance Period (as such term is used below), expressed as a percentage of the Participant’s base salary (prior to reduction under the Corporation’s 401(k) retirement plan or cafeteria plan, “Base Salary”) earned during the applicable Performance Period. The Target Incentive Awards for all Participants for the applicable Performance Period shall be documented.

III. PERFORMANCE PERIOD

The Performance Period is the period during which performance will be measured for determining the amounts of Participants’ awards under the Plan (“Incentive Awards”). The Performance Period for the Plan shall be the calendar year.

IV. PERFORMANCE OBJECTIVES

Prior to the beginning of each Performance Period, or as soon thereafter as practicable, the Committee shall establish, based in part upon the recommendations of the Corporation’s Chief Executive Officer (the “CEO”), objectives for the performance of the Corporation for such Performance Period deemed necessary for the Corporation to achieve its strategic plans (“Performance Objectives”), the achievement of which or failure to achieve will result in the payment or nonpayment of Incentive Awards, as described in Section VIII (Determination of Incentive Awards.) The Performance Objectives for the applicable Performance Period shall be documented.

V. PERCENTAGE WEIGHTING

Coincident with the establishment of the Performance Objectives for a particular Performance Period, the Committee shall, based in part upon the recommendations of the CEO, determine the relevant weights (the "Percentage Weightings") to be assigned to each of the Performance Objectives established for such Period, based on the relative impact of each Performance Objective on the Corporation's performance. The Percentage Weightings for the applicable Performance Period shall be documented.

VI. PERFORMANCE STANDARDS

Prior to the beginning of each Performance Period, or as soon thereafter as practicable, the Committee shall, based in part upon the recommendations of the CEO, establish the Performance Standards for each Performance Objective. The Performance Standards for such Performance Period shall be documented. Performance Standards shall be set for the following three levels of achievement - "Threshold," "Target" and "Maximum."

A. **Threshold:** The minimum level of performance required for an Incentive Award to be paid. No Incentive Award shall be paid for performance below this level. Achievement of the Threshold level shall result in a payment equal to 50% of the amount of the Target Incentive Award for the Performance Objective, as adjusted by the applicable Percentage Weighting.

B. **Target:** The expected level of performance required, for which an Incentive Award in an amount equal to 100% of the Target Incentive Award shall be paid for the Performance Objective, as adjusted by the applicable Percentage Weighting.

C. **Maximum:** The maximum level of performance, for which an Incentive Award in an amount equal to 150% of the amount of the Target Incentive Award shall be paid for the Performance Objective, as adjusted by the applicable Percentage Weighting. Achievement of a result greater than the Maximum level shall not increase the amount of the Incentive Award.

VII. CONTROLLING THRESHOLD(S)

The Committee may, based in part upon the recommendations of the CEO, establish minimum organization performance level(s) for each Performance Period ("Controlling Threshold(s)") that must be satisfied by the Corporation for Incentive Awards to be paid; provided, however, that a Controlling Threshold need not be established for any particular Performance Period. The Controlling Threshold(s) for the applicable Performance Period shall be documented.

VIII. DETERMINATION OF INCENTIVE AWARDS

As soon as practicable following the completion of a Performance Period, the Committee shall determine the degree of satisfaction of the Performance Objectives and the amounts of the Incentive Awards payable in accordance with the Plan, if any. The amount of the Incentive Award earned by each Participant shall depend upon the degree of achievement of the

Performance Standards for each Performance Objective and the Percentage Weighting assigned thereto. If an achievement level falls between the Threshold and Target levels or between the Target and Maximum levels, the Incentive Award shall be linearly extrapolated between the two levels. Award calculations will be applied to Base Salary earned during the applicable Performance Period. Subject to the payment limitations as described in Section X (Payment of Incentive Awards) and notwithstanding anything else to the contrary contained in the Plan, the Committee shall have absolute discretion with respect to the payment of Incentive Awards, including but not limited to the amount to be paid and whether or not payment will be made, on the basis of business conditions.

IX. PLAN ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall, in its sole discretion, interpret the Plan, prescribe, amend and rescind any rules and regulations necessary or appropriate for administration of the Plan and make such other determinations and take such other actions as it deems necessary or advisable for such purposes. Any interpretation, determination or other action made or taken by the Committee shall be final, binding, and conclusive. The Committee may rely upon the advice, counsel, and assistance of the CEO in performing its duties under the Plan.

X. PAYMENT OF INCENTIVE AWARDS

Payment of each Participant's Incentive Award shall be made as soon as practicable following the end of the applicable Performance Period, but not prior to January 1 or later than March 15 of the calendar year following the Performance Period (the "Incentive Award Payment Date"); provided, however, that notwithstanding anything to the contrary contained in the Plan, no Incentive Award shall be paid to any individual who is not employed by the Corporation on the applicable Incentive Award Payment Date, unless due to the individual's death, disability (entitlement to benefits under the Corporation's Long-Term Disability Plan, "Disability") or retirement at or after attaining age 55. Incentive Award payments made due to the Participant's death, Disability or retirement at or after attaining age 55 shall be made on the applicable Incentive Award Payment Date. All Incentive Awards shall be paid in a lump sum in cash, less any amounts required for federal, state and local income and payroll tax withholdings.

XI. DISCIPLINARY ACTION

Notwithstanding anything to the contrary contained in the Plan, a Participant whose performance rating for a Performance Period is "Does Not Meet Expectations" (pursuant to the Corporation's Salary Administration Policy) shall not receive an Incentive Award for such Performance Period.

XII. TERMINATION OF EMPLOYMENT

If a Participant ceases to be employed by the Corporation (a) by reason of his death, Disability or retirement at or after attaining age 55, the Participant's Incentive Award for the Performance Period in which his employment terminates shall be calculated using the Participant's Base Salary earned prior to his termination of employment, or (b) other than by reason of his death, Disability or retirement at or after attaining age 55, the Participant's Incentive Award for the Performance Period in which his employment terminates shall be forfeited.

XIII. FUNDING

No funds shall be set aside or reserved for payment of Incentive Awards under the Plan, and all obligations of the Corporation under the Plan shall be unfunded and shall be paid from the general assets of the Corporation.

XIV. NOT EXCLUSIVE METHOD OF INCENTIVE

The Plan shall not be deemed to be an exclusive method of providing incentive compensation for employees of the Corporation nor shall it preclude the Board from authorizing or approving other forms of incentive compensation therefor.

XV. NO RIGHT TO CONTINUED PARTICIPATION

Participation in the Plan by an employee in any Performance Period shall not be held or construed to confer upon such employee the right to participate in the Plan in any subsequent Performance Period.

XVI. NO RIGHT TO CONTINUED EMPLOYMENT

None of the establishment of the Plan, participation in the Plan by a Participant, the payment of any Incentive Award hereunder or any other action pursuant to the Plan shall be held or construed to confer upon any employee the right to continue in the employ of the Corporation or affect any right which the Corporation may have to terminate at will the employment thereof.

XVII. NONTRANSFERABILITY OF AWARDS

Except by operation of the laws of descent and distribution, no amount payable at any time under the Plan shall be subject to alienation by anticipation, sale, transfer, assignment, bankruptcy, pledge, attachment, charge or encumbrance of any kind nor in any manner be subject to the debts or liabilities of any person, and any attempt to so alienate or subject any such amount shall be void.

XVIII. AMENDMENT AND TERMINATION

The Board may amend or terminate the Plan at any time; provided, however, that no amendment or termination of the Plan shall adversely affect the entitlement of a Participant to payment of any Incentive Award which has been determined by the Committee prior to such amendment or termination, although the Board may amend or terminate the rights of any Participant under the Plan at any time prior to the determination of the amount of the Incentive Award to be paid thereto for a Performance Period.

XIX. EFFECTIVE DATE

The Plan shall be effective January 26, 2015, and shall continue in effect until terminated by the Board.

Exhibit A
Participating Subsidiaries

Unitil Energy Systems, Inc.

Fitchburg Gas and Electric Light Company

Unitil Service Corp.

Usource LLC

Northern Utilities, Inc.

Granite State Gas Transmission, Inc.

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

COMPUTATION OF EARNINGS PER AVERAGE COMMON SHARE OUTSTANDING

($ Millions, except for per share data)

(UNAUDITED)

	Three Months Ended March 31,	
	2015	2014
Net Income	**$ 13.6**	$ 12.6
Less: Dividend Requirements on Preferred Stock	**—**	—
Net Income Applicable to Common Stock	**$ 13.6**	$ 12.6
Weighted Average Number of Common Shares Outstanding – Basic (000’s)	**13,893**	13,819
Dilutive Effect of Stock Options and Restricted Stock (000’s)	**4**	3
Weighted Average Number of Common Shares Outstanding – Diluted (000’s)	**13,897**	13,822
Earnings Per Share – Basic	**$ 0.98**	$ 0.91
Earnings Per Share – Diluted	**$ 0.98**	$ 0.91

Exhibit 31.1

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Robert G. Schoenberger, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f))for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2015

/s/ Robert G. Schoenberger

Robert G. Schoenberger
Chief Executive Officer and President

Exhibit 31.2

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Mark H. Collin, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2015

/s/ Mark H. Collin

Mark H. Collin
Chief Financial Officer

CERTIFICATION UNDER SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Laurence M. Brock, certify that:

1) I have reviewed this quarterly report on Form 10-Q of Unitil Corporation;

2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4) The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   d) Disclosed in this report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal controls over financial reporting; and

5) The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: April 23, 2015

/s/ Laurence M. Brock

Laurence M. Brock
Chief Accounting Officer

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of Unitil Corporation (the "Company") on Form 10-Q for the period ending March 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each of the undersigned Robert G. Schoenberger, Chief Executive Officer and President, Mark H. Collin, Chief Financial Officer and Laurence M. Brock, Chief Accounting Officer, certifies, to the best knowledge and belief of the signatory, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Signature	Capacity	Date
/s/ Robert G. Schoenberger Robert G. Schoenberger	Chief Executive Officer and President	April 23, 2015
/s/ Mark H. Collin Mark H. Collin	Chief Financial Officer	April 23, 2015
/s/ Laurence M. Brock Laurence M. Brock	Chief Accounting Officer	April 23, 2015

FOR RELEASE

UNITIL REPORTS FIRST QUARTER EARNINGS

HAMPTON, N.H., APRIL 23, 2015 — Unitil Corporation (NYSE: UTL) (www.unitil.com) today announced Net Income of $13.6 million, or $0.98 per share, for the first quarter of 2015, an increase of $1.0 million, or $0.07 per share, compared to the Company's results for the first quarter of 2014. The 7.9% increase in earnings for the first three months of 2015 was driven by higher natural gas and electric sales and margins partially offset by higher net operating expenses.

"Sustained customer growth in our natural gas business, a successful regulatory agenda and a cold New England winter resulted in a strong first quarter for our Company," said Robert G. Schoenberger, Unitil's Chairman and Chief Executive Officer. "We expect this growth to continue in the years ahead."

Natural gas sales margin was $38.8 million in the three months ended March 31, 2015, resulting in an increase of $2.3 million compared to the same period in 2014. Natural gas sales margin was positively affected by higher therm unit sales in the first quarter of 2015, a growing customer base and higher distribution rates. Therm sales of natural gas increased 6.5% in the three months ended March 31, 2015 compared to the same period in 2014. The increase in gas therm sales in the Company's utility service territories was driven by colder winter weather in the first quarter of 2015 compared to 2014 coupled with strong growth in the number of customers. Based on weather data collected in the Company's service areas, there were 4% more Heating Degree Days in the first quarter of 2015 compared to the same period in 2014. Weather-normalized gas therm sales are estimated to be up 4.6% in the first quarter of 2015 compared to the same period in 2014.

Electric sales margin was $21.2 million in the three months ended March 31, 2015, resulting in an increase of $2.0 million compared to the same period in 2014 primarily reflecting higher electric distribution rates. Electric kilowatt-hour (kWh) sales increased 0.3% compared to the first quarter of 2014.

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(Continued on Next Page)

Revenues of $1.6 million in the first quarter of 2015 for Usource, the Company's non-regulated energy brokering business, were on par with results for the first quarter of 2014.

Operation and Maintenance (O&M) expenses decreased $0.2 million in the three months ended March 31, 2015 compared to the same period in 2014. The change in O&M expenses reflects lower professional fees of $0.8 million, partially offset by higher utility operating costs of $0.4 million and higher compensation and benefit costs of $0.3 million. All other O&M costs, net were $0.1 million lower in the first quarter of 2015 compared to 2014. Included in the increase in utility operating costs are $0.2 million of higher vegetation management costs which are currently recovered in electric rates and reflected in electric sales margin.

Depreciation, Amortization, Property Taxes and other expenses increased $1.5 million in the three months ended March 31, 2015 compared to the same period in 2014, reflecting higher utility plant assets in service, amortization of storm restoration costs and property taxes. The amortization of storm restoration costs is also recovered in current electric rates and reflected in electric sales margin.

Interest Expense, net increased $0.6 million in the three months ended March 31, 2015 compared to the same period in 2014, reflecting higher levels of long-term debt and lower net interest income on regulatory assets.

Income Taxes increased $1.4 million for the three months ended March 31, 2015, reflecting higher pre-tax earnings in the current period.

At its January 2015 and April 2015 meetings, Unitil's Board of Directors declared quarterly dividends on the Company's common stock of $0.35 per share, resulting in an increase in the effective annual dividend rate to $1.40 per share from $1.38 per share. These dividend declarations continue an unbroken record of quarterly dividend payments since trading began in Unitil's common stock.

The Company's earnings are seasonal and are typically higher in the first and fourth quarters when customers use natural gas for heating purposes.

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The Company will hold a quarterly conference call to discuss first quarter 2015 results on Thursday, April 23, 2015, at 2:00 p.m. Eastern Time. This call is being webcast and can be accessed in the Investor Relations section of Unitil's website, www.unitil.com.

About Unitil Corporation

Unitil Corporation provides energy for life by safely and reliably delivering natural gas and electricity in New England. We are committed to the communities we serve and to developing people, business practices, and technologies that lead to the delivery of dependable, more efficient energy. Unitil Corporation is a public utility holding company with operations in Maine, New Hampshire and Massachusetts. Together, Unitil's operating utilities serve approximately 102,700 electric customers and 77,900 natural gas customers. Other subsidiaries include Usource, Unitil's non-regulated business segment. For more information about our people, technologies, and community involvement please visit www.unitil.com.

Forward-Looking Statements

This press release may contain forward-looking statements. All statements, other than statements of historical fact, included in this press release are forward-looking statements. Forward-looking statements include declarations regarding Unitil's beliefs and current expectations. These forward-looking statements are subject to the inherent risks and uncertainties in predicting future results and conditions that could cause the actual results to differ materially from those projected in these forward-looking statements. Some, but not all, of the risks and uncertainties include the following: Unitil's regulatory environment (including regulations relating to climate change, greenhouse gas emissions and other environmental matters); fluctuations in the supply of, the demand for, and the prices of, gas and electric energy commodities and transmission and transportation capacity and Unitil's ability to recover energy supply costs in its rates; customers' preferred energy sources; severe storms and Unitil's ability to recover storm costs in its rates; general economic conditions; variations in weather; long-term global climate change; Unitil's ability to retain its existing customers and attract new customers; increased competition; and other risks detailed in Unitil's filings with the Securities and Exchange Commission. These forward looking statements speak only as of the date they are made. Unitil undertakes no obligation, and does not intend, to update these forward-looking statements.

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Selected financial data for 2015 and 2014 is presented in the following table:

Unitil Corporation – Condensed Financial Data

(Millions, except Per Share and Shares Data) (Unaudited)

	Three Months Ended March 31, 2015	2014	Change
Gas Therm Sales:			
Residential	25.1	22.9	9.6%
Commercial/Industrial	74.4	70.5	5.5%
Total Gas Therm Sales	**99.5**	**93.4**	**6.5%**
Electric kWh Sales:			
Residential	198.6	201.9	(1.6%)
Commercial/Industrial	249.8	245.1	1.9%
Total Electric kWh Sales	**448.4**	**447.0**	**0.3%**
Gas Revenues	$ 100.3	$ 92.6	$ 7.7
Cost of Gas Sales	61.5	56.1	5.4
Gas Sales Margin	**38.8**	**36.5**	**2.3**
Electric Revenues	70.3	61.9	8.4
Cost of Electric Sales	49.1	42.7	6.4
Electric Sales Margin	**21.2**	**19.2**	**2.0**
Usource Revenues	**1.6**	**1.6**	—
Total Sales Margin	**61.6**	**57.3**	**4.3**
Operation & Maintenance Expenses	16.9	17.1	(0.2)
Depreciation, Amortization, Property Taxes & Other	16.4	14.9	1.5
Interest Expense, Net	5.8	5.2	0.6
Income Before Income Taxes	**22.5**	**20.1**	**2.4**
Income Tax Expense	8.9	7.5	1.4
Net Income	**$ 13.6**	**$ 12.6**	**$ 1.0**
Earnings Per Share	**$ 0.98**	**$ 0.91**	**$ 0.07**