

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

ANNUAL REPORT

FOR THE PERIOD

Beginning January 1, 1998 and Ending December 31, 1998

TO THE

US SECURITIES AND EXCHANGE COMMISSION

OF

UNITIL SERVICE CORP.

A Subsidiary Service Company

Date of Incorporation October 9, 1984

State of Incorporation New Hampshire

Location of Principal Executive Offices of Reporting Company:

6 Liberty Lane West
Hampton, New Hampshire 03842-1720

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

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

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

UNITIL Corporation

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SCHEDULE I - COMPARATIVE BALANCE SHEET

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

ACCOUNT	ASSETS AND OTHER DEBITS	AS OF DECEMBER 31	
		CURRENT	PRIOR
SERVICE COMPANY PROPERTY			
101	Service company property (Schedule II)	5,371,304	4,766,665
107	Construction work in progress (Schedule II)	0	0
	Total Property	5,371,304	4,766,665
108	Less accumulated provision for depreciation and amortization of service company property (Schedule III)	2,670,176	1,769,333
	Net Service Company Property	2,701,128	2,997,332
INVESTMENTS			
123	Investments in associate companies (Schedule IV)	0	0
124	Other investments (Schedule IV)	0	0
	Total investments	0	0
CURRENT AND ACCRUED ASSETS			
131	Cash	537,413	487,562
134	Special deposits	0	0
135	Working funds	6,000	6,000
136	Temporary cash investments (Schedule IV)	0	0
141	Notes receivable	0	0
143	Accounts receivable	221,825	113,241
144	Accumulated provision for uncollectable accounts	0	0
146	Accounts receivable from associate companies (Schedule V)	1,656,544	2,032,757
152	Fuel stock expense undistributed (Schedule VI)	0	0
154	Materials and supplies	0	0
163	Stores expense undistributed (Schedule VII)	0	0
165	Prepayments	66,259	63,158
174	Miscellaneous current and accrued assets (Schedule VIII)	0	0
	Total Current and Accrued Assets	2,488,041	2,702,718
DEFERRED DEBITS			
181	Unamortized debt expense	0	0
184	Clearing accounts	6,788	251,770
186	Miscellaneous deferred debits (Schedule IX)	1,636,028	1,036,457
188	Research, development, or demonstration expenditures (Schedule X)	0	0
190	Accumulated deferred income tax	0	0
	Total Deferred Debits	1,642,816	1,288,227
	TOTAL ASSETS AND OTHER DEBITS	6,831,985	6,988,277

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SCHEDULE I - COMPARATIVE BALANCE SHEET

ACCOUNT	LIABILITIES AND PROPRIETARY CAPITAL	AS OF DECEMBER 31	
		CURRENT	PRIOR
PROPRIETARY CAPITAL			
201	Common stock issued (Schedule XI)	1,000	1,000
211	Miscellaneous paid-in-capital (Schedule XI)	0	0
215	Appropriated retained earnings (Schedule XI)	0	0
216	Unappropriated retained earnings (Schedule XI)	1,688	1,688
	Total Proprietary Capital	2,688	2,688
LONG-TERM DEBT			
223	Advances from associate companies (Schedule XII)	0	0
224	Other long-term debt (Schedule XII)	0	0
225	Unamortized premium on long-term debt	0	0
226	Unamortized discount on long-term debt-debit	0	0
	Total Long-Term Debt	0	0
227	Obligations under capital leases - non-current	1,942,147	2,233,598

CURRENT AND ACCRUED LIABILITIES			
231	Notes payable	0	0
232	Accounts payable	636,931	666,092
233	Notes payable to associate companies (Schedule XIII)	2,424,099	1,816,986
234	Accounts payable to associate companies (Schedule XIII)	425,804	1,452,443
236	Taxes accrued	(144,013)	35,932
237	Interest accrued	48,826	0
238	Dividends declared	0	0
241	Tax collections payable	0	0
242	Miscellaneous current and accrued liabilities (Schedule XIII)	1,539,132	748,570
243	Obligations under capital leases - current	754,544	752,887
	Total Current and Accrued Liabilities	5,685,323	5,472,910
DEFERRED CREDITS			
253	Other deferred credits	0	0
255	Accumulated deferred investment tax credits	0	0
	Total Deferred Credits	0	0
282	ACCUMULATED DEFERRED INCOME TAXES	(798,173)	(720,919)
	TOTAL LIABILITIES AND PROPRIETARY CAPITAL	6,831,985	6,988,277

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SCHEDULE II - SERVICE COMPANY PROPERTY

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS	RETIREMENTS OR SALES	OTHER CHANGES 1/	BALANCE AT CLOSE OF YEAR
SERVICE COMPANY PROPERTY Account					
301 ORGANIZATION					
303 MISCELLANEOUS INTANGIBLE PLANT					
304 LAND AND LAND RIGHTS					
305 STRUCTURES AND IMPROVEMENTS					
306 LEASEHOLD IMPROVEMENTS					
307 EQUIPMENT 2/	3,723,256	550,317	0	0	4,273,573
308 OFFICE FURNITURE AND EQUIPMENT	1,028,232	54,323	0	0	1,082,555
309 AUTOMOBILE OTHER VEHICLES AND RELATED GARAGE EQUIPMENT	15,176	21,020	(21,020)	0	15,176
310 AIRCRAFT AND AIRPORT EQUIPMENT					
311 OTHER SERVICE COMPANY PROPERTY 3/					
SUB-TOTAL	4,766,665	625,659	(21,020)	0	5,371,304
107 CONSTRUCTION WORK IN PROGRESS					
TOTAL	4,766,665	625,659	(21,020)	0	5,371,304

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

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SCHEDULE II - CONTINUED

2/ SUBACCOUNTS ARE REQUIRED FOR EACH CLASS OF EQUIPMENT OWNED. THE SERVICE COMPANY SHALL PROVIDE A LISTING BY SUBACCOUNT OF EQUIPMENT ADDITIONS

DURING THE YEAR AND THE BALANCE AT THE CLOSE OF THE YEAR:

SUBACCOUNT DESCRIPTION	ADDITIONS	BALANCE AT CLOSE OF YEAR
Computer	380,404	3,532,685
PBX Phone System	169,913	740,888
TOTAL	550,317	4,273,573

3/ DESCRIBE OTHER SERVICE COMPANY PROPERTY:
NONE

4/ DESCRIBE CONSTRUCTION WORK IN PROGRESS:
NONE

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SCHEDULE III

ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF SERVICE COMPANY PROPERTY

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	ADDITIONS CHARGED TO ACCOUNT 403	RETIREMENTS	OTHER CHANGES ADD (DEDUCT)1/	BALANCE AT CLOSE OF YEAR
Account					
301 ORGANIZATION					
303 MISCELLANEOUS INTANGIBLE PLANT					
304 LAND AND LAND RIGHTS					
305 STRUCTURES AND IMPROVEMENTS					
306 LEASEHOLD IMPROVEMENTS					
307 EQUIPMENT	1,629,918	743,640	0	0	2,373,558
308 OFFICE FURNITURE AND EQUIPMENT	144,488	152,145	0	0	296,633
309 AUTOMOBILES, OTHER VEHICLES AND RELATED GARAGE EQUIPMENT	(5,073)	26,078	(21,020)	0	(15)
310 AIRCRAFT AND AIRPORT EQUIPMENT					
311 OTHER SERVICE COMPANY PROPERTY					
TOTAL	1,769,333	921,863	(21,020)	0	2,670,176

1/ PROVIDE AN EXPLANATION OF THOSE CHANGES CONSIDERED MATERIAL:

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SCHEDULE IV - INVESTMENTS

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

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

DESCRIPTION	BALANCE AT BEGINNING	BALANCE AT CLOSE
-------------	----------------------	------------------

	OF YEAR	OF YEAR
ACCOUNT 123 - INVESTMENT IN ASSOCIATED COMPANIES	0	0
ACCOUNT 124 - OTHER INVESTMENTS	0	0
ACCOUNT 136 - TEMPORARY CASH INVESTMENTS	0	0
TOTAL	0	0

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SCHEDULE V - ACCOUNTS RECEIVABLE FROM ASSOCIATE COMPANIES

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

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
ACCOUNT 146 - ACCOUNTS RECEIVABLE FROM ASSOCIATE Companies		
Concord Electric Company	399,447	270,789
Exeter & Hampton Electric Company	383,034	277,879
Fitchburg Gas and Electric Light Company	873,277	733,193
UNITIL Power Corp.	360,910	350,090
UNITIL Realty Corp.	2,613	12,712
UNITIL Corporation	0	5,049
UNITIL Resources, Inc.	13,476	6,832
TOTAL	2,032,757	1,656,544

ANALYSIS OF CONVENIENCE OR ACCOMMODATION PAYMENTS:

Concord Electric Company	85,094
Exeter & Hampton Electric Company	89,601
Fitchburg Gas and Electric Light Company	659,416
UNITIL Power Corp.	353,738
UNITIL Realty Corp.	31,089
UNITIL Resources, Inc.	21,390
UNITIL Corp.	133

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

TOTAL PAYMENTS	1,240,461
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CONVENIENCE PAYMENTS BY TYPE AND COMPANY

	CECo	E&H	FG&E	UPC
Legal	\$53,969	\$58,734	\$620,749	\$330,984
Audit	31,125	30,866	38,667	22,754
	\$ 85,094	\$89,601	\$659,416	\$353,738

CONVENIENCE PAYMENTS BY TYPE AND COMPANY (Cont.)	URI	URC	UC	Total
Legal	\$21,257	\$25,323	0	1,111,016
Audit	133	5,766	133	129,445
	\$21,390	\$31,089	133	\$1,240,461

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SCHEDULE VI - FUEL STOCK EXPENSES UNDISTRIBUTED

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

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

SUMMARY:

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SCHEDULE VII - STORES EXPENSE UNDISTRIBUTED

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

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

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SCHEDULE VIII

MISCELLANEOUS CURRENT AND ACCRUED ASSETS

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

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

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SCHEDULE IX - MISCELLANEOUS DEFERRED DEBITS

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

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
ACCOUNT 186 - MISCELLANEOUS DEFERRED DEBITS		
Under/(over) collected administrative expenses	59,822	7,637
Postage	23,856	69,343
PC purchases	12,848	3,537
Software Costs	939,932	1,555,511
TOTAL	1,036,458	1,636,028

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SCHEDULE X

RESEARCH, DEVELOPMENT OR DEMONSTRATION EXPENDITURES

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

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

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SCHEDULE XI - PROPRIETARY CAPITAL

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

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

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

INSTRUCTIONS: Give particulars concerning net income or (loss) during the year, distinguishing between compensation for the use of capital owned or net loss remaining from servicing nonassociates per the General Instructions

of the Uniform System of Accounts. For dividends paid during the year in cash or otherwise, provide rate percentage, amount of dividend, date declared and date paid.

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

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SCHEDULE XII - LONG-TERM DEBT

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

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

1/ GIVE AN EXPLANATION OF DEDUCTIONS:

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SCHEDULE XIII - CURRENT AND ACCRUED LIABILITIES

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

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	BALANCE AT CLOSE OF YEAR
ACCOUNT 233 - NOTES PAYABLE TO ASSOCIATE COMPANIES		
Money Pool	1,816,986	2,424,099
TOTAL	1,816,986	2,424,099

ACCOUNT 234 - ACCOUNTS PAYABLE TO ASSOCIATE COMPANIES

Concord Electric Company	0	(83,469)
Exeter & Hampton Electric Company	88,580	(65,370)
Fitchburg Gas and Electric Company	41,396	(373,904)
UNITIL Corporation (1)	1,321,602	1,081,034
UNITIL Power Corporation	865	(129,106)
UNITIL Realty Corporation	0	(1,425)

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

TOTAL	1,452,443	425,804
ACCOUNT 242 - MISCELLANEOUS CURRENT AND ACCRUED LIABILITIES		
Accrued FASB 87	200,616	517,943
Accrued Supplemental Executive Retirement Plan	363,655	439,846
Accrued Legal Fees	3,043	973
Accrued Annual Report	54,495	53,100
Accrued FASB 106	65,117	87,805
Accrued FASB 106 - APBO	(2,489)	2,421
Accrued FASB 106 - Gain/Loss	(1,649)	(1,649)
Accrued Interest on Escrow	23,435	0
Accrued Auditing	0	2,700
Accrued Compensation	0	407,000
Accrued Miscellaneous Costs	42,347	28,993
TOTAL	748,570	1,539,132

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SCHEDULE XIV
NOTES TO FINANCIAL STATEMENT

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

Selected Notes to the Financial Statements:

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

Please refer to the 1998 UNITIL Corporation Form 10-K for additional disclosures.

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SCHEDULE XV

STATEMENT OF INCOME

ACCOUNT	DESCRIPTION	CURRENT YEAR	PRIOR YEAR
INCOME			
457	Services rendered to associate companies	17,003,091	12,935,280
458	Services rendered to nonassociate companies	30,000	30,000
419	Interest Income	0	539
421	Miscellaneous income or loss	(18,685)	10,830
	Total Income	17,014,406	12,976,649
EXPENSE			
920	Salaries and wages	8,023,133	5,914,082
921	Office supplies and expenses	968,711	812,299
922	Administrative expense transferred - credit	52,185	(51,631)
923	Outside services employed	1,495,119	863,769
924	Property insurance	2,851	3,524
925	Injuries and damages	28,135	27,449
926	Employee pensions and benefits	1,656,941	1,404,858
928	Regulatory commission expense	0	0

930.1	General advertising expense	449,561	775,607
930.2	Miscellaneous general expense	366,986	(59,604)
931	Rents	1,666,467	1,482,496
932	Maintenance of structures and equipment	488,204	337,676
403	Depreciation and amortization expense	903,178	785,609
408	Taxes other than income taxes	551,633	402,731
409	Income taxes	95,666	53,612
410	Provision for deferred income taxes	(77,254)	(53,727)
411	Provision for deferred income taxes - credit	0	0
411.5	Investment tax credit	0	0
426.1	Donations	24,822	5,046
426.5	Other deductions	0	18
427	Interest on long-term debt	0	0
430	Interest on debt to associate companies	57,442	43,446
431	Other interest expense	260,626	229,390
	Total Expense	17,014,406	12,976,649
	Net Income or (Loss)	0	0

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ANALYSIS OF BILLING
ASSOCIATE COMPANIES
ACCOUNT 457

NAME OF ASSOCIATE COMPANY	DIRECT COSTS CHARGED 457-1	INDIRECT COSTS CHARGED 457-2	COMPENSATION FOR USE OF CAPITAL 457-3	TOTAL AMOUNT BILLED
Concord Electric Company	1,384,374	1,517,136	0	2,901,510
Exeter & Hampton Electric Company	1,337,906	1,461,992	0	2,799,898
Fitchburg Gas and Electric Light Company	3,602,880	3,953,422	0	7,556,302
UNITIL Power Corp.	1,675,876	1,855,974	0	3,531,850
UNITIL Realty Corp.	31,093	32,951	0	64,044
UNITIL Resources, Inc.	59,745	89,742	0	149,487
TOTAL	8,091,874	8,911,217	0	17,003,091

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ANALYSIS OF BILLING
NONASSOCIATE COMPANIES
ACCOUNT 458

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

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

UNITIL Retiree Trust - Professional services provided.

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SCHEDULE XVI
ANALYSIS OF CHARGES FOR SERVICE
ASSOCIATE AND NONASSOCIATE COMPANIES

DESCRIPTION OF ITEMS	ASSOCIATE COMPANY CHARGES		
	DIRECT COST	INDIRECT COST	TOTAL
920 SALARIES AND WAGES	6,934,336	1,058,797	7,993,133
921 OFFICE SUPPLES AND EXPENSES	94,352	874,360	968,711
922 ADMIN EXPENSE TRANS-CREDIT		52,185	52,185
923 OUTSIDE SERVICES EMPLOYED	144,860	1,350,259	1,495,119
924 PROPERTY INSURANCE		2,851	2,851
925 INJURIES AND DAMAGES		28,135	28,135
926 EMPLOYEE PENSIONS AND BENEFITS		1,656,941	1,656,941
928 REGULATORY COMMISSION EXPENSE		0	0
930.1 GENERAL ADVERTISING EXPENSE		449,561	449,561
930.2 MISC. GENERAL EXPENSE		366,986	366,986
931 RENTS	0	1,666,467	1,666,467
932 MAINT. OF STRUCT. & EQUIP.	918,326	(430,122)	488,204
403 DEPR. AND AMORT. EXPENSE		903,178	903,178
408 TAXES OTHER THAN INCOME		551,633	551,633
409 INCOME TAXES		95,666	95,666
410 PROV FOR DEF INC TAXES		(77,254)	(77,254)
411 PROV FOR DEF INC TAX CREDIT		0	0
411.5 INVESTMENT TAX CREDIT		0	0
419 INTEREST INCOME		18,685	18,685
426.1 DONATIONS		24,822	24,822
426.5 OTHER DEDUCTIONS		0	0
427 INTEREST ON LONG-TERM DEBT		0	0
431 OTHER INTEREST EXPENSE		260,626	260,626

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

SUBTOTAL EXPENSES	8,091,874	8,853,775	16,945,649
COMPENSATION FOR USE OF EQUITY CAPITAL			0
430 INTEREST ON DEBT TO ASSOCIATE CO.'S	0	57,442	57,442
TOTAL EXPENSES	8,091,874	8,911,217	17,003,091
421 MISCELLANEOUS INCOME	0	(18,685)	(18,685)
TOTAL COST OF SERVICE	8,091,874	8,892,532	16,984,406

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

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

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

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

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

DESCRIPTION OF ITEMS	DIRECT COST	INDIRECT COST	TOTAL
920 SALARIES AND WAGES	6,934,336	1,088,797	8,023,133
921 OFFICE SUPPLES AND EXPENSES	94,352	874,360	968,711
922 ADMIN EXPENSE TRANS-CREDIT	0	52,185	52,185
923 OUTSIDE SERVICES EMPLOYED	144,860	1,350,259	1,495,119
924 PROPERTY INSURANCE	0	2,851	2,851
925 INJURIES AND DAMAGES	0	28,135	28,135
926 EMPLOYEE PENSIONS AND BENEFITS	0	1,656,941	1,656,941
928 REGULATORY COMMISSION EXPENSE	0	0	0
930.1 GENERAL ADVERTISING EXPENSE	0	449,561	449,561
930.2 MISC. GENERAL EXPENSE	0	366,986	366,986
931 RENTS	0	1,666,467	1,666,467
932 MAINT. OF STRUCT. & EQUIP.	918,326	(430,122)	488,204
403 DEPR. AND AMORT. EXPENSE	0	903,178	903,178
408 TAXES OTHER THAN INCOME	0	551,633	551,633
409 INCOME TAXES	0	95,666	95,666
410 PROV FOR DEF INC TAXES	0	(77,254)	(77,254)
411 PROV FOR DEF INC TAX CREDIT	0	0	0
411.5 INVESTMENT TAX CREDIT	0	0	0
419 INTEREST INCOME	0	18,685	18,685
426.1 DONATIONS	0	24,822	24,822
426.5 OTHER DEDUCTIONS	0	0	0
427 INTEREST ON LONG-TERM DEBT	0	0	0
431 OTHER INTEREST EXPENSE	0	260,626	260,626
INSTRUCTION: Total cost of service will equal for associate and nonassociate companies the total amount billed under their separate analysis of billing schedules.			
SUBTOTAL EXPENSES	8,091,874	8,883,775	16,975,649
COMPENSATION FOR USE OF EQUITY CAPITAL			0
430 INTEREST ON DEBT TO ASSOCIATE CO.'S	0	57,442	57,442
TOTAL EXPENSES	8,091,874	8,941,217	17,033,091
421 MISCELLANEOUS INCOME	0	(18,685)	(18,685)
TOTAL COST OF SERVICE	8,091,874	8,922,532	17,014,406

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SCHEDULE XVII
SCHEDULE OF EXPENSE DISTRIBUTION
BY
DEPARTMENT OR SERVICE FUNCTION

DESCRIPTION OF ITEMS	TOTAL AMOUNT	OVER-HEAD	DEPARTMENT OR SERVICE FUNCTION	
			MARKET PRICING	ADMIN.
920 SALARIES AND WAGES	8,023,133		956,619	647,205
921 OFFICE SUPPLES AND EXPENSES	968,711		70,179	272,971
922 ADMIN. EXPENSE TRANS-CREDIT	52,185			
923 OUTSIDE SERVICES EMPLOYED	1,495,119		80,782	14,560
924 PROPERTY INSURANCE	2,851			
925 INJURIES AND DAMAGES	28,135			
926 EMPLOYEE PENSIONS AND BENEFITS	1,656,941		15,235	8,030
928 REGULATORY COMMISSION EXPENSE	0			
930.1 GENERAL ADVERTISING EXPENSE	449,561		421,601	27,945
930.2 MISC. GENERAL EXPENSE	366,986			
931 RENTS	1,666,467			1,718,333
932 MAINT. OF STRUCT. & EQUIP.	488,204			322,857
403 DEPR. AND AMORT. EXPENSE	903,178			
408 TAXES OTHER THAN INCOME	551,633			
409 INCOME TAXES	95,666			
410 PROV. FOR DEF. INC. TAXES	(77,254)			
411 PROV. FOR DEF. INC. TAX CREDIT	0			
411.5 INVESTMENT TAX CREDIT	0			
426.1 DONATIONS	24,822			
426.5 OTHER DEDUCTIONS	0			
427 INTEREST ON LONG-TERM DEBT	0			
430 INTEREST ON DEBT TO ASSOCIATE COMPANIES	57,442			
431 OTHER INTEREST EXPENSE	260,626			
INSTRUCTIONS: Indicate each department or service function. (see Instruction 01-3 General Structure of Accounting System Uniform System Account.				
TOTAL EXPENSES -	17,014,406		1,544,416	3,011,902

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

ACCOUNT NUMBER	ACCOUNTING	ENERGY RESOURCES	DISTRIBUTION	FINANCE	CUSTOMER AFFAIRS	ENGINEER.	TECHNOLOGY
920	873,927	920,885	257,962	1,538,446	1,304,707	1,091,920	431,462
921	66,066	64,936	3,055	52,982	148,239	113,881	176,402
922	52,185						
923	10,250	129,981	461,631	408,123	338,962	32,660	18,170
924				2,851			
925				28,135			
926	14,802	5,843		1,598,708	10,860	1,480	1,982
928							
930.1		15					
930.2	(130)	55,349		292,937	18,830		
931	(1,121,017)	240	6,171	15,084	259,181	4,140	784,335
932	19,884			21,108	75,601	552	48,202
403	903,178						
408	551,633						
409	95,666						
410	(77,254)						
411							
411.5							
426.1	24,822						
426.5	0						
427							
430				57,442			
431				260,626			
	1,414,012	1,177,249	728,819	4,276,442	2,156,380	1,244,633	1,460,553

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DEPARTMENTAL ANALYSIS OF SALARIES
ACCOUNT 920

NAME OF DEPARTMENT Indicate each department or service function	TOTAL AMOUNT	DEPARTMENT SALARY EXPENSE INCLUDE IN AMOUNTS BILLED TO			NUMBER PERSONNEL END OF YEAR
		PARENT COMPANY	OTHER ASSOCIATES	NON ASSOCIATES	
Market Pricing	1,085,076	0	1,085,076	0	22
Technology	431,462	0	431,462	0	11
Accounting	873,927	0	869,127	4,800	22
Finance	665,681	0	665,081	600	9
Administrative	1,519,970	0	1,496,270	23,700	15
Energy Resources	792,428	0	792,428	0	9
Engineering	1,091,920	0	1,091,920	0	21
Distribution	257,962	0	257,962	0	1
Customer Affairs	1,304,707	0	1,303,807	900	39
TOTAL	8,023,133	0	7,993,133	30,000	149

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OUTSIDE SERVICES EMPLOYED
ACCOUNT 923

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

FROM WHOM PURCHASED	ADDRESS	RELATIONSHIP "A"= ASSOCIATE "NA"=NON ASSOCIATE	AMOUNT
Outside Services - Legal			

Various	NA	46,402
Outside Services - Accounting		
Various	NA	2,700
Outside Services - Other		
Various	NA	355,799
Accountemps	NA	55,942
H.T.E. Inc.	NA	75,901
Kelly Services	NA	181,850
George Beram & Co. Inc.	NA	40,667
The Hay Group	NA	106,794
Russell Reynolds	NA	152,775
Best Western	NA	85,660
McPherson Associates	NA	213,822
New England Conference Center	NA	109,461
Outside Services - Market Development		
Various	NA	24,318
Outside Services - Visibility		
Various	NA	43,027
TOTAL		1,495,119

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EMPLOYEE PENSIONS AND BENEFITS
ACCOUNT 926

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

DESCRIPTION	AMOUNT
Health Insurance	719,766
Net Periodic Pension Expense	317,327
401 K	149,197
Life Insurance	95,896
Education	58,895
Other	173,767
Supplemental Executive Retirement Plan	114,496
FASB 106	27,598
TOTAL	1,656,941

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GENERAL ADVERTISING EXPENSES
ACCOUNT 930.1

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

DESCRIPTION	NAME OF PAYEE	AMOUNT
Recruiting	David Wilson Associates	27,945
Advertising	Luma & Cahill	51,192
Advertising	Ingalls Advertising	258,596
Advertising	Saint Bani Press	51,063
Advertising	Network Publishers	5,900

Advertising	RAM Printing	3,268
Advertising	Other	51,597
TOTAL		449,561

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MISCELLANEOUS GENERAL EXPENSES
ACCOUNT 930.2

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

DESCRIPTION	AMOUNT
Printing and Distribution of Quarterly and Annual Reports	140,223
Employee Orientations	35,152
Director's Fees and Expenses	191,611
TOTAL	366,986

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RENTS
ACCOUNT 931

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

TYPE OF PROPERTY	AMOUNT
Office Building	1,480,155
EDP Equipment	122,079
Miscellaneous	64,234
TOTAL	1,666,468

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TAXES OTHER THAN INCOME TAXES
ACCOUNT 408

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

KIND OF TAX	AMOUNT
Other than U.S. Government Tax:	
State Telephone & Telegram Tax	11,386
State Unemployment Tax - NH	2,967
Other	24
	14,376
U.S. Government Tax:	
Federal Telephone & Telegram Tax	5,393
Federal Insurance Contribution Act	522,180
Federal Unemployment Tax	9,684
	537,257
TOTAL	551,633

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DONATIONS

ACCOUNT 426.1

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

NAME OF RECIPIENT	PURPOSE OF DONATION	AMOUNT
Memorial Fund		10,000
Aggregate		14,822
TOTAL		24,822

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OTHER DEDUCTIONS

ACCOUNT 426.5

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

DESCRIPTION	NAME OF PAYEE	AMOUNT
None		

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SCHEDULE XVIII

NOTES TO STATEMENT OF INCOME

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

See page 19.

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SCHEDULE XIX - FINANCIAL DATA SCHEDULE

ITEM NO.	CAPTION HEADING	AMOUNT
1	Net Service Company Property	2,701,128
2	Total Investments	0
3	Total Current and Accrued Assets	2,488,041
4	Total Deferred Debits	1,642,816
5	Balancing Amount for Total Assets and Other Debits	0
6	Total Assets and Other Debits	6,831,985
7	Total Proprietary Capital	2,688
8	Total Long-Term Debt	0
9	Notes Payable	0
10	Notes Payable to Associate Companies	2,424,099
11	Balancing Amount for Total Current and Accrued Liabilities	3,261,224
12	Total Deferred Credits	0
13	Accumulated Deferred Income Taxes	(798,173)
14	Total Liabilities and Proprietary Capital	6,831,985

15	Service Rendered to Associate Companies	17,003,091
16	Service Rendered to Nonassociate Companies	30,000
17	Miscellaneous Income or Loss	(18,685)
18	Total Income	17,014,406
19	Salaries and Wages	8,023,133
20	Employee Pensions and Benefits	1,656,941
21	Balancing Amount for Total Expenses	7,334,332
22	Total Expenses	17,014,406
23	Net Income (Loss)	0
24	Total Expenses (Direct Costs)	8,091,874
25	Total Expenses (Indirect Costs)	8,922,532
26	Total Expenses (Total)	17,014,406
27	Number of Personnel End of Year	149

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ORGANIZATION CHART AS OF DECEMBER 31, 1998

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

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METHODS OF ALLOCATION

See Next Page

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METHODS OF ALLOCATION

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

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

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

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

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

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ANNUAL STATEMENT OF COMPENSATION FOR USE OF CAPITAL BILLED

Non applicable

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SIGNATURE CLAUSE

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

UNITIL Service Corp.
(Name of Reporting Company)

By:
(Signature of Signing Officer)

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

Date: