UNITIL CORP
Form 10-Q
April 25, 2012
Table of Contents

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, 2012

Commission File Number 1-8858

UNITIL CORPORATION

(Exact name of registrant as specified in its charter)

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

Large Accelerated filer ¨	Accelerated filer x

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 x

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 23, 2012
Common Stock, no par value	**10,990,496 Shares**

Table of Contents

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

FORM 10-Q

For the Quarter Ended March 31, 2012

Table of Contents

Table of Contents

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 areas 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, New Hampshire;

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 101,400 electric customers and 71,900 natural gas customers in their service areas.

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 $512.2 million at March 31, 2012. 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.

Table of Contents

RATES AND REGULATIONS

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 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 NHPUC; Fitchburg is subject to regulation by the Massachusetts Department of Public Utilities (MDPU); and Northern Utilities is regulated by the NHPUC and the 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 areas, 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 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.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of Fitchburg. 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. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, to which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as an increase or a decrease in Accrued Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company estimates that RDM applies to approximately 27% and 13% of Unitil s total annual electric and natural gas sales volumes, respectively. As a result, the sales margins resulting from those sales are no longer sensitive to weather and economic factors. The Company s other electric and natural gas distribution utilities are not subject to RDM.

Table of Contents

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 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, the Company s cost of service 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 and energy used under multi-year energy brokering contracts; and

Table of Contents

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.

RESULTS OF OPERATIONS

The following section of MD&A compares the results of operations for each of the two fiscal periods ended March 31, 2012 and March 31, 2011 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.

The Company s results are expected to reflect the seasonal nature of the natural gas businesses. Accordingly, the Company expects that results of operations will be positively affected during the first and fourth quarters, when sales of natural gas are typically higher, and negatively affected during the second and third quarters, when gas operating and maintenance expenses usually exceed sales margins in the period.

Earnings Overview

The Company s Earnings Applicable to Common Shareholders (Earnings) were $9.0 million for the first quarter of 2012, an increase of $0.3 million over the first quarter of 2011. Earnings per common share (EPS) were $0.83 for the first quarter of 2012, an improvement of $0.02 per share over the first quarter of 2011.

The Company estimates that the mild winter weather negatively impacted earnings by $1.6 million, or $0.15 per share, in the first quarter of 2012. According to the National Oceanic and Atmospheric Administration, the northeast region of the United States, in which Unitil s service areas are located, experienced its warmest first quarter period in 2012 as compared to normal temperatures in the 118 years of record keeping. Based on weather data collected in the Company s service areas, there were 18% fewer Heating Degree Days in the first quarter of 2012 compared to the same period in 2011.

Natural gas sales margin was $27.3 million in the three months ended March 31, 2012, an increase of $2.5 million compared to the same period in 2011. In the first quarter of 2012, natural gas sales margin was positively affected by increased base rates and decoupling revenues from recently completed rate cases and the growth in new natural gas customers. Sales margin was negatively affected by lower therm unit sales which decreased 11.3% in the three months ended March 31, 2012 compared to the same period in 2011, reflecting the effect of milder winter weather in the first quarter of 2012 compared to 2011. Approximately 13% of the Company s total therm sales of natural gas are decoupled and changes in these sales do not affect sales margin. Weather-normalized therm unit sales of natural gas are estimated to be about the same in the first quarter of 2012 compared to the same period in 2011.

Electric sales margin was $16.1 million in the three months ended March 31, 2012, reflecting higher base rates and decoupling revenues from recently completed rate cases, offset by lower electric kilowatt-hour (kWh) sales. Total electric kWh sales decreased 4.8% compared to the first quarter of 2011, primarily reflecting the effect of milder winter weather in the first quarter of 2012 compared to 2011. Approximately 27% of total electric kWh sales are decoupled and changes in these sales do not affect sales margins. Weather-normalized kWh sales are estimated to be about the same in the first quarter of 2012 compared to the same period in 2011.

Operation and Maintenance (O&M) expenses increased $1.2 million in the three months ended March 31, 2012 compared to the same period in 2011. The increase in O&M expenses in the first quarter of 2012

Table of Contents

compared to the same period in 2011 reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a $1.0 million insurance payment. The other changes in O&M expenses reflect higher employee compensation and benefit costs of $0.7 million, lower professional fees of $0.3 million and lower utility operating expenses of $0.2 million. Utility operating costs in the first quarter of 2012 include approximately $0.3 million of spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Depreciation and Amortization expense increased $0.4 million in the three months ended March 31, 2012 compared to the same period in 2011, reflecting normal utility plant additions and amortization of previously deferred storm charges, partially offset by changes in depreciation rates resulting from the Company s recently completed rate cases.

Local Property and Other Taxes increased by $0.4 million in the three months ended March 31, 2012 compared to the same period in 2011. The increase reflects higher local property tax rates on higher levels of utility plant in service.

Interest Expense, net increased $0.3 million in the three months ended March 31, 2012 compared to the same period in 2011, reflecting higher short-term borrowings.

Usource, the Company s non-regulated energy brokering business, recorded revenues of $1.3 million in the first quarter of 2012, on par with revenues of $1.3 million in the first quarter of 2011.

In 2011, Unitil s annual common dividend was $1.38, representing an unbroken record of quarterly dividend payments since trading began in Unitil s common stock. At its January, 2012 and March, 2012 meetings, Unitil s Board of Directors declared quarterly dividends on the Company s common stock of $0.345 per share.

A more detailed discussion of the Company s results of operations for the three months ended March 31, 2012 is presented below.

Gas Sales, Revenues and Margin

Therm Sales Unitil s total therm sales of natural gas decreased 11.3% in the three months ended March 31, 2012 compared to the same period in 2011, reflecting decreases of 14.6% and 10.2% in sales to Residential and Commercial and Industrial (C&I) customers, respectively. The decrease in gas therm sales in the Company s utility service areas reflects the effect of milder winter weather in the first quarter of 2012 compared to 2011. Based on weather data collected in the Company s service areas, there were 18% fewer Heating Degree Days in the first quarter of 2012 compared to the same period in 2011. Approximately 13% of the Company s total therm sales of natural gas are decoupled and changes in these sales do not affect sales margin. As discussed above, under revenue decoupling for Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company s Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes. Weather-normalized therm unit sales of natural gas are estimated to be about the same in the first quarter of 2012 compared to the same period in 2011.

Table of Contents

The following table details total firm therm sales for the three months ended March 31, 2012 and 2011, by major customer class:

Therm Sales (millions)

	Three Months Ended March 31,			
	2012	**2011**	**Change**	**% Change**
Residential	**17.0**	19.9	(2.9)	(14.6%)
Commercial/Industrial	**55.4**	61.7	(6.3)	(10.2%)
Total	**72.4**	81.6	(9.2)	(11.3%)

Gas Operating Revenues and Sales Margin The following table details total Gas Operating Revenues and Sales Margin for the three months ended March 31, 2012 and 2011:

Gas Operating Revenues and Sales Margin (millions)

	Three Months Ended March 31,			
	2012	**2011**	**$ Change**	**% Change(1)**
Gas Operating Revenue:				
Residential	**$ 27.3**	$ 28.0	$ (0.7)	(1.1%)
Commercial / Industrial	**36.9**	37.9	(1.0)	(1.5%)
Total Gas Operating Revenue	**$ 64.2**	$ 65.9	$ (1.7)	(2.6%)
Cost of Gas Sales:				
Purchased Gas	**$ 36.5**	$ 40.5	$ (4.0)	(6.1%)
Conservation & Load Management	**0.4**	0.6	(0.2)	(0.3%)
Total Cost of Gas Sales	**$ 36.9**	$ 41.1	$ (4.2)	(6.4%)
Gas Sales Margin	**$ 27.3**	$ 24.8	$ 2.5	3.8%

(1) Represents change as a percent of Total Gas Operating Revenue.

Unitil analyzes operating results using Gas Sales Margin. Gas Sales Margin is calculated as Total Gas Operating Revenues less the associated cost of sales, which are recorded as Purchased Gas and Conservation & Load Management (C&LM) in Operating Expenses. Unitil believes Gas Sales Margin is a better measure to analyze profitability than Total Gas Operating Revenues since the approved cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in Total Gas Operating Revenues.

Natural gas sales margin was $27.3 million in the three months ended March 31, 2012, an increase of $2.5 million compared to the same period in 2011. In the first quarter of 2012, natural gas sales margin was positively affected by increased base rates and decoupling revenues from recently completed rate cases and the growth in new natural gas customers. Sales margin was negatively affected by lower therm unit sales, discussed above.

The decrease in Total Gas Operating Revenues of $1.7 million in the first quarter of 2012 reflects lower cost of sales of $4.2 million, including lower Purchased Gas costs of $4.0 million and C&LM revenues of $0.2 million, which are tracked costs that are passed through directly to customers. These lower costs of sales were partially offset by higher gas base revenues of $2.5 million.

Table of Contents

Electric Sales, Revenues and Margin

Kilowatt-hour Sales In the first quarter of 2012, Unitil s total electric kWh sales decreased 4.8% compared to the first quarter of 2011. Sales to Residential and C&I customers decreased 5.2% and 4.5%, respectively, in the first quarter of 2012 compared to the same period in 2011, primarily reflecting the effect of milder winter weather in the first quarter of 2012 compared to 2011. As discussed above, based on weather data collected in the Company s service areas, there were 18% fewer Heating Degree Days in the first quarter of 2012 compared to the same period in 2011. Approximately 27% of total electric kWh sales are decoupled and changes in these sales do not affect sales margins. As discussed above, under revenue decoupling for Fitchburg, distribution revenues, which are included in sales margin, will be recognized in the Company s Consolidated Statements of Earnings from August 1, 2011 forward, on established revenue targets and will no longer be dependent on sales volumes. Weather-normalized kWh sales are estimated to be about the same in the first quarter of 2012 compared to the same period in 2011.

The following table details total kWh sales for the three months ended March 31, 2012 and 2011 by major customer class:

kWh Sales (millions)

	Three Months Ended March 31,			
	2012	**2011**	**Change**	**% Change**
Residential	**179.4**	189.2	(9.8)	(5.2%)
Commercial/Industrial	**235.3**	246.3	(11.0)	(4.5%)
Total	**414.7**	435.5	(20.8)	(4.8%)

Electric Operating Revenues and Sales Margin The following table details total Electric Operating Revenues and Sales Margin for the three months ended March 31, 2012 and 2011:

Electric Operating Revenues and Sales Margin (millions)

	Three Months Ended March 31,			
	2012	**2011**	**$ Change**	**% Change[(1)]**
Electric Operating Revenue:				
Residential	**$ 27.7**	$ 27.0	$ 0.7	1.5%
Commercial / Industrial	**21.0**	21.2	(0.2)	(0.4%)
Total Electric Operating Revenue	**$ 48.7**	$ 48.2	$ 0.5	1.0%
Cost of Electric Sales:				
Purchased Electricity	**$ 31.1**	$ 31.2	$ (0.1)	(0.2%)
Conservation & Load Management	**1.5**	0.9	0.6	1.2%
Total Cost of Electric Sales	**$ 32.6**	$ 32.1	$ 0.5	1.0%
Electric Sales Margin	**$ 16.1**	$ 16.1	$	

(1) Represents change as a percent of Total Electric Operating Revenue.

Unitil analyzes operating results using Electric Sales Margin. Electric Sales Margin is calculated as Total Electric Operating Revenues less the associated cost of sales, which are recorded as Purchased Electricity and Conservation & Load Management (C&LM) in Operating Expenses. Unitil believes Electric Sales Margin is a better measure to analyze profitability than Total Electric Operating Revenues since the approved cost of sales are tracked costs that are passed through directly to the customer resulting in an equal and offsetting amount reflected in Total Electric Operating Revenues.

9

Table of Contents

Electric sales margin was $16.1 million in the three months ended March 31, 2012, reflecting higher base rates and decoupling revenues from recently completed rate cases, offset by lower kWh sales.

The increase in Total Electric Operating Revenues of $0.5 million in the first quarter of 2012 reflects higher cost of sales of $0.5 million, including lower Purchased Electricity costs of $0.1 million and higher C&LM revenues of $0.6 million, which are tracked 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, 2012 and 2011:

Other Operating Revenue (Millions)

	Three Months Ended March 31,			
	2012	**2011**	**$ Change**	**% Change**
Other	**$ 1.3**	$ 1.3	$	
Total Other Operating Revenue	**$ 1.3**	$ 1.3	$	

Total Other Operating Revenue, which is comprised of revenues from the Company s non-regulated energy brokering business, Usource, was about the same in the three month period ended March 31, 2012 compared to the same period in 2011. 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

Purchased Gas Purchased Gas includes the cost of natural gas purchased and manufactured to supply the Company s total gas supply requirements. Purchased Gas decreased $4.0 million, or 9.9%, in the three month period ended March 31, 2012 compared to the same period in 2011. The decrease in Purchased Gas reflects lower sales of natural gas. The Company recovers the approved costs of Purchased Gas through reconciling rate mechanisms which track costs and revenues for recovery on a pass-through basis and therefore changes in approved expenses do not affect earnings.

Purchased Electricity Purchased Electricity includes the cost of electric supply as well as other energy supply related restructuring costs, including power supply buyout costs. Purchased Electricity decreased $0.1 million, or 0.3%, in the three month period ended March 31, 2012 compared to the same period in 2011, reflecting lower kWh sales. The Company recovers the approved costs of Purchased Electricity through reconciling rate mechanisms which track costs and revenues for recovery on a pass-through basis 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 non-regulated business activities. O&M expenses increased $1.2 million in the three months ended March 31, 2012 compared to the same period in 2011. The increase in O&M expenses in the first quarter of 2012 compared to the same period in 2011 reflects lower O&M expenses recorded in the first quarter of 2011 due to the receipt of a $1.0 million insurance payment. The other changes in O&M expenses reflect higher employee compensation and benefit costs of $0.7 million, lower professional fees of $0.3 million and lower utility operating expenses of $0.2 million. Utility operating costs in the first quarter of 2012 include approximately $0.3 million of spending on vegetation management and reliability enhancement programs. These costs are recovered through cost tracker rate mechanisms that result in corresponding increases in revenue.

Table of Contents

Conservation & Load Management C&LM expenses are expenses associated with the development, management, and delivery of the Company s energy efficiency programs. Energy efficiency programs are designed, in conformity to state regulatory requirements, to help consumers use natural gas and electricity more efficiently and thereby decrease their energy costs. Programs are tailored to residential, small business and large business customer groups and provide educational materials, technical assistance, and rebates that contribute toward the cost of purchasing and installing approved measures. In the first quarter of 2012, approximately 80% of these costs were related to electric operations and 20% to gas operations.

Total C&LM expenses increased by $0.4 million in the three months ended March 31, 2012 compared to the same period in 2011. These costs are collected from customers on a fully reconciling basis and therefore, fluctuations in program costs do not affect earnings.

Depreciation, Amortization and Taxes

Depreciation and Amortization Depreciation and Amortization expense increased by $0.4 million, or 5.1%, in the three months ended March 31, 2012 compared to the same period in 2011, reflecting normal utility plant additions and amortization of previously deferred storm charges, partially offset by changes in depreciation rates resulting from the Company s recently completed rate cases.

Local Property and Other Taxes Local Property and Other Taxes increased by $0.4 million, or 12.1%, in the three months ended March 31, 2012 compared to the same period in 2011. The increase reflects higher local property tax rates on higher levels of utility plant in service.

Federal and State Income Taxes Federal and State Income Taxes decreased by $0.1 million for the three months ended March 31, 2012 compared to the same period in 2011.

Other Non-Operating Expenses

Other Non-operating Expenses in the three month period ended March 31, 2012 were flat compared to the same period in 2011.

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.

Table of Contents

Interest Expense, Net (millions)	Three Months Ended March 31, 2012	2011	Change
Interest Expense			
Long-term Debt	**$ 5.1**	$ 5.1	$
Short-term Debt	**0.5**	0.4	0.1
Regulatory Liabilities		0.1	(0.1)
Subtotal Interest Expense	**5.6**	5.6	
Interest (Income)			
Regulatory Assets	**(0.6)**	(0.9)	0.3
AFUDC and Other	**(0.1)**	(0.1)	
Subtotal Interest (Income)	**(0.7)**	(1.0)	0.3
Total Interest Expense, Net	**$ 4.9**	$ 4.6	$ 0.3

Interest Expense, Net increased $0.3 million in the three months ended March 31, 2012 compared to the same period in 2011, reflecting higher short-term borrowings.

CAPITAL REQUIREMENTS

Sources of Capital

Unitil requires capital to fund utility plant additions, working capital and other utility expenditures recovered in subsequent and future 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.

The Company and its subsidiaries are individually and collectively members of the Unitil Cash Pool (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, 2012, March 31, 2011 and December 31, 2011, all of the Company s subsidiaries were in compliance with the regulatory requirements to participate in the Cash Pool.

Unitil has a revolving credit facility with a group of banks that extends to October 8, 2013. The borrowing limit under the revolving credit facility was $115.0 million at March, 31, 2012. There were $77.6 million, $50.6 million and $87.9 million in short-term debt outstanding through bank borrowings under the revolving credit facility at March 31, 2012, March 31, 2011 and December 31, 2011, respectively. The revolving credit facility contains customary terms and conditions for credit facilities of this type, including, without limitation, covenants restricting the Company s ability to incur liens, merge or consolidate with another entity or change its line of business. The revolving credit agreement also contains a covenant restricting the Company s ability to permit funded debt to exceed 65% of capitalization at the end of each fiscal quarter. As of March 31, 2012, March 31, 2011 and December 31, 2011, the Company was in compliance with the financial covenants contained in the revolving credit agreement. (See also Credit Arrangements in Note 4.)

Table of Contents

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, 2012, there were approximately $31.6 million of guarantees outstanding and the longest term guarantee extends through February 2014.

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 were $6.3 million, $1.8 million and $14.9 million outstanding at March 31, 2012, March 31, 2011 and December 31, 2011, respectively, related to these asset management agreements. The amount of natural gas inventory released in March 2012, which is payable in April 2012, is $0.3 million and recorded in Accounts Payable at March 31, 2012. The amount of natural gas inventory released in March 2011, which was payable in April 2011, is $1.7 million and recorded in Accounts Payable at March 31, 2011. The amount of natural gas inventory released in December 2011, which was payable in January 2012, is $2.5 million and recorded in Accounts Payable at December 31, 2011.

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, 2012, the principal amount outstanding for the 8% Unitil Realty notes was $3.2 million, and 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, 2012 compared to the same period in 2011.

	Three Months Ended March 31,	
	2012	**2011**
Cash Provided by Operating Activities	**$ 30.4**	$ 36.4

Cash Provided by Operating Activities Cash Provided by Operating Activities was $30.4 million in 2012, a decrease of $6.0 million compared to 2011. Cash flow from Net Income, adjusted for non-cash charges to depreciation, amortization and deferred taxes, was $22.6 million in 2012 compared to $21.1 million in 2011, representing an increase of $1.5 million. Working capital changes in Current Assets and Liabilities resulted in a $13.5 million net source of cash in 2012 compared to a $17.3 million net source of cash in 2011, representing a decrease of $3.8 million. Deferred Regulatory and Other Charges resulted in a ($4.2) million use of cash in 2012 compared to a ($2.5) million use of cash in 2011. All Other, net operating activities resulted in a use of cash of ($1.5) million in 2012 compared to a source of cash of $0.5 million in 2011.

Table of Contents

	Three Months Ended March 31,	
	2012	**2011**
Cash (Used in) Investing Activities	**$ (9.1)**	$ (10.8)

Cash (Used in) Investing Activities Cash Used in Investing Activities was ($9.1) million for 2012 compared to ($10.8) million in 2011. The capital spending in both periods is representative of normal distribution utility capital expenditures reflecting normal electric and gas utility system additions.

	Three Months Ended March 31,	
	2012	**2011**
Cash (Used in) Financing Activities	**$ (20.6)**	$ (27.9)

Cash (Used in) Financing Activities Cash Used in Financing Activities was ($20.6) million in 2012 compared to ($27.9) million in 2011. In 2012, uses of cash in financing activities included repayment of short-term debt of ($10.3) million, a decrease in gas inventory financing of ($6.5) million, regular quarterly dividend payments on common and preferred stock of ($3.8) million and repayment of long-term debt of ($0.1) million. Sources of cash in 2012 are from the issuance of common stock of $0.3 million. All other financing activities resulted in a net use of cash of ($0.2) million.

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 February 1, 2012.

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 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.

Table of Contents

Regulatory Assets consist of the following (millions)

	March 31, 2012	March 31, 2011	December 31, 2011
Energy Supply Contracts	**$ 10.7**	$ 19.5	$ 12.9
Deferred Restructuring Costs	**21.1**	24.0	21.8
Subtotal Restructuring Related Items	**31.8**	43.5	34.7
Retirement Benefits	**55.1**	46.9	55.3
Income Taxes	**11.2**	12.9	10.9
Environmental	**17.1**	18.9	17.5
Deferred Storm Charges	**26.8**	21.1	22.4
Other	**16.2**	10.6	17.8
Total Regulatory Assets	**$ 158.2**	$ 153.9	$ 158.6
Less: Current Portion of Regulatory Assets(1)	**16.8**	14.3	18.8
Regulatory Assets noncurrent	**$ 141.4**	$ 139.6	$ 139.8

(1) Reflects amounts included in Accrued Revenue on the Company s unaudited Consolidated Balance Sheets.

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.

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 revenue is estimated. This unbilled revenue is estimated each month based on estimated customer usage by class and applicable customer rates.

On August 1, 2011, the MDPU issued an order approving revenue decoupling mechanisms (RDM) for the electric and natural gas divisions of Fitchburg. 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. One of the primary purposes of decoupling is to eliminate the disincentive a utility otherwise has to encourage and promote energy conservation programs designed to reduce energy usage. Under the RDM, the Company will recognize, in its Consolidated Statements of Earnings from August 1, 2011 forward, distribution revenues for Fitchburg based on established revenue targets. The established revenue targets for the gas division may be subject to periodic adjustments to account for customer growth and special contracts, to which RDM does not apply. The difference between distribution revenue amounts billed to customers and the targeted amounts is recognized as an increase or a decrease in Accrued

Table of Contents

Revenue which form the basis for future reconciliation adjustments in periodically resetting rates for future cash recoveries from, or credits to, customers. The Company s other electric and natural gas distribution utilities are not subject to RDM.

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. 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 years ended December 31, 2011 and 2010, a change in the discount rate of 0.25% would have resulted in an increase or decrease of approximately $325,000 and $300,000, respectively, in the Net Periodic Benefit Cost for the Pension Plan. For the years ended December 31, 2011 and 2010, a 1.0% increase in the assumption of health care cost trend rates would have resulted in increases in the Net Periodic Benefit Cost for the PBOP Plan of $909,000 and $728,000, respectively. Similarly, a 1.0% decrease in the assumption of health care cost trend rates for those same time periods would have resulted in decreases in the Net Periodic Benefit Cost for the PBOP Plan of $705,000 and $565,000, respectively. (See Note 9 to the accompanying unaudited 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.

Table of Contents

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 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, 2012, 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 of unaudited Consolidated Financial Statements for information regarding recently issued accounting standards.

LABOR RELATIONS

As of March 31, 2012, the Company and its subsidiaries had 458 employees. The Company considers its relationship with employees to be good and has not experienced any major labor disruptions.

As of March 31, 2012, 150 of the Company s employees were represented by labor unions. There are 115 union employees covered by three separate collective bargaining agreements, which expire on May 31, 2012, May 31, 2013 and June 5, 2014. The agreements provide discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to negotiate new agreements prior to their expiration dates.

In addition, 35 union employees were covered by a separate collective bargaining agreement, which expired on March 31, 2012. The Company and the relevant labor union have prepared a Memorandum of Understanding outlining the terms of a new collective bargaining agreement, which will expire on March 31, 2017, and the labor union has approved such terms. Such terms include discreet salary adjustments, established work practices and uniform benefit packages. The Company expects to execute the final document in the second quarter of 2012.

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, 2012 and March 31, 2011 were 2.05% and 2.29%, respectively. The average interest rate on the Company s short-term borrowings for the twelve months ended December 31, 2011 was 2.2%.

Table of Contents

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 the reconciliation and collection of approved Purchased Electric and Purchased Gas costs in rates on a pass-through basis. Consequently, there is limited commodity price risk after consideration of the related rate-making. Additionally, as discussed above and below in Regulatory Matters, the Company has divested its commodity-related contracts and therefore, further reduced its exposure to commodity risk.

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.

Table of Contents

Item 1. Financial Statements

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED STATEMENTS OF EARNINGS

(Millions, except common shares and per share data)

(UNAUDITED)

	Three Months Ended March 31, 2012	Three Months Ended March 31, 2011
Operating Revenues		
Gas	**$ 64.2**	$ 65.9
Electric	**48.7**	48.2
Other	**1.3**	1.3
Total Operating Revenues	**114.2**	115.4
Operating Expenses		
Purchased Gas	**36.5**	40.5
Purchased Electricity	**31.1**	31.2
Operation and Maintenance	**13.4**	12.2
Conservation & Load Management	**1.9**	1.5
Depreciation and Amortization	**8.3**	7.9
Provisions for Taxes:		
Local Property and Other	**3.7**	3.3
Federal and State Income	**5.3**	5.4
Total Operating Expenses	**100.2**	102.0
Operating Income	**14.0**	13.4
Other Non-Operating Expense	**0.1**	0.1
Income Before Interest Expense	**13.9**	13.3
Interest Expense, Net	**4.9**	4.6
Net Income	**9.0**	8.7
Less: Dividends on Preferred Stock		
Earnings Applicable to Common Shareholders	**$ 9.0**	$ 8.7
Weighted Average Common Shares Outstanding Basic (000 s)	**10,917**	10,860
Weighted Average Common Shares Outstanding Diluted (000 s)	**10,921**	10,861
Earnings Per Common Share (Basic and Diluted)	**$ 0.83**	$ 0.81
Dividends Declared Per Share of Common Stock	**$ 0.69**	$ 0.69

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

Table of Contents

UNITIL CORPORATION AND SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEETS

(Millions)

(UNAUDITED)

	March 31, 2012	March 31, 2011	December 31, 2011
ASSETS:			
Utility Plant:			
Electric	**$ 339.6**	$ 325.1	$ 333.3
Gas	**390.0**	362.3	382.3
Common	**29.9**	30.7	29.8
Construction Work in Progress	**21.0**	13.9	28.3
Total Utility Plant	**780.5**	732.0	773.7
Less: Accumulated Depreciation	**268.3**	256.0	263.0
Net Utility Plant	**512.2**	476.0	510.7
Current Assets:			
Cash	**8.2**		