

Unitil Energy Systems, Inc.
PUC 308.11 - F-1 Rate of Return
12 Months Ending December 31, 2015

Schedule 1: Calculation of Per Books Rate of Return

<u>Cost of Service</u>	<u>Rolling 12 Months</u>	<u>Rate Base</u>	<u>Period End</u>
Electric Service Revenue	\$ 152,704,795	Utility Plant in Service	\$ 272,786,687
Other Operating Revenue	1,959,705	Less: Reserve for Depreciation & Amortization	98,980,036
Total Operating Revenue	154,664,500	Net Utility Plant	173,806,651
<i>Operating Expenses:</i>		<i>Plus:</i>	
Purchased Power	68,228,194	M&S Inventories	1,410,324
Transmission	25,413,039	Cash Working Capital	2,520,438
Distribution	9,010,330	Prepayments	7,616,460
Cust. Accounting & Service	6,166,451	Other Special Deposits - ISO	1,932,574
Admin. & General	9,124,580	<i>Less:</i>	
Depreciation	9,639,845	Deferred Income Taxes	40,940,413
Amortization	4,430,384	Customer Advances	557,928
Taxes-Other Than Income	5,305,221	Customer Deposits	923,011
State & Federal Income Taxes - Adjusted	4,639,922		
Int on Customer Deposits	4,777		
		Total Rate Base	\$ 144,865,096
Total Operating Expenses	141,962,744	Utility Operating Income - Current Cost of Capital	\$ 12,226,614
		Utility Operating Income - Adjusted	\$ 11,304,803
Net Operating Income	\$ 12,701,756	Operating Income Deficiency (Surplus)	\$ 921,812
Less: Other Flow Through Operating Income	1,396,954	Income Tax Gross-Up	\$ 604,619
		Revenue Deficiency (Surplus)	\$ 1,526,431
Net Operating Income - Adjusted	\$ 11,304,803		
		Return on Rate Base - Actual	7.80%
		Return on Rate Base - Current Cost of Capital	8.44%
		ROE - Actual	8.40%
		ROE - Authorized DE 10-055	9.67%

Schedule 2: Current Cost of Capital

	<u>Amount</u>	<u>Percent</u>	<u>Cost Rate</u>	<u>Weighted</u>
	<u>Outstanding</u>	<u>Total</u>		<u>Cost Rate</u>
Common Equity	\$ 77,284,950	50.03%	9.67%	4.84%
Preferred Stock Equity	\$ 189,800	0.12%	6.00%	0.01%
Long Term Debt	\$ 77,000,000	49.85%	7.21%	3.59%
Short Term Debt (a)	\$ 0	0.00%	1.54%	0.00%
Total	\$ 154,474,750	100.00%		8.44%

(a) Excluding Accrued Revenue and Power Supply Working Capital