

Unitil Energy Systems, Inc.
DE 10-055
Permanent Rates
Revenue Requirement

Line #		
1	Rate Base (Sched. 2)	127,501,533
2	Rate of Return (Sched. 1B)	<u>7.85%</u>
3	Operating Income Requirement	10,013,165
4	Operating Income (Sched. 3)	<u>6,978,526</u>
5	Revenue Deficiency Before Taxes	3,034,639
6	Gross Revenue Conversion Factor (Sched. 1A)	<u>1.6814</u>
7	Revenue Deficiency	5,102,377
8	Less: Add'l Revenue per Temporary Rates Settlement	<u>5,158,845</u>
9	Incremental Adjustment to Revenues Below Temporary Rate Level	<u>(56,468)</u>
10	Test Year Operating Revenue (Sched. 3)	<u>35,341,154</u>
11	Revenue Requirement	<u>40,443,531</u>
12	Percentage Increase to Distribution Revenues	<u>14.44%</u>

Unitil Energy Systems, Inc.
DE 10-055
Effective Tax Factor

Taxable Income	100.00%
Less: NH Business Profits Tax	<u>8.50%</u>
Federal Taxable Income	91.50%
Federal Income Tax Rate	<u>35.00%</u>
Effective Federal Income Tax Rate	32.025%
Add: NH Business Profits Tax	<u>8.50%</u>
Effective Tax Rate	<u><u>40.525%</u></u>
Percent of Income Available if No Tax	100.00%
Effective Tax Rate	<u>40.525%</u>
Percent Used as a Divisor in Determining the Revenue Requirement	<u><u>59.475%</u></u>
Gross Revenue Conversion Factor	<u><u>1.681379</u></u>

Unitil Energy Systems, Inc.
DE 10-055
Permanent Rates
Cost of Capital

Component	Balance 12/31/2009	UES Proforma Adjs.	UES Adjusted Balances	Staff Adjustments	Staff Adjusted Balances	Weighted Component Ratio	Cost Rate	Average Cost Rate
Common Equity	58,496,154	5,000,000	63,496,154		63,496,154	42.41%	9.000%	3.82%
Preferred Stock Equity	225,000		225,000		225,000	0.15%	6.000%	0.01%
Long-Term Debt	65,000,000	15,000,000	80,000,000		80,000,000	53.43%	7.350%	3.93%
Short-Term Debt	11,169,953	(11,169,953)	0	6,000,000	6,000,000	4.01%	2.500%	0.10%
Totals	134,891,107	8,830,047	143,721,154	6,000,000 (a)	149,721,154	100.00%		7.85% (b)

NOTES:

(a) Short-term debt adjustment as described in the testimony of Dr. John W. Wilson.

(b) Numbers may not add due to rounding.

Unitil Energy Systems, Inc.
DE 10-055
Permanent Rates
Rate Base
Year Ended December 31, 2009

Collin Schedule RevReq-5

	(NHPUC Form F-1) 5 Quarter Average	UES Proforma Adjustments	UES Proformed 5 Quarter Average	UES Adjs. for 12/31/09 Year End Rate base	UES Proforma Rate Base	Staff Adjustments	Adj#	Adjusted Rate Base
Utility Plant in Service	193,218,909		193,218,909	5,626,445	198,845,354			198,845,354
Less: Accumulated Depreciation	62,648,141		62,648,141	2,571,785	65,219,926	(1,115,178)	1	64,104,748
Test year non-revenue producing plant adds	0		0					0
Net Plant in Service	130,570,768	0	130,570,768	3,054,660	133,625,428	1,115,178		134,740,606
Plus: M&S Inventories	1,174,969		1,174,969	(102,627)	1,072,342			1,072,342
Cash Working Capital	5,054,259	293,830	5,348,089	0	5,348,089	(3,525,820)	2	1,822,269
Prepayments	9,188,754		9,188,754	102,167	9,290,921			9,290,921
SFAS 109 Net Regulatory Asset	2,221,139		2,221,139	(274,110)	1,947,029			1,947,029
ISO Deposit	2,656,159		2,656,159	270,238	2,926,397			2,926,397
Less: Deferred Income Taxes (Net)	19,641,806		19,641,806	1,867,095	21,508,901	451,926	3	21,960,827
Customer Deposits	1,852,738		1,852,738	(115,359)	1,737,379			1,737,379
Customer Advances	655,392		655,392	(55,567)	599,825			599,825
TOTAL RATE BASE	128,716,112	293,830	129,009,942	1,354,159	130,364,101	(2,862,568)		127,501,533

PROFORMA ADJUSTMENTS TO RATE BASE:

Adj. #

ACCUMULATED DEPRECIATION

- | | | |
|---|---|-------------|
| 1 | Reduce Accumulated Depreciation per the testimony of James J. Cunningham, Jr. | (1,115,178) |
|---|---|-------------|

CASH WORKING CAPITAL ALLOWANCE

- | | | | |
|---|---|--------------|-------------|
| 2 | Total Operation & Maintenance Expenses (Sched. 3, "Staff Proforma Distribution" column) | 14,780,629 | |
| | Contract Release Payments | 9,280,377 | |
| | Other Flow-Through Operating Expenses } Collin Schedule RevReq-2 | 18,156,559 | |
| | Remove: Contract Release Payments | (9,280,377) | |
| | Remove: Other Flow-Through Operating Expenses | (18,156,559) | |
| | | 14,780,629 | |
| | X 45 days/365 days | 12.33% | |
| | Cash Working Capital allowance | 1,822,269 | |
| | Less: Amount per Company filing (as adjusted) | 5,348,089 | |
| | Necessary adjustment | (3,525,820) | (3,525,820) |

ACCUMULATED DEFERRED INCOME TAXES

- | | | |
|---|---|---------|
| 3 | Increase Accumulated Deferred Income Taxes per testimony of James J. Cunningham | 451,926 |
|---|---|---------|

Unitil Energy Systems, Inc.
DE 10-055
Permanent Rates
Operating Income Statement
Year Ended December 31, 2009

Collin Schedule RevReq-2

	Test Year - Distribution	UES Proforma Adjustments	UES Proforma Distribution	Staff Adjustments	Adj#	Staff Proforma Distribution	PROOF Revenue Deficiency	Test Year Proforma
Distribution Revenue	34,250,334		34,250,334			34,250,334	5,102,377	39,352,711
Other Operating Revenue	1,092,471		1,092,471	(1,651)		1,090,820		1,090,820
Total Operating Revenues	35,342,805	0	35,342,805	(1,651)		35,341,154	5,102,377	40,443,531
Operating Expenses:								
Purchased Power	181,279		181,279	(181,279)		0		0
Transmission	199,457		199,457	(199,457)		0		0
Distribution	3,583,841	2,186,653	5,770,494	101,034		5,871,528		5,871,528
Customer Accounting	2,840,332	5,579	2,845,911	(97,590)		2,748,321		2,748,321
Customer Service	3,118		3,118			3,118		3,118
Administrative & General	6,927,875	190,814	7,118,689	(961,027)		6,157,662		6,157,662
Operation and Maintenance Expenses	13,735,902	2,383,046	16,118,948	(1,338,319)		14,780,629	0	14,780,629
Depreciation	7,152,867	1,224,229	8,377,096	(1,082,794)		7,294,302		7,294,302
Amortization	1,260,653		1,260,653	(32,384)		1,228,269		1,228,269
Taxes Other than Income	3,593,825	41,708	3,635,533	(125,868)		3,509,665		3,509,665
Federal Income Tax	(1,230,219)	(697,206)	(1,927,425)	864,892	Sched. 3B	(1,062,533)	1,634,036	571,503
State Income Tax	469,547	(189,402)	280,145	229,558	Sched. 3B	509,703	433,702	943,405
Deferred Federal and State Income Taxes	2,041,496		2,041,496			2,041,496		2,041,496
Total Operating Expenses	27,024,071	2,762,375	29,786,446	(1,484,915)		28,301,531	2,067,738	30,369,269
Net Operating Income	8,318,734	(2,762,375)	5,556,359	1,483,264		7,039,623	3,034,639	10,074,262
Less: Interest on Customers' Deposits	61,097		61,097			61,097		61,097
Net Operating Income	8,257,637	(2,762,375)	5,495,262	1,483,264		6,978,526	3,034,639	10,013,165

Attachment SEM-1
Schedule 3

Unitil Energy Systems, Inc.
DE 10-055
Proforma Adjustments to Revenues and Expenses

Attachment SEM-1
Schedule 3A
Page 1 of 2

PROFORMA ADJUSTMENTS TO REVENUES:

OTHER OPERATING REVENUE

4	Reduce Miscellaneous Rent to remove an extra month of rental income from the test year (Audit Issue #6)	(1,651) #	
	Total adjustments to Other Operating Revenue		(1,651)

PROFORMA ADJUSTMENTS TO EXPENSES:

O&M EXPENSES - PURCHASED POWER

5	Remove purchased power expenses	(181,279)	
	Total Adjustments to Purchased Power Expenses		(181,279)

O&M EXPENSES - TRANSMISSION

6	Remove transmission expenses	(199,457)	
	Total Adjustments to Transmission Expenses		(199,457)

O&M EXPENSES - DISTRIBUTION

7	Correct for December 2008 accrual that did not reverse in 2009 (Audit Issue #8)	(21,504) #	
8	Include additional funding for REP/VMP		
9	Adjust UES' proposed annual funding for Major Storm Reserve: Staff's recommended annual funding level 350,000 UES' proposed annual funding level 650,000 Recommended adjustment (300,000)	(300,000)	
10	Increase to Revenue Requirements to Recover December 2008 Ice Storm costs (Schedule 3C)	422,538	
	Total Adjustments to Distribution Expenses		101,034

O&M EXPENSES - CUSTOMER ACCOUNTING

11	Normalize bad debt expense as follows:				
		2006	172,779	Remove Outliers	172,779
		2007	111,813	(111,813)	
		2008	341,572	(341,572)	
		2009	367,959		367,959
	Use higher result of two methods		248,531		270,369
	Test year amount				367,959
	Recommended adjustment				(97,590)
	Total Adjustments to Customer Accounting Expenses				(97,590)

O&M EXPENSES - ADMINISTRATIVE & GENERAL

12	Remove UES' inflation adjustment					(159,648)
13	Adjust pension expense per the testimony of James J. Cunningham, Jr.					(312,603)
14	Reduce lease expense per Schedule 3D					(40,916)
15	Remove non-distribution portion of PUC assessment					(283,907)
16	Adjust account #9223 for certain legal expense sub-accounts as follows: (per Audit Report)					
		2007	2008	2009	Total	
	Acct# 10-20-08-00-923-00-01	2,500	500	24,702	27,702	
	Acct# 10-20-50-00-923-00-00	500	7,500	28,508	36,508	
	Total in test year				64,210	
			Divide by 3		3	
					21,403	
	Less: amount in test year				(53,210)	
	Recommended adjustment				(31,807)	(31,807)
17	Remove costs of using vehicles for community service (OCA 3-21)					(5,699)
18	Adjust for Calypso Communications invoices (Audit Issue #10)					(6,006)
19	Remove EE RGGI payments from test year (Audit Issue #13)					(1,549) #

Unitil Energy Systems, Inc.
DE 10-055
Proforma Adjustments to Revenues and Expenses

Attachment SEM-1
Schedule 3A
Page 2 of 2

20	Normalize/adjust various expenses per Audit Report recommendations:		
	Account 921 - Bank Fees (recalculate allocations to other Unitil divisions)	(30,615) #	
	Account 925 - Asset Sale - Legal Settlement (use 3-yr average)	(42,885) #	
	Account 930.53 - Customer Communication (remove NEGA allocation)	(4,502) #	
	12/08 Ice Storm Legal/Prof. Fees (Remove from test year/add to Ice Storm deferral)	(40,890) #	
			(961,027)
	Total Adjustments to Administrative & General expenses		
<u>Adj#</u>	<u>DEPRECIATION EXPENSE</u>		
21	Adjustment per the Testimony of James J. Cunningham, Jr.	(1,082,794)	
			(1,082,794)
	Total Adjustments to Depreciation expense		
	<u>AMORTIZATION EXPENSE</u>		
22	Adjustment per the Testimony of James J. Cunningham, Jr.	(32,384)	
			(32,384)
	Total Adjustments to Amortization Expense		
	<u>TAXES OTHER THAN INCOME</u>		
23	Remove fiscal year 2008 payments made during 2009 (Audit Issue #11)	(150,720) #	
24	Increase property tax expense/reduce utility plant for property taxes improperly capitalized (Audit Issue #12)	24,852 #	
			(125,868)
	Total Adjustments to Taxes Other than Income		

Unitil Energy Systems, Inc.
DE 10-055
Permanent Rates
Proforma Adjustments to Income Taxes

Adj #

INCOME TAXES

To reflect the income tax effect of proforma adjustments to revenue and expenses:

Increases/(Decreases) to Revenue:

Total proforma adjustments to Other Operating Revenue	(1,651)	Schedule 3A
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Increases/(Decreases) to Expenses:

Total proforma adjustments to Purchased Power expenses	(181,279)	Schedule 3A
Total proforma adjustments to Transmission expenses	(199,457)	Schedule 3A
Total proforma adjustments to Distribution expenses	101,034	Schedule 3A
Total proforma adjustments to Customer Accounting expenses	(97,590)	Schedule 3A
Total proforma adjustments to Administrative & General Expenses	(961,027)	Schedule 3A
Total proforma adjustments to Depreciation expenses	(1,082,794)	Schedule 3A
Total proforma adjustments to Taxes Other than Income	(32,384)	Schedule 3A
Total proforma adjustments to Amortization expenses	(125,868)	Schedule 3A

25	Interest expense adjustment (see below)	(311,452)	Schedule 3A
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Other Adjustments for Income Tax Purposes:

26	DSM Incentive Revenue	188,489	(Negate impact of UES including taxes related to DSM Incentive)
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	Increase in Income Subject to New Hampshire Business Profits Tax	2,700,677	
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	New Hampshire Business Profits Tax @ 8.5%	229,558	
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	Increase to New Hampshire Business Profits Tax	229,558	To Schedule 3
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	Amount Subject to Federal Income Tax	2,471,119	
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	Federal Income Tax @ 35%	864,892	
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	Increase to Federal Income Tax	864,892	To Schedule 3
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	Total Adjustments to Current Income Taxes (to Schedule 3)	1,094,449	
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Interest Expense Adjustment:

Rate Base (Schedule 2)	127,501,533
Weighted cost of debt	4.03%
Interest Expense	5,135,108

UES Proforma Interest Expense in Filing	5,446,560	Collin Schedule RevReq-3-16, page 2, line 8
Adjustment to Interest Expense	(311,452)	

Unitil Energy Systems, Inc.
DE 10-055
December 2008 Ice Storm Costs

Line #			
1	Storm costs to be recovered beginning July 1, 2010	2,043,881	Response to OCA 3-3
2	Staff proposed reduced return for the period December 2008 - December 2009	(33,228)	(a)
3	Adjusted costs to be recovered	2,010,653	
4	Return @ 5.24% over the 10-year recovery period	219,316	(c)
5	Total costs to be recovered beginning July 1, 2010	2,229,969	
6	Cost recovery during the initial year of the 10-year recovery period	422,538	
7	Incremental adjustment to annual revenue requirements	422,538	To Schedule 3A

Annual Ice Storm Recovery Using Sum of the Years' Digits:

	Year	Annual Percentage	Annual Amortization	End of Year Balance	Average balance	Def. Taxes (@ 40.525%)	Balance to Calculate Return	Return @ 5.24%	Total Annual Expense	Annual Difference	Cumulative percentage
8	1	18.18%	365,573	1,645,079	1,827,866	(740,743)	1,087,123	56,965	422,538		18.18%
9	2	16.36%	329,016	1,316,064	1,480,572	(600,002)	880,570	46,142	375,158	47,381	34.55%
10	3	14.55%	292,459	1,023,605	1,169,834	(474,075)	695,759	36,458	328,916	46,241	49.09%
11	4	12.73%	255,901	767,704	895,654	(362,964)	532,690	27,913	283,814	45,102	61.82%
12	5	10.91%	219,344	548,360	658,032	(266,667)	391,364	20,507	239,851	43,963	72.73%
13	6	9.09%	182,787	365,573	456,967	(185,186)	271,781	14,241	197,028	42,824	81.82%
14	7	7.27%	146,229	219,344	292,459	(118,519)	173,940	9,114	155,344	41,684	89.09%
15	8	5.45%	109,672	109,672	164,508	(66,667)	97,841	5,127	114,799	40,545	94.55%
16	9	3.64%	73,115	36,557	73,115	(29,630)	43,485	2,279	75,393	39,406	98.18%
17	10	1.82%	36,557	0	18,279	(7,407)	10,871	570	37,127	38,266	100.00%
18	55		2,010,653					219,316	2,229,969		

(c)

19 Adjustment to UES Calculated Return:

20	December 2008 - December 2009	83,551	Using Stipulated Rate of Return @ 8.61%
21	Staff Calculated Return	50,323	(83,551 X (5.24%/8.70%) = 50,323)
22	Necessary Adjustment (a)	(33,228)	

Unitil Energy Systems, Inc.
DE 10-055
Liberty Lane Lease - Return on Equity

From UES response to Technical Session No. 16
(See Attachment SEM-7, page 2 of 2)

2,927,593 Total Proprietary Capital
95% Hampton portion
Dec-08 2,781,213

		Net Income @12%	Income Tax Gross-up 60% of (a)	Equity Return		Net Income @9%	Income Tax Gross-up 60% of (a)	Equity Return	
Jan-09	2,809,025	27,812	16,687	44,499	1.60%	20,859	12,515	33,375	1.20%
Feb-09	2,837,116	28,090	16,854	44,944	1.60%	21,068	12,641	33,708	1.20%
Mar-09	2,865,487	28,371	17,023	45,394	1.60%	21,278	12,767	34,045	1.20%
Apr-09	2,894,142	28,655	17,193	45,848	1.60%	21,491	12,895	34,386	1.20%
May-09	2,923,083	28,941	17,365	46,306	1.60%	21,706	13,024	34,730	1.20%
Jun-09	2,952,314	29,231	17,538	46,769	1.60%	21,923	13,154	35,077	1.20%
Jul-09	2,981,837	29,523	17,714	47,237	1.60%	22,142	13,285	35,428	1.20%
Aug-09	3,011,656	29,818	17,891	47,709	1.60%	22,364	13,418	35,782	1.20%
Sep-09	3,041,772	30,117	18,070	48,186	1.60%	22,587	13,552	36,140	1.20%
Oct-09	3,072,190	30,418	18,251	48,668	1.60%	22,813	13,688	36,501	1.20%
Nov-09	3,102,912	30,722	18,433	49,155	1.60%	23,041	13,825	36,866	1.20%
Dec-09	3,133,941	31,029	18,617	49,647	1.60%	23,272	13,963	37,235	1.20%
		<u>352,727</u>	<u>211,636</u>	<u>564,364</u>	<u>19.20%</u>	<u>264,546</u>	<u>158,727</u>	<u>423,273</u>	<u>14.40%</u>
	UES Portion			<u>29%</u> <u>163,666</u>				<u>29%</u> <u>122,749</u>	
						Difference		<u>(40,916)</u>	To Schedule 3A

State of New Hampshire
Public Utilities Commission

Unitil Energy Systems, Inc.
Docket No. DE 10-055
PUC Staff Information Requests – Set 1
Received May 14, 2010

Data Request Staff 1-31:

Reference Meissner testimony, pages 223-227. Please provide copies of any UES and/or PSNH/NU studies detailing the system improvements being undertaken and the resulting need to rebuild and expand the Kingston and East Kingston substations.

Supplemental Response:

Please refer to Staff 1-31 Supplement Attachment 1 for an update to the proposed schedule for the Kingston Substation addition.

The schedule for this project had previously been identified in the 2009 PSNH/UES Joint Planning Recommendation Report provided as Staff 1-31 Attachment 2.

Person Responsible: Thomas P. Meissner Jr.

Date: October 29, 2010



October 25, 2010

Thelma Brown
Public Service Company of New Hampshire
PO BOX 330
Manchester, NH 03105-0330

RE: Kingston Substation Project

Thelma:

This letter is a follow-up to my phone message. Unitil is requesting to delay the Kingston substation project to an in service date of June 1, 2013. There are three reasons for this change in schedule:

1. Unitil recently completed an updated 2011-2020 load forecast which indicates that the loads that are driving the Kingston project are not forecast to occur until 2013.
2. Our recent meeting between Unitil, PSNH and NU on October 4 at your office suggests there is still disagreement between the parties on the overall design requirements of this substation. It is apparent that these issues will not be resolved in the timeframe needed to accomplish in service date of June 1, 2012.
3. As was discussed at the meeting, the project is already behind the original schedule. This further supports the conclusion that an in service date of June 1, 2012 is unlikely.

The joint planning process between Unitil and PSNH identified that the Kingston project was the most cost effective project. However, since completing the joint planning study, cost estimates have increased from the original assumptions and are now significantly higher than was previously estimated. We would like to continue to work with PSNH and NU to determine if we can address some of the disagreements in the design and reduce the estimated cost of the Kingston project.

I will be in contact soon to discuss the disagreement in the Kingston design. Please let me know if you have any questions or concerns.

Thank you,

Kevin E. Sprague
Director of Engineering

Corporate Office

6 Liberty Lane West
Hampton, NH 03842-1720

Phone: 603-772-0775

Fax: 603-773-6605

Email: corp@unitil.com

Cc: T.Meissner (Unitil), S.Johnson (PSNH)

State of New Hampshire
Public Utilities Commission

Unitil Energy Systems, Inc. Rate Case
Docket No. DE 10-055
Office of Consumer Advocate First Set of Information Requests

Data Request OCA 1-4:

Did Unitil receive insurance proceeds related to the 2008 Ice Storm? If so, please provide the amount received, describe how the allocation of insurance proceeds to UES was determined and indicate if 100% of the allocated insurance proceeds were credited to storm costs? If Unitil did not receive insurance proceeds, please explain why. Has Unitil changed its insurance policies as a result of the 2008 ice storm? If so, please explain.

Response:

Unitil does not have "T&D" insurance coverage on its utility properties. Therefore, Unitil did not receive any insurance proceeds related to the damages it incurred in the 2008 Ice Storm. Unitil periodically explores the market for such coverage and has determined that it is not cost effective to acquire due to: (a) high annual premiums (\$ millions), (b) high deductibles (\$10 million average) and (c) the highly customized nature of such property loss products. Unitil looked into the cost and availability of this coverage in 2009 and, again in response to this data request, and has determined that that it would not be cost effective to acquire for the reasons stated above.

Person Responsible: Mark H. Collin

Date: 5/21/10

State of New Hampshire
Public Utilities Commission

Unitil Energy Systems, Inc. Rate Case
Docket No. DE 10-055
Office of Consumer Advocate Third Set of Information Requests

Data Request OCA 3-3:

ScheduleRevReq-3-9 (Bates p. 0089) calculates recovery of the 2008 Ice Storm over 10 years based upon a sum-of-the-years' digits methodology. Please revise that schedule using a 10-year, straight-line amortization methodology.

Response:

See OCA 3-3 Attachment 1. The amount of Deferred Costs at 6/30/10 has been adjusted from \$2,410,011 to \$2,043,881 to reflect the agreed-upon adjustments per the "December, 2008 Snow and Ice Storm Costs Final Audit Report". These adjustments include:

- 1) a reduction of \$4,476 related to the additional storm compensation received by two Grade 19 employees (Audit Issue #1);
- 2) a reduction of \$143,334 related to straight-time compensation of USC employees recorded in the storm deferral account (Audit Issue #1);
- 3) a reduction of carrying charges of \$168,967 (through December 31, 2009) and \$49,353 (January through June 2010) to conform to the carrying charge calculation methodology as that reported by PSNH (Audit Issues #3 and #5).

The amortization schedule is presented using a 10-year, straight-line amortization methodology.

Person Responsible: Mark H. Collin

Date: August 13, 2010

UNITIL ENERGY SYSTEMS, INC.
STORM DAMAGE RECOVERY ADJUSTMENT
12 MONTHS ENDED DECEMBER 31, 2009

OCA 3-3 Attachment 1

Schedule RevReq 3-9
Using 10-yr S-L Amortization

To reflect ten year straight-line rate recovery of deferred storm costs in connection with December 2008 Ice Storm

Deferred Costs for 2008 Ice Storm @ 6/30/10	\$ 2,043,881
Total Storm Damage Costs to be recovered	<u>\$ 2,043,881</u>

Proforma Adjustment to Expense	<u>\$ 306,359</u>
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Recovery Using Straight-line Methodology

<u>Year</u>	<u>Annual Percentage</u>	<u>Annual Amortization</u>	<u>End of Year Balance</u>	<u>Average Balance</u>	<u>Def. Taxes (@ 40.53%)</u>	<u>Balance to Calculate Return</u>	<u>Return at 8.83%</u>	<u>Total Annual Expense</u>
1	10.00%	\$ 204,388	\$ 1,839,493	\$ 1,941,687	\$ (786,869)	\$ 1,154,818	\$ 101,970	\$ 306,359
2	10.00%	204,388	1,635,105	1,737,299	(704,040)	1,033,259	91,237	295,625
3	10.00%	204,388	1,430,717	1,532,911	(621,212)	911,699	80,503	284,891
4	10.00%	204,388	1,226,329	1,328,523	(538,384)	790,139	69,769	274,157
5	10.00%	204,388	1,021,941	1,124,135	(455,556)	668,579	59,036	263,424
6	10.00%	204,388	817,552	919,747	(372,727)	547,019	48,302	252,690
7	10.00%	204,388	613,164	715,358	(289,899)	425,459	37,568	241,956
8	10.00%	204,388	408,776	510,970	(207,071)	303,900	26,834	231,222
9	10.00%	204,388	204,388	306,582	(124,242)	182,340	16,101	220,489
10	10.00%	204,388	-	102,194	(41,414)	60,780	5,367	209,755
		<u>\$ 2,043,881</u>					<u>\$ 536,687</u>	<u>\$ 2,580,568</u>

Unitil Energy SystemsEstimated Carrying Charges on Storm Costs

	Dec-08	Mar-09	Jun-09	Sep-09	Dec-09	Total 2008	<u>SUMMARY</u> Total 2009	Grand Total
Beginning Balance -- (Over)/Under Recovery	\$ -	\$ 358,302.68	\$ 1,590,670.23	\$ 1,641,777.95	\$ 1,966,238.29			
Costs								
Payroll	398,548.58	65,703.42	-	-	-	398,548.58	65,703.42	464,252.00
Materials & Supplies	141,253.62	123,218.61	-	-	-	141,253.62	123,218.61	264,472.23
Transportation	24,962.00	57,945.75	6,483.50	459.00	-	24,962.00	64,888.25	89,850.25
Outside Contractors	-	2,239,816.79	23,498.12	186,280.90	-	-	2,449,595.81	2,449,595.81
USC Time & Expenses	59,516.32	-	143,334.00	-	-	59,516.32	143,334.00	202,850.32
Other	113,402.00	-	-	114,139.76	-	113,402.00	114,139.76	227,541.76
	737,682.52	2,486,684.57	173,315.62	300,879.66	-	737,682.52	2,960,879.85	3,698,562.37
Adjustment of Costs to Original Schedule								
USC Overtime Adjustment	(4,476.00)	-	-	-	-	(4,476.00)	-	(4,476.00)
USC Non-Incremental Time	-	-	(143,334.00)	-	-	-	(143,334.00)	(143,334.00)
Sub Total Costs	733,206.52	2,486,684.57	29,981.62	300,879.66	-			3,550,752.37
Less Amounts Charged to Capital	(375,696.34)	(1,266,779.66)	-	-	-	(375,696.34)	(1,266,779.66)	(1,642,476.00)
Total Costs	357,510.18	1,219,904.91	29,981.62	300,879.66	-	357,510.18	1,550,766.19	1,908,276.37
Revenues	-	-	-	-	-			-
Accrued Revenue (excluding curr month int.)	357,510.18	1,219,904.91	29,981.62	300,879.66	-			
(Over)/Under Recovery (excluding interest)	357,510.18	1,578,207.59	1,620,651.85	1,942,657.61	1,966,238.29			
Interest Calculation								
Average Quarterly Balance	178,755.09	968,255.14	1,605,661.04	1,792,217.78	1,966,238.29			
Deferred Taxes @ 40%	71,502.04	387,302.06	642,264.42	716,887.11	786,495.32			
Average "Period" Balance Less Taxes	107,253.05	580,953.08	963,396.62	1,075,330.67	1,179,742.97			
Interest Rate	8.70%	8.70%	8.70%	8.70%	8.70%			
Days per Quarter	31	90	92	92	91			
Computed Interest (Exp)/Inc	792.50	12,462.64	21,126.10	23,580.68	25,589.11	792.50	82,758.53	83,551.03 Revised Entry
Ending Balance -- (Over)/Under Recovery	358,302.68	1,590,670.23	1,641,777.95	1,966,238.29	1,991,827.40			
Actual Booked Entry	2,256.72	45,910.14	66,808.20	74,025.09	63,518.23	2,256.72	250,261.66	252,518.38 Actual Booked Entry
	(1,464.22)	(167,503.13)	(168,967.35)					Change

Unitil Energy Systems, Inc.

Docket No. DE 10-055

PUC Staff Information Requests – Set 4

Received: August 5, 2010

Date of Response: August 19, 2010

Request No. Staff 4-56

Witness: Mark H. Collin

Request

Does UES have any future plans to change its collection procedures or otherwise attempt to minimize its bad debts? Please explain in details.

Response:

The Company continually evaluates all collection procedures and looks for creative methods to maintain reasonable bad debt levels. Due to the increased numbers in protected customers, the Company created a new position, Customer Assistance Coordinator, in the Credit and Collections Department. The purpose of the new position is to focus on outreach initiatives that promote assistance program opportunities to customers, process fuel assistance and Low Income Electric Assistance Program enrollments and to work closely with all agencies that provide this assistance to our customers.

Also, as mentioned in Staff 4-55, the Company implemented an automated outbound dialer service to perform many of the collections related calls to customers that are made two days prior to the scheduled disconnection date. Prior to January 2010, the Credit and Collections staff manually called each customer. The use of the outbound dialer has been successful in reaching customers and provides them with the opportunity to speak with a representative directly or to pay their bill through our automated voice response phone system. The use of the automated dialer has allowed our current Credit and Collections staff additional time to analyze and follow up on delinquent accounts. We have also conducted a pilot test with the automated dialer for customers who default on their payment plans. Although the Company is not required to contact the customer who defaults on a payment arrangement before we proceed with disconnection, we found that placing the call has allowed the customer one more opportunity to make up the missed payment before their service gets disconnected. The results of the testing are currently being reviewed and procedures are being finalized before implementing the process.

In summary, the Company continues to review internal procedures, training materials and employee performance to ensure procedures are followed in accordance with current NHPUC Rules and Regulations.

Unitil Energy Systems, Inc.
Docket No. DE 10-055
Technical Session Data Requests

Received: September 30, 2010
Request No. 16

Date of Response: October 14, 2010
Witness: Mark H. Collin

Request

Reference Audit Report, page 6. Please provide documentation supporting the 12% equity return that is included in the total rent for the Liberty Lane property. Please also provide the supporting calculation for the total amount of equity return included in the test year rent.

Response:

The lease for the Liberty Lane property is structured such that it the landlord (Unitil Realty Corp.) receives in rent its actual cost of owning and operating the premises. Unitil Corporation's Form U-1 filing with the U.S. Securities and Exchange Commission ("SEC") on May 1, 1997, approving this affiliate transaction, states that "Unitil Service is obligated to pay rent payments covering the cost of principal and interest to Unitil Realty, return on equity and certain other expenses such as property taxes, insurance, utilities, repairs, maintenance, leasehold improvements and alterations." The 12% return on equity was initially specified in the calculation of the lease between Unitil Realty and Unitil Service and is not changed during the term of the long-term lease.

Please see TS-16 Attachment 1 for the supporting calculation of the total amount of equity return included in the test year rent.

DE 10-055 Technical Session
 TS-16 Data Response
 Attachment 1
 Page 1 of 1

Unitil Realty Corp

Calculations for Equity Return included in the 2009 Hampton Rent Bill:

		Total Proprietary Capital	Equity Return	
DEC	2008	\$ 2,927,593		Total Proprietary Capital
		95%		Hampton Portion
		<u>\$ 2,781,213</u>	12.00%	

			Net Income		Income Taxes		Equity Return
			(a)		(b)		c = a+b
JAN	2009	\$ 2,809,025	\$ 27,812	\$	16,687	\$	44,499
FEB	2009	\$ 2,837,116	28,090		16,854		44,944
MAR	2009	\$ 2,865,487	28,371		17,023		45,394
APR	2009	\$ 2,894,142	28,655		17,193		45,848
MAY	2009	\$ 2,923,083	28,941		17,365		46,306
JUN	2009	\$ 2,952,314	29,231		17,538		46,769
JUL	2009	\$ 2,981,837	29,523		17,714		47,237
AUG	2009	\$ 3,011,656	29,818		17,891		47,709
SEP	2009	\$ 3,041,772	30,117		18,070		48,186
OCT	2009	\$ 3,072,190	30,418		18,251		48,668
NOV	2009	\$ 3,102,912	30,722		18,433		49,155
DEC	2009	\$ 3,133,941	31,029		18,617		49,647
TOTAL			<u>\$ 352,727</u>	\$	211,636	\$	<u>564,364</u>

State of New Hampshire
Public Utilities Commission

Unitil Energy Systems, Inc. Rate Case
Docket No. DE 10-055
Office of Consumer Advocate Second Set of Information Requests

Data Request OCA 2-38:

Page 350 of the Company's 2009 FERC Form 1, Regulatory Commission Expenses, includes the New Hampshire Public Utility Tax Assessment of \$414,778 for 2009. What portion of that assessment was, or will be, recovered through the Energy Service or any other non-Distribution sector rate? Had the Assessment been recovered proportionately based upon company revenues what amount of the \$414,779 would have been recovered from the Distribution sector, as well as each of the Company's other non-distribution sector rates?

Response:

None of the assessment is recovered through the Energy Service or any other non-distribution sector rate. Had the assessment been recovered proportionately based on Company revenues, \$130,872 would have been recovered from the Local Delivery sector, \$235,027 from the Energy sector, and \$48,879 from the External Delivery (Transmission) sector. For purposes of this response, Stranded Costs and System Benefits revenue are included in the Local Delivery sector revenues. This calculation was based on 2009 revenue.

Person Responsible: Mark H. Collin

Date: July 20, 2010