BEFORE THE
STATE OF NEW HAMPSHIRE
PUBLIC UTILITIES COMMISSION

DOCKET NO. DE 21-030

IN THE MATTER OF: UNITIL ENERGY SYSTEMS, INC.

REQUEST FOR CHANGE IN RATES

DIRECT TESTIMONY

OF

DONNA H. MULLINAX
CONSULTANT TO NEW HAMPSHIRE DEPARTMENT OF ENERGY

November 23, 2021

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

LIST OF ATTACHMENTS

DHM-20 - UES Response to DOE 5-01
DHM-21 - UES Response to Energy TS 1-02
DHM-22 - UES Response to DOE 3-01
DHM-23 - UES Response to DOE 5-03
DHM-24 - UES Response to OCA 3-45
DHM-25 - DE 16-384 Schedule RevReq-4-2 CWC 12-31-15
DHM-26 - UES Response to STAFF 1-05
DHM-27 - Audit Issue #2 Vehicle Clearing Capitalization Correction Workpapers
DHM-28 - UES Response to DOE 3-02
DHM-29 - UES Response to DOE 4-38
DHM-30 - UES Response to Energy 6-03
DHM-31 - UES Response to Energy 6-02
DHM-32 - UES Response to DOE 3-21
DHM-33 - UES Response to DOE 3-22
DHM-34 - UES Response to Energy TS 1-05
DHM-35 - UES Response to DOE 5-14
DHM-36 - UES Response to DOE 5-13
DHM-37 - DE 21-069 Goulding Testimony and Schedule CJG-1 HB700 Property Taxes
DHM-38 - UES Response to STAFF 1-01

Introduction and Summary

Q. Please state your full name.

A. My name is Donna H. Mullinax.

Q. By whom are you employed and what is your business address?

A. I am employed by Blue Ridge Consulting Services, Inc. ("Blue Ridge"). My business address is 114 Knightsridge Road, Travelers Rest, SC 29690.

Q. Please summarize your education and professional work experience.

A. I graduated with honors from Clemson University with a Bachelor of Science in Administrative Management and a Master of Science in Management. I am a Certified Public Accountant (CPA), Certified Internal Auditor (CIA), a Certified Financial Planner (CFP)–Retired, and a Chartered Global Management Account (CGMA) designation holder. I am a member of the South Carolina Association of Certified Public Accountants, the American Institute of Certified Public Accountants, and the Institute of Internal Auditors.

I have over 41 years of professional experience and have been a utility industry consultant for the last 25 years. My consulting assignments include numerous rate cases filed by public utilities and litigation support for various construction claims. Other project experience includes management, financial, and compliance audits; due diligence reviews; prudence reviews; and economic viability and financial studies. I have worked with public service commissions, attorneys general, and public advocates in Arizona, Colorado, Connecticut, Delaware, District of Columbia, Hawaii, Kentucky, Illinois, Maryland, Massachusetts, Michigan, Missouri, Nebraska, New Hampshire, New York, North Dakota, Ohio, Oregon, Pennsylvania, and Utah.

Q. Have you included a more detailed description of your qualifications?

A. Yes. A description of my qualifications is included as Attachment DHM-1.

Q. Have you previously testified before the New Hampshire Public Utilities Commission ("Commission")?

A. Yes. I have testified before this Commission in Docket Nos. DE 16-383, DE 16-384, DG 17-048, DE-19-057, DE-19-064, and DG-20-105. In addition, Blue Ridge has provided analysis and reported on our findings in Docket Nos. DG 17-070, DW 18-047, DW 18-054, and DW 18-056.

Q. On whose behalf are you testifying?

A. I am testifying on behalf of the New Hampshire Department of Energy ("DOE").

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to address the revenue requirements and revenue deficiency proposed by Unitil Energy Systems, Inc. (UES or "Company") and to present the impact of DOE's recommended ratemaking adjustments on the Company's revenue deficiency.

Q. What revenue increase does DOE recommend?

A. DOE recommends a base rate increase of no more than $1,128,478. The following table shows the Company's revenue requirement request and DOE's recommendation.

Table 1: DOE's Recommended Revenue Requirement

Company's Revenue Deficiency	$ 11,992,392
Recommended Adjustment	(10,863,914)
Recommended Revenue Deficiency	$ 1,128,478

The following table summarize DOE's recommended adjustments to revenue requirements.

Table 2: Summary of DOE's Recommended Adjustments and the Effect on Rate Base, Net Operating Income, and Revenue Deficiency (Sufficiency)

Recommended Rate of Return	6.69%
Recommended Return on Equity	8.75%
Revenue Conversion Factor	1.37142

		Rate Base	Operating Income	Revenue Deficiency
	Company's Request	$ 226,030,082	$ 9,066,678	$ 11,992,392
Adjustment 1	Excluded Utility Plant in Service	$ (12,499,326)	$ 515,266	$ (1,853,437)
Adjustment 2	Average Material and Supplies (M&S)	(34,007)	-	(3,120)
Adjustment 3	Adjust Cash Working Capital for Expense Adjustments	(187,981)	-	(17,247)
Adjustment 4	Remove Prepayments Included in Cash Working Capital	(3,057,477)	-	(280,518)
Adjustment 5	Remove EADIT Offset from Major Storm Cost Reserve (MSCR) Balance	(1,928,356)	-	(176,923)
Adjustment 6	Audit Recommendations	-	71,666	(98,284)
Adjustment 7	Eliminate Inflation Allowance for Other O&M Expenses	-	93,602	(128,368)
Adjustment 8	Add Known and Measurable Lease Payments in Inflation Adjustment	-	(17,527)	24,037
Adjustment 9	Eliminate 2022 Wage Increase	-	259,766	(356,249)
Adjustment 10	Normalize UES Union Overtime	-	232,635	(319,041)
Adjustment 11	Eliminate Increase to 401(k) Associated with 2022 Wage Increase	-	15,570	(21,353)
Adjustment 12	Eliminate 2022 Increase in Medical and Dental Insurance	-	59,065	(81,003)
Adjustment 13	Eliminate Restricted Stock Plan and EPS Component of Incentive Compensation	(314,639)	532,499	(759,148)
Adjustment 14	Eliminate SERP and Company Contribution to Non-Qualified Deferred Comp	(227,496)	397,962	(566,646)
Adjustment 15	Eliminate 2022 Increase to Insurance Premiums		5,190	(7,118)
Adjustment 16	Sharing of Directors and Officers Liability Insurance	(24,383)	11,215	(17,617)
Adjustment 17	Exclude BetterInvesting Dues		594	(815)
Adjustment 18	Convert to Whole Life Depreciation Methodology		(40,072)	54,956
Adjustment 19	Amortization of Theoretical Depreciation Reserve Imbalance		1,116,027	(1,530,545)
Adjustment 20	Remove Post-Test-Year Project Amortization		44,676	(61,270)
Adjustment 21	True-Up Payroll Taxes and Remove Payroll Tax Above SS Limit		54,971	(75,388)
Adjustment 22	Reverse Removal of 3rd Party Reimbursement for Vegetation Management		721,513	(989,499)
Adjustment 23	AMP Coordinator Cost Sharing		13,768	(18,882)
Adjustment 24	Addition of Storm Related Communications (Calypso/Matter Communications) Costs		(13,337)	18,291
Adjustment 25	Remove Incremental Wheeling Revenue		(34,808)	47,736
Adjustment 26	Update Distribution Bad Debt for Revenue Change		50,370	(69,079)
Adjustment 27	Interest Synchronization		(81,238)	111,412
	Impact of Recommended Weighted Average Cost of Capital			(3,688,794)
	Recommended Adjustments	$ (18,273,665)	$ 4,009,374	$ (10,863,914)
	Recommended Totals	$ 207,756,417	$ 13,076,052	$ 1,128,478

Q. Are you presenting any exhibits in connection with your direct testimony in this proceeding?

A. Yes. Besides my qualifications already mentioned as Attachment DHM-1, Attachment DHM-2 includes DOE's revenue requirement schedules, and Attachments DHM-3 through DHM-38 are copies of selected documents I refer to in my testimony.

Q. How are DOE's revenue requirement schedules organized?

A. DOE's revenue requirement schedules, included in Attachment DHM-2, are organized into summary schedules and adjustment schedules. The schedules consist of Schedules 1, 1.1, 1.2, 2, 2.1, 3, and 3.1 through 3.27, 4, and 5.

Q. What is shown on Schedule 1?

A. Schedule 1 is a summary comparison of the Company's and DOE's computations of the revenue requirement and the revenue deficiency. The schedule summarizes the impact of all DOE's recommendation adjustments and reflects the revenue requirement needed for the Company to have the opportunity to earn DOE's recommended rate of return on DOE's proposed rate base.

Q. What is shown on Schedule 1.1?

A. Schedule 1.1 provides additional detail by major rate base and operating income categories and shows how DOE applied its recommended adjustments to the Company's filings to obtain DOE's recommended revenue requirement and revenue deficiency.

Q. What is shown on Schedule 1.2?

A. Schedule 1.2 presents the calculation of the revenue conversion factor. The revenue conversion factor grosses up the Income Deficiency amount to account for the necessary income tax increase to realize the total Revenue Deficiency amount. The conversion reflects that the Company must collect more than one dollar in gross revenue for each dollar of net operating income because of the imposition of taxes on those earnings.

Q. What is shown on Schedules 2 and 2.1?

A. Schedule 2 summarizes the capital structure and cost of capital proposed by the Company and the capital structure and cost of capital recommended by DOE witness J. Randall Woolridge. Schedule 2.1 isolates the impact on the revenue deficiency for the difference between the Company's proposed capital structure and cost of capital and those recommended by DOE.

Q. What is shown on Schedule 3 and Schedules 3.1 through 3.27?

A. Schedule 3 summarizes DOE's adjustments to rate base and operating income (i.e., revenues less expenses). Schedules 3.1 through 3.27 provide further support and calculations for DOE's recommended adjustments.

Q. What is shown on Schedule 4?

A. Schedule 4 provides DOEs recommended HB700 Property Taxes base to use in the annual reconciliation.

Q. What is shown on Schedule 5?

A. Schedule 5 provides DOE's recommended Step Increase revenue requirement calculation.

<u>Revenue Requirements</u>

UES Requested Revenue Increase

Q. What revenue increase did the Company request?

A. In its application, the Company requested an increase in annual operating revenues of $11,992,392. To provide coverage for its deficiency during the application review period, the Company also requested a temporary increase in distribution rates of $5,812,761. The Commission approved a temporary increase of $4,451,667.[1]

Q. Has the Company filed an update to its initial revenue request?

A. No. The Company stated that it intends to file an update that will include various corrections and estimate revisions. It provided a preliminary list of anticipated corrections and revisions,[2] but the list included a number of estimates that will not be updated until January 2022. Thus DOE has used the Company's revenue requirements in its initial Application as the starting point for adjustment. DOE plans to recalculate its proposed revenue requirement after the Company files is updates and corrections.

Establishment of Current Distribution Revenue Requirement

Q. When was the Company's current distribution revenue requirement established?

[1] Direct Testimony of Christopher J. Goulding and Daniel T. Nawazelski, page 5 (Bates 000075), page 43 (Bates 000113), Commission Order No. 24,484 (May 27, 2021), page 1.
[2] UES response to Energy 6-8 (Attachment DHM-3).

A. The Commission established UES's current rates in Order No. 26,007 (April 20, 2017), based on a test year ending December 31, 2015, with rates effective on May 1, 2017. The current rates were the result of a settlement, stipulating an increase in distribution revenues of $4,109,022, as compared with the Company's initial deficiency claim of $6.3 million in distribution revenue. The rate change represented an increase of 3.6 percent of total revenues. The Company followed the rate change with three additional step adjustments that were implemented on May 1, 2017, May 1, 2018, and May 1, 2019.[3]

Comparison of Rate Request to Prior Cases

Q. What distribution rate increases did the Company request in prior cases, and what was approved by the Commission?

A. The following table summarizes the Company's request and what was approved by the Commission in the previous three distribution rate cases.[4] I also show the Company's request in this proceeding for comparison.

Table 3: Comparison of Prior Base Rate Increases to Current Proceeding Request

	DE 05-178	DE 10-055	DE 16-384	Application DE 21-030
Application	$ 4,652,406	$ 10,115,716	$ 6,255,276	$ 11,992,392
Approved	2,266,966	6,611,437	4,109,022	
% of Request	48.7%	65.4%	65.7%	
Step 1		2,328,228	900,194	2,754,244
Step 2		1,469,304	3,302,989	3,581,822
Step 3		2,843,351	341,808	3,262,364
Step 4		1,537,205		

[3] DE 16-384, Order No. 26,007 (April 20, 2017), pages 7–8.
[4] UES response to DOE 4-40 (Attachment DHM-4).

<u>Test Year</u>

Q. What test year did the Company use in this case?

A. The Company based its request for a revenue increase on a historical test year of the 12 months ended December 31, 2020. The Company stated that the calendar year 2020 data is readily verifiable using the most recent annual reports submitted by UES.[5] DOE's calculations use the same historical test year.

Q. Did the Company adjust its historical test year revenues and expenses?

A. Yes, the Company stated that it adjusted test year cost of service based upon known and measurable changes to revenues and expenses or upon changes that will become known and measurable during the course of the proceeding.[6]

Q. Did DOE audit the Company's historical test year results?

A. Yes. The Audit Staff of the Division of Enforcement, NH Department of Energy, issued its audit report on November 12, 2021. The audit recommendations that affect revenue requirements are reflected within DOE's recommended revenue requirements.

Q. Has the Company included adjustments that are beyond one year past the end of the test year?

A. Yes. The Company stated that it "has limited all pro forma adjustments to those that *will be* known and measurable through April 1, 2022, which is the date permanent rates are expected

[5] Direct Testimony of Christopher J. Goulding and Daniel T. Nawazelski, page 6 (Bates 000076).
[6] Direct Testimony of Christopher J. Goulding and Daniel T. Nawazelski, page 6 (Bates 000076).

to go into effect for this proceeding" [emphasis added].[7] A review of the Company's ratemaking adjustments show numerous adjustments for 2022 that are beyond twelve months past the end of the test year, and the Company bases many of those adjustments on forecasts or estimates that it presumes "will be" known and measurable at a later date.

Q. Does DOE agree that it is appropriate to include adjustments that are beyond twelve months past the end of the test year?

A. No. While I will discuss specific adjustments later, in general, DOE has limited adjustments to those that *are* known and measurable and within one year past the end of the test year.

Q. Please explain DOE's position on adjustments that are beyond twelve months past the end of the test year.

A. DOE supports the Commission's long-standing practice to compute required revenue by using a traditional historical-test-year methodology with pro rata modifications to operation and maintenance expenses for known and measurable changes in the twelve months following the test year. It has not been the Commission's practice to make extensive adjustments to operating results beyond twelve months after the end of the test year. Such extensive adjustments would diminish the significance of the historical-test-year approach, which has been used for decades.

[7] Direct Testimony of Christopher J. Goulding and Daniel T. Nawazelski, page 6 (Bates 000076).

<u>Adjustments to Rate Base</u>

Q. What rate base had the Company proposed?

A. The Company requested a rate base of $226,030,082.[8]

Q. Is DOE proposing any adjustments to the Company's proposed rate base?

A. Yes. DOE proposes the adjustments to these rate base items:

- Excluded Utility Plant-in-Service
- Average Materials and Supplies (M&S)
- Adjust Cash Working Capital for Expense Adjustments
- Remove Prepayments Included in Cash Working Capital
- Remove EADIT Offset from Major Storm Cost Reserve (MSCR) Balance
- Adjustments to Net Operating Income that Also Affect Rate Base

Excluded Utility Plant-in-Service

Q. Please explain how the Company calculated its proposed Utility Plant in Service.

A. The Company's proposed Utility Plant in Service that is based on year-end balances with two adjustments: (1) addition of $577,144 for work closed to plant after the end of the test year for the Exeter Distribution Operating Center (DOC) and (2) a reduction of $988,214 for the DOC in Kensington, New Hampshire, that is unoccupied and being prepared for sale.[9]

Q. Please explain DOE's recommended adjustment to Plant in Service.

A. DOE does not support including post-test-year plant additions in rate base and recommends removing $577,144 for work closed to plant after the end of the test year for the Exeter Distribution Operating Center. If this plant is deemed prudent, DOE would support including

[8] Filing Requirements Schedules, page 1 of 12 (Bates 000136).
[9] Direct Testimony of John F. Closson, page 14, lines 11–13 (Bates 000282).

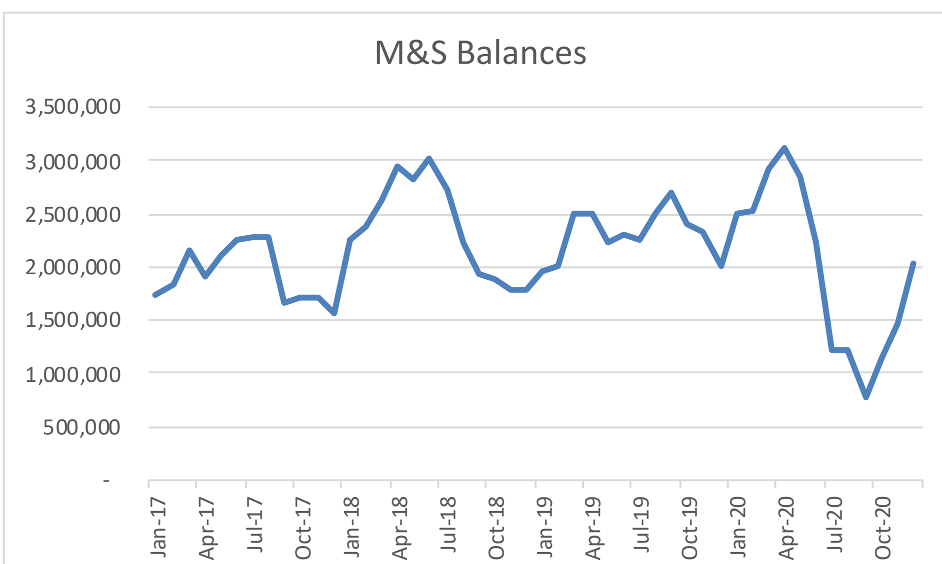
this post-test-year plant in a Step Adjustment. However, as discussed in the testimony of Jay Dudley, costs associated with the Exeter DOC, as well as several other plant additions, are recommended for disallowance. Thus, DOE removed the post-test-year Exeter DOC additions. As shown on Schedule 3.1, DOE's recommended adjustment to Utility Plant in Service and the associated adjustment to the accumulated depreciation *reduce* Rate Base by $12,499,326. The adjustments to Plant in Service also *reduce* depreciation expense by $383,886 and property taxes by $322,762, which *increases* Net Operating Income by $515,266.

Average Materials and Supplies (M&S)

Q. Please explain DOE's adjustment: Average Materials and Supplies (M&S).

A. M&S included in Rate Base is valued based upon the year-end balance. M&S inventories are volatile as shown in the following chart.

Figure 1: M&S Balances 2017–2020



Due to the volatility, DOE recommends that Rate Base reflect a five-quarter average for M&S. As shown on Schedule 3.2, DOE's recommended adjustment to M&S *reduces* Rate Base by $34,007.

Adjust Cash Working Capital for Expense Adjustments

Q. Please explain DOE's recommended Cash Working Capital adjustment.

A. The Company's Cash Working Capital was developed through the preparation of a lead-lag study. The lead-lag is applied to each component of the cost of service to quantify the cash working capital requirement associated with that cost-of-service item. The Cash Working Capital balance must be updated to reflect DOE's recommended adjustments that are discussed within this testimony. As shown on Schedule 3.3, DOE's recommended adjustment to Cash Working Capital *reduces* jurisdictional Rate Base by $187,981.

Q. Does DOE agree with the Company's calculated lead-lag factor?

A. The Company calculated a lead-lag factor of 32.17 days.[10] DOE agrees with this lead-lag factor for distribution rates. Further, in his testimony, Stephen Eckberg recommends that Unitil use this Lead/Lag methodology to develop a factor specific to transmission costs, which DOE believes should be used to calculate Unitil's working capital requirement on transmission costs in Unitil's next EDC docket.

[10] Direct Testimony of Christopher J. Goulding and Daniel T. Nawazelski, page 32 (Bates 000102). In DE 16-384, the lead-lag factor was 27 days (Direct Testimony of David L. Chong, page 18 (Bates 000097).

Remove Prepayments Included in Cash Working Capital

Q. Please explain DOE's adjustment: Remove Prepayments Included in Cash Working Capital.

The Company included prepayments in rate base contrary to Order No. 26,122 (April 27, 2018), which stated "The Commission finds that the detailed lead/lag study captures all the working capital requirements related to property taxes and other prepaid expenses. To also include prepayments in rate base would be allowing for a double recovery of the working capital related to those items. Consequently, prepayments may not be included in rate base."[11] The Company stated that it intends to reflect the revised prepayments and associated deferred income taxes when the Company files its updated revenue requirements schedules during the course of the proceeding.[12] DOE's adjustment removes the prepayments and associated deferred income taxes. As shown on Schedule 3.4, DOE's recommended adjustment *reduces* rate base by $3,057,477.

Remove EADIT Offset from Major Storm Cost Reserve Balance (MSCR)

Q. Please explain DOE's adjustment: Remove EADIT Offset from MSCR.

Excess Accumulated Deferred Income Taxes (EADIT) represents a liability for amounts collected from ratepayers for taxes that are no longer owed to the government. Normally, utilities should return the EADIT to customers. Instead of refunding the EADIT, the Company proposes to use the 2018–2020 EADIT of $2,644,590 to reduce the year-end 2020 MSCR under-recovered balance.[13] Implementing the Company's proposal would increase

[11] Docket No. DG 17-048, Order 26,122 (April 27, 2018), page 19.
[12] UES response DOE 4-37 (Attachment DHM-5).
[13] Direct Testimony of John F. Closson and Joseph F. Conneely, page 35 (Bates 000105).

rate base by eliminating the liability immediately instead of when the Company returns the funds to ratepayers. The Company would earn a return on this increased rate base. In addition, the Company's proposal combines two unrelated items, storm costs and EADIT, and lacks transparency. DOE recommends rejecting the use the EADIT funds as an offset to the MSCR. UES should return these funds to ratepayers through the EDC over one year. As shown on Schedule 3.5, DOE's recommended adjustment *reduces* rate base by $1,928,356.

Adjustments to Net Operating Income that Also Affect Rate Base

Q. What adjustments to Net Operating Income also have an effect on Rate Base?

A. The following Net Operating Adjustments affect Rate Base. I present the rate base impact in the discussion of these adjustments later in my testimony.

- Eliminate Restricted Stock Plan and EPS Component of Incentive Compensation (Schedule 3.13—*reduces* Rate Base by $314,639)
- Eliminate SERP and Company Contribution to Non-Qualified Deferred Comp (Schedule 3.14—*reduces* Rate Base by $227,496)
- Sharing of Directors and Officers Liability Insurance (Schedule 3.16—*reduces* Rate Base by $24,383)

Q. What is the impact of DOE's recommended adjustments to the Company's requested rate base?

A. The Company's requested rate base is $226,030,085. DOE's recommended adjustments *reduce* the rate base to $207,756,417.

<u>Adjustments to Net Operating Income</u>

Q. What net operating income has the Company proposed?

A. The Company's net operating income at current rates is $9,066,678.[14]

Q. Is DOE proposing any adjustments to the Company's proposed net operating income?

A. Yes. DOE recommends adjustments to these expense components:

- Audit Recommendations
- Eliminate Inflation Allowance for Other O&M Expenses
- Add Known and Measurement Lease Payments in Inflation Adjustment
- Eliminate 2022 Wage Increase
- Normalize UES Union Overtime
- Eliminate Increase to 401(k) Associated with 2022 Wage Increase
- Eliminate 2022 Increase in Medical and Dental Insurance
- Eliminate Restricted Stock Plan and EPS Component of Incentive Compensation
- Eliminate SERP and Company Contribution to Non-Qualified Deferred Compensation
- Eliminate 2022 Increase to Insurance Premiums
- Sharing of Directors and Officers Liability Insurance
- Exclude BetterInvesting Dues
- Convert to Whole Life Depreciation Methodology
- Amortization of Theoretical Depreciation Reserve Imbalance
- Remove Post-Test-Year Project Amortization
- True Up Payroll Taxes and Remove Payroll Tax above Social Security Wage Limit
- Reverse Removal of Third Party Reimbursement for Vegetation Management
- AMP Coordinator Cost Sharing
- Addition of Storm Related Communications (Calypso/Matter Communications) Costs
- Remove Incremental Wheeling Revenue
- Update Distribution Bad Debt for Revenue Change
- Interest Synchronization

[14]UES Schedule RevReq-1 (Bates 000151).

Audit Recommendations

Q. Please explain DOE's recommended adjustments from the Audit.

A. DOE's audit included eight audit issues.[15] The following table summarizes the audit recommendations and how they are reflected in DOE's recommended revenue requirement.

Table 4: Audit Recommendation and Revenue Requirement Effect

Issue	Description	Revenue Requirement Effect
1	SERP expense should be borne by shareholders	Adjustment reflected in Energy Adjustment 14
2	Vehicle Clearing Account Operating Leases WP 5.6 has incorrect capitalization rate of 49.32%. Correct rate is 64.24%. UES agrees with the recommendation.	Correction affects test year and proforma amounts on UES Schedules 3-6 (Prop & Liab Insurance), 3-15 (Inflation), and 3-21 (Fed & State Income Taxes). See Energy Adjustment 6. Inflation has been removed in full in Energy Adjustment 7.
3	Exeter DOC-reduce rate base by $577,144 for post test year additions	Adjustment reflected in Energy Adjustment 1
4	Exeter DOC work was not put out for bid. Project was sole sourced. Need formal policy.	Unknown
5	Exeter DOC capitalized art work $38,083, revised to $34,973, should be borne by shareholders	Adjustment reflected in Energy Adjustment 1
6	Prepaid Revolver overstated	No affect on revenue requirements
7	CWIP included $1,459 for Catering Costs related to Tropical Storm Isaias. UES clarified that costs were recorded as expenses to the Major Storm Cost Reserve and were not capitalized	No affect on revenue requirements
8	O&M Expenses. Audit identified 13 issues: 4 expenses outside of the test year; 2 expenses that are non-recurring, 1 expense that should have been booked as a prepaid; 2 expenses that had allocation issues, and 4 expenses that should have been booked below-the-line. After reviewing UES's explanation, Audit removed four adjustments. UES agrees with six adjustments and disagrees with the remaining three adjustments.	Audits final recommendation for these items is reflect in Energy Adjustment 6.

I included the audit issues not reflected in other DOE recommendations on Schedule 3.6. DOE's recommended adjustment *increases* net operating expenses by $71,666.

[15] DE 21-030 Final Audit Report (November 12, 2021), Audit Issues #1–8 (pages 122–137) (Attachment DHM-6).

Eliminate Inflation Allowance for Other O&M Expenses

Q. Please explain DOE's recommended adjustment: Eliminate Inflation Allowance for Other O&M Expenses.

A. UES proposes an inflation adjustment to Other O&M Expenses. To determine Other O&M Expenses, test year expenses were reduced by (1) expenses that have been adjusted separately and (2) expenses that are not subject to general inflation. The Company applied a 3.36% projected inflation rate to Other O&M Expenses of $3.8 million, which results in an *increase* to net operating income of $93,602. As shown on Schedule 3.7, DOE's recommended adjustment removes the inflation adjustment since it is not known and measurable.

Q. Please explain why an inflation adjustment is not appropriate.

A. First, the Company used a historical test year with what it claims are "known and measurable" changes. By using an estimated inflation adjustment for "Other O&M Expenses," along with the other adjustments for 2022, the Company has, in essence created a future test year. This process goes against traditional "known and measurable" ratemaking practices. These estimated inflationary adjustments are not known and measurable. Second, applying a common inflation factor to all "residual O&M expenses" ignores other factors that can affect these residual costs. For example, fuel prices vary significantly by supply and demand. Legal costs are influenced by the actual legal issues that arise, not simple inflationary factors. Finally, arbitrarily applying an estimated inflation factor to other O&M expenses removes the important responsibility of management to control costs.

Q. Has the Company requested an inflation adjustment in the past?

A. Yes. The Company proposed an inflation adjustment in the last three distribution rate proceedings: Docket Nos. DE 05-178, DE 10-055, DE 16-384. Commission Staff recommended disallowing the inflation adjustment in each of those proceedings. The adjustment remains inappropriate in this proceeding.

Q. What does DOE recommend?

A. DOE recommends that all estimated or forecasted adjustments that are 12 months or more beyond the test year (in this case pro forma adjustments effective in 2022) be excluded and that the Company follow traditional "known and measurable" ratemaking practices.

Add Known and Measurable 2021 Lease Payments in Inflation Adjustment

Q. Please explain DOE's adjustment: Add Known and Measurable 2021 Lease Payments in Inflation Adjustment.

A. The Company stated the 2021 incremental increases in operating leases were not included as a separate known and measurable adjustment but were instead included in the inflation adjustment. DOE recommends removing the inflation adjustment but recognizes that the incremental lease payments are known and measurable in 2021 and should be included. As shown on Schedule 3.8, DOE's recommended adjustment *reduces* net operating expenses by $17,527.

Eliminate 2022 Wage Increase

Q. Please explain DOE's recommended adjustment: Eliminate 2022 Wage Increase.

A. The Company has proposed a wage and salary increase for 2022, which is more than twelve months past the end of the test year. The Company has included a UES Non-union increase of 3.65 percent effective January 1, 2022, Union increase of 3.0 percent effective June 1, 2022, and Unitil Service Corporation (USC) increase of 4.40 percent effective January 1, 2022.[16] In addition, the 2022 Non-union and Service Company salary increase has not been approved.[17] DOE's adjustment removes this increase because it is too far beyond the end of the test year and is not known and measurable. The Company is attempting to create an estimated future test year, and its request should be denied. As shown on Schedule 3.9, DOE's recommended adjustment *increases* net operating income by $259,766.

Normalize UES Union Overtime

Q. Please explain DOE's adjustment: Normalize UES Union Overtime.

A. DOE requested the Company provide wages and salaries by category for the last four years. The information provided showed a significant increase in UES Union wages and salaries in the test year.

[16] UES Schedule RevReq-3-2, footnote (3).
[17] UES response to DOE 5-7 (Attachment DHM-7).

Table 5: Wages and Salaries 2017–2020

	2017	2018	2019	2020
Exempt Non-Union	$1,388,823	$1,441,909	$1,428,038	$1,457,783
Non-Exempt Non-Union	$295,439	$238,352	$236,433	$245,489
Union	$4,251,962	$4,255,963	$4,092,274	$4,727,266
Service Company	$32,915,549	$39,766,837	$36,802,965	$36,147,019
Total	$38,851,772	$45,703,061	$42,559,710	$42,577,557
% Change from Prior Year				
Exempt Non-Union		3.8%	-1.0%	2.1%
Non-Exempt Non-Union		-19.3%	-0.8%	3.8%
Union		0.1%	-3.8%	15.5%
Service Company		20.8%	-7.5%	-1.8%

Source: Energy TS 1-9 Attachment 2

DOE followed up on the 15.5% increase in UES Union wages and salaries from 2019 to the test year 2020. The Company stated that the primary driver of the 15.5% increase, or 12.4%, was related to overtime from 2020. The straight-time earnings total was an increase of 3.1%. The Company provided the UES Union overtime for the last four years.[18] The following table shows a $521,954 or 55.9% increase from 2019 to the test year 2020.

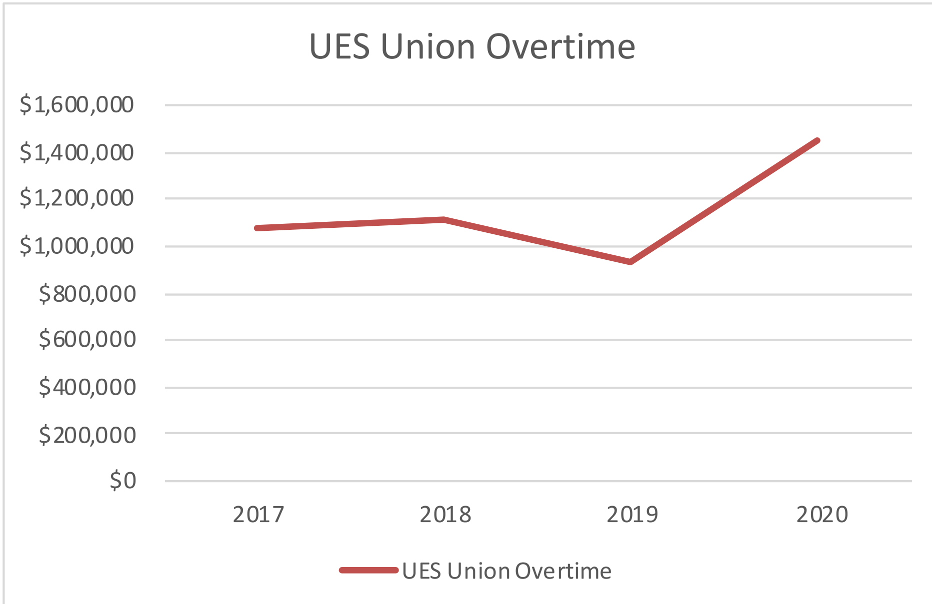
Table 6: UES Union Overtime 2017–2020

	2017	2018	2019	2020
UES Union Overtime	$1,078,814	$1,114,630	$933,288	$1,455,242
$ Change Year to Year		$35,816	($181,342)	$521,954
% Change		3.3%	-16.3%	55.9%
Average 2017–2020				$1,145,493

The UES Union overtime for 2017 through 2020 is also provided in the following chart.

[18] UES response to Energy TS 1-9 (Attachment DHM-8).

Figure 2: UES Union Overtime 2017–2020



Q. What was the Company's explanation for the increase in UES Union overtime in the test year 2020?

A. The Company stated that a large portion of the overtime pay relates to UES crews helping other utilities' restoration efforts after weather events and that this mutual assistance overtime cost is not charged to ratepayers as the Company receives reimbursement for this work from the host utility.[19]

Q. What does DOE recommend regarding UES Union Overtime?

A. Regardless of whether the Company received reimbursement for mutual aid in the test year, the Company rate request includes significant UES Union Overtime in the test year. The Company has not provided justification for why this increase in overtime would be expected going forward nor reflected any estimated reimbursement for mutual aid to offset the

[19] UES response to Energy TS 1-9 (Attachment DHM-8).

increase. DOE recommends that UES Union Overtime be normalized based on an average of 2017 through 2020 as follows:

Table 7: Normalized UES Union Overtime

Average of UES Union Overtime		
UES Union Overtime-2017	$	1,078,814
UES Union Overtime-2018		1,114,630
UES Union Overtime-2019		933,288
UES Union Overtime-2020		1,455,242
Average UES Union Overtime 2017–2020	$	1,145,493
Normalizing Adjustment		(309,749)

Normalizing UES Union Overtime results in a reduction to payroll of $309,749. In addition, the 3.0% increase that was applied to the overtime should also be adjusted.[20] Payroll is reduced by an additional $9,292. As shown on Schedule 3.10, DOE's recommended adjustment *increases* net operating income by $232,635.

Eliminate Increase to 401(k) Associated with 2022 Wage Increase

Q. Please explain DOE's recommended adjustment: Eliminate Increase to 401(k) Associated with 2022 Wage Increase.

A. The Company's proposal to increase 2022 wages results in an increase in its 401(k) program. Consistent with DOE's adjustment to eliminate the 2022 wage increase, the increase to the 401(k) should also be removed. As shown on Schedule 3.11, DOE's recommended adjustment *increases* net operating income by $15,570.

[20] The 2022 increase was removed in Adjustment #7 Eliminate 2022 Wage Increase.

Eliminate 2022 Increase in Medical and Dental Insurance

Q. Please explain DOE's recommended adjustment: Eliminate 2022 Increase in Medical and Dental Insurance.

A. The Company included estimates for 2022 increases to medical and dental insurance. These costs are not known and measurable and will occur beyond one year past the end of the test year. DOE's adjustment replaces these 2022 unknown and unmeasured estimates with the 2021 premium costs provided by the Company to limit the increase to within one year past the end of the test period. As shown on Schedule 3.12, DOE's recommended adjustment *increases* net operating income by $59,065.

Eliminate Restricted Stock Plan Awards and EPS Component of Incentive Compensation

Q. Please explain DOE's recommended adjustment: Eliminate Restricted Stock Plan Awards and EPS Component of Incentive Compensation.

A. The Company's rate request reflects costs from three incentive compensation plans:

- Unitil Corporation 2003 Stock Plan
- Unitil Corporation Management Incentive Compensation Plan
- Unitil Corporation Incentive Compensation Plan

The Stock Plan awards Shares and Restricted Stock Units to key management employees based exclusively on accomplishing shareholder-focused goals. The Company's two other incentive compensation plans (Unitil Corporation Management Incentive Plan and Unitil Corporation Incentive Compensation Plan) reward employees based on a corporate scorecard that has a significant focus on shareholder-related goals. DOE's adjustment removes the awards under the Stock Plan and the portion of Incentive Compensation that is related to shareholder goals.

Q. Please elaborate on DOE's adjustment regarding the Unitil Corporation 2003 Stock Plan.

A. The Company has a Stock Plan that awards grants of Shares and Restricted Stock Units to key management employees. The objectives of the plan is "to optimize the profitability and growth of the Company through incentives that are consistent with the Company's goals and which *link the personal interests of Participants to those of the Company's shareholders*… [emphasis added]."[21] The Plan document states that the performance measures for awards "shall be chosen from among earnings per share, economic value added, market share (actual or targeted growth), net income (before or after taxes), operating income, return on assets (actual or targeted growth), return on capital (actual or targeted growth), return on investment (actual or targeted growth), revenue (actual or targeted growth), share price, stock price growth, total shareholder return, or other performance measures as are duly approved by the Committee and the Company's shareholders."[22] All these goals benefit the Company's shareholders. Since the Company focuses the awards on goals of shareholder interest, DOE's adjustment transfers the responsibility for funding the plan to the shareholders where it belongs.

Q. Who participates in the Stock Plan?

A. The Compensation Committee of the Company's Board of Directors selects key management employees of the Corporation to participate in the Stock Plan.[23]

[21] PUC 1604.01(a)-15 Attachment 2 (Bates 000115).
[22] PUC 1604.01(a)-15 Attachment 2 (Bates 000123)).
[23] UES response to DOE 5-10 (Attachment DHM-9).

Q. How much has the Company expensed related to the Restricted Stock Plan in the test year?

A. During the test year, the Company expensed $2.2 million related to the Restricted Stock Plan. Through the USC billing process, $615,594 was allocated to UES, with $434,486 reflected as O&M expenses and $181,108 allocated as UES capital charges.[24] The Company stated that these costs were not adjusted for annual payroll increases.

Q. What is DOE's recommendation regarding the Restricted Stock Plan?

A. DOE's adjustment appropriately removes the Restricted Stock awards allocated to UES for both expenses ($434,486) and rate base ($181,108) from the test year, effectively transferring the cost of these awards to shareholders who receive the benefit from achievement of the goals of the plan.

Q. Please explain DOE's recommendation regarding the other two incentive compensation plans.

A. The Company's two other incentive compensation plans (Unitil Corporation Management Incentive Plan and Unitil Corporation Incentive Compensation Plan) reward employees based on a corporate scorecard significantly focused on shareholder-related goals. DOE recommends transferring the portion of the Incentive Compensation focused on shareholder goals to shareholders.

[24] UES response to DOE 5-10, Attachment 1 (Attachment DHM-9).

Q. Please elaborate.

A. The Unitil Corporation Management Incentive Plan provides benefit to key management employees selected by the Corporation's Board of Directors. The Unitil Corporation Incentive Plan includes employees who are not selected by the Board of Directors to participate in the Management Plan.[25] Prior to the beginning of each Performance Period, objectives are established that must be achieved prior to award. The objectives are given a ranking "based on the relative impact of each Performance Objective on the Corporation's performance."[26] The goals are the same for both senior management and non-union employees. Union employees are not eligible to participate.[27] The following table provides the Performance Objectives and their relative weights for 2020 and 2021.

Table 8: Incentive Compensation Performance Objectives and Weighting 2021–2022

	Weight of Measure	
Measure	**2020**	**2021**
Earnings per Share (EPS)	40%	40%
Gas Safety-Response to Odor Calls	10%	10%
Reliability-SAIDI Minutes	10%	10%
Customer Satisfaction	10%	10%
O&M Cost per Customer	30%	30%
	100%	100%

Q. How much of the Incentive Compensation costs does DOE believe should be funded by shareholders?

A. Forty percent. The Earnings per Share (EPS) objective is weighted 40%. EPS is a shareholder-related goal. Therefore, the Company's shareholders should fund that portion of the Incentive Compensation focused on their behalf. The incentive costs, then, are shared

[25] UES response to DOE 3-13, Attachment 1(a) and 1(b), page 1 of 5 (Attachment DHM-10).
[26] UES response to DOE 3-13, Attachment 1(a), page 2 of 5 (Attachment DHM-10).
[27] UES response to DOE 3-13, Attachment 1(a) and 1(b), page 1 of 5 (Attachment DHM-10).

between the shareholders and ratepayers who each receive some benefit from the accomplishment of the goals.

Q. Please explain further why DOE believes the shareholders, and not the ratepayers, should fund the Restricted Stock Plan and the EPS portion of Incentive Compensation.

A. Measures like earnings per share (EPS), which are driven by increases to net income or profitability, form the basis for the award of Restricted Stock. Forty percent of the weighted goals for Incentive Compensation payouts are awarded based on achieving a specified EPS goal. EPS or profitability goals align with the interests of the Company's shareholders. Obtaining payouts through the Restricted Stock Plan and Incentive Compensation provides management with a significant monetary incentive to focus its efforts on these shareholder-related goals. To increase profitability during a period of slow revenue growth, a company must focus on reducing expenses (or increasing its authorized return on its assets). While reducing expenses can and should benefit ratepayers, taken to an extreme, it can harm customers.

Q. Please explain why focusing on shareholder-related goals could hurt ratepayers.

A. Reducing expenses drives up net income or profitability that should benefit ratepayers. However, if management focuses too heavily on profitability in order to receive Restricted Stock or Incentive Compensation payouts, the shareholders could receive benefits at the expense of ratepayers. For example, expenses can be reduced by deferring maintenance. Another example is to reduce expenses by failing to adequately staff Customer Service. With a reduced Customer Service staff, customers could experience a power outage and find it difficult to contact Customer Service to report the outage. With reduced staff, Customer Service would also have increased wait times for other inquiries or complaints. In such a case, by reducing expenses, the Company's management could meet its EPS goal and O&M Cost per Customer goal, which are weighted heavily to gain incentive pay (40% and 30%, respectively) even though the resulting failures in customer service would cause the loss of its lower weighted Reliability and Customer Satisfaction goals, which are only 10% each. Thus, management would benefit in incentive pay at the expense of the customer.

Having goals to incent performance is a good management practices; however, it is important that incentive payments balance performance goals so as to derive the desired behaviors. The Company has made the decision to incent shareholders' goals more than those of the ratepayers. Therefore, shareholders should fund the awards that accrue to management for achieving the goals that benefit them. Ensuring that the competing interests are balanced is also important. This balance is achieved by requiring the sharing of incentive costs between ratepayers and shareholders. Therefore, DOE recommends the portion of the Incentive Compensation that more closely benefits shareholders be funded by shareholders.

Q. Were the incentive compensation awards included in the 2021 and 2022 wage increases?

A. The Company did not include the Restricted Stock Plan costs in the test year payroll amounts and did not adjust them for annual payroll increases. The USC billing process charges those costs to UES.[28] Conversely, the Company included the other two incentive plans in the test year payroll, and the plans were also components in the 2021 and 2022 annual payroll increases. Therefore, DOE adjustment removes the disallowed incentive compensation from

[28] UES response to DOE 5-10 (Attachment DHM-9).

the 2021 payroll increase. However, DOE adjustment does address the 2022 increase since "Eliminate 2022 Wage Increase" removed all the 2022 annual payroll increase.

Q. Is there a related adjustment to rate base?

A. Yes. DOE included an adjustment to remove the Restricted Stock Plan and EPS Component of Incentive Compensation that the Company allocated to capital.

Q. Please summarize the adjustments.

A. The following table summarizes the recommended exclusions of the awards under the Stock Plan and the portion of Incentive Compensation that are related to shareholder goals.

Table 9: Summary of Recommended Adjustment to Restricted Stock and EPS Component of Incentive Comp

		Recommended Disallowance				
	Requested*	Test Year	2021 Increase	Total	O&M	Rate Base**
Restricted Stock Plan Charged to UES	$ 615,594	$ (615,594)	$ -	$ (615,594)	$ (434,486)	$ (181,108)
UES Incentive Comp	107,878	(41,632)	(1,520)	(43,151)	(15,427)	(26,748)
USC Incentive Comp	979,626	(375,336)	(16,515)	(391,850)	(280,369)	(106,783)
Total	$ 1,703,098	$ (1,032,561)	$ (18,034)	$ (1,050,596)	$ (730,282)	$ (314,639)

*Requested includes Test Year + 2021 Increase. 2022 increase addressed in separate adjustment.
**2021 Increase for Incentive Comp not Included in Rate Base.

As shown on Schedule 3.13, DOE's recommended adjustment *increases* net operating income by $532,499 and *reduces* rate base by $314,639.

Eliminate SERP and Company Contribution to Non-Qualified Deferred Compensation Plan Costs

Q. How did the Commission Staff address SERP in the last base rate case?

A. In case DE 16-384, Commission Staff was not opposed to including SERP in general rates. Staff stated that in 2016, SERP included six participants—five active senior executive employees and one retired employee. Staff stated that while the Company had closed SERP to new hires, it would be open to existing employees after any promotion to senior executive positions in the future. Commission Staff expressed concern that the total number of SERP participants could increase as executives retired and were replaced, *possibly doubling the costs borne by ratepayers*. Commission Staff had a few recommendations to stabilize the expense recovered from ratepayers. Commission Staff recommended that, effective January 1, 2017, the defined benefit SERP be closed to new participation and that the Commission not authorize recovery by ratepayers of SERP expense for any new senior executive participants. After January 1, 2017, UES could propose a new SERP for its senior executives, but Commission Staff recommended that any new SERP be reviewed and approved by the Commission before implementation.

Q. Has the SERP expense increased as expected by Commission Staff since DE 16-384?

A. SERP has more than doubled since the last base distribution rate case. The total USC SERP expense per the actuary in 2016 was $1,112,151. In 2021, the total USC SERP expense per the actuary increased to $2,357,253. The following table shows the total USC SERP expense and the amount that was allocated to UES.[29]

[29] UES response to Energy 6-1 (Attachment DHM-11).

Table 10: SERP Expense 2016–2021

		Allocated to UES		
Year	Total SERP	O&M	Capital	Total
2016	$ 1,112,151	$ 224,945	$ 90,016	$ 314,961
2017	1,336,224	272,748	104,601	377,349
2018	1,566,259	316,249	113,846	430,095
2019	1,438,762	294,039	111,980	406,019
2020	1,924,767	382,690	159,517	542,207
2021	2,357,253	468,678	195,360	664,038
% Change 2016 to 2021	112%			111%

Q. What is the Company seeking to recover for SERP in this proceeding?

A. The Company is seeking to recover SERP costs allocated to UES of $664,038, with $468,678 recovered as O&M and $195,306 recovered through capital.[30]

Q. Did the Company implement Commissions Staff's recommendation in DE 16-384?

A. Regarding Commission Staff's recommendation to close the defined to new participation effective January 1, 2017, the Company did close SERP to new participants in 2018. SERP currently provides benefit to four retired executives, and two active employees who are eligible to receive SERP when they retire.[31]

Q. Has the Company replaced the SERP with another program?

A. Yes. The Company closed SERP to new participants in 2018, and in 2019, following the restriction of any new enrollment in USC's Pension Plan or the SERP, USC enrolled in a non-qualified deferred compensation plan (NQDC).[32] The Board of Directors determines

[30] UES RevReq Workpaper 4.3.
[31] Direct Testimony of John F. Closson and Joseph F. Conneely, page 17 (Bates 000259).
[32] Direct Testimony of John F. Closson and Joseph F. Conneely, page 23 (Bates 000265).

which management employees and other employees of the Company can participate in the deferred compensation plan. Currently, the NQDC plan participants are employees with a salary grade of 23 and above who are not already participating in the SERP benefit. The participants are primarily USC employees, and UES is billed a portion of the costs.

Q. How much is the Company seeking for NQDC in its rate request?

A. The Company is seeking NQDC plan costs allocated to UES of $109,233 with $77,097 recovered as O&M and $32,136 recovered through capital.[33]

Q. Are the NQDC plan costs expected to increase like the SERP costs did?

A. Yes. The number of participants increased from two in 2021 to six in 2022.[34] With the increased number of participants, NQDC plan costs will likely more than double in just one year.

Q. What is DOE's recommendation?

A. DOE recommends that the SERP costs and NQDC plan costs be disallowed. In DE 16-384, Commission Staff expressed concern that the total number of SERP participants could increase as executives retired and were replaced, *possibly doubling the costs borne by ratepayers*. These costs did increase and will likely continue to do so.

Shareholders should pay the costs of SERP and NQDC. This recommendation means that ratepayers will pay for the executive benefits included in the Company's regular pension

[33] UES RevReq Workpaper 4.6.
[34] UES response to DOE 5-9 (Attachment DHM-12).

plan and shareholders will pay for the additional executive benefits included in the supplemental plans. For ratemaking purposes, shareholders should bear the additional costs associated with supplemental benefits to highly compensated executives since these costs are not necessary for the provision of utility service but are instead discretionary costs to attract, retain, and reward already highly compensated executives. As shown on Schedule 3.14, DOE's recommended adjustment *increases* net operating income by $397,962 and *reduces* rate base by $227,496.

Eliminate 2022 Increase in Insurance Premiums

Q. Please explain DOE's recommended adjustment: Eliminate 2022 Increase in Insurance Premiums.

A. The Company included estimates for 2022 increases to various property and liability policy premiums. These costs represent costs that are not known and measurable and will occur beyond one year past the end of the test year. DOE's adjustment replaces these 2022 unknown and unmeasured estimates with the 2021 premium costs provided by the Company to limit the increase to within one year past the end of the test period. As shown on Schedule 3.15, DOE's recommended adjustment *increases* net operating income by $5,190.

Sharing of Directors & Officers Liability

Q. Please explain DOE's recommended adjustment: Sharing of Directors and Officers (D&O) Liability Insurance.

A. DOE's adjustment removes one-half of the D&O Liability Insurance expense. The adjustment reflects a sharing of the expense between shareholders and ratepayers. As shown on Schedule 3.16, DOE's recommended adjustment *increases* net operating income by $11,215 and *reduces* rate base by $24,383.

Q. Why should the cost of D&O Liability Insurance Expense be shared between shareholders and ratepayers?

A. D&O Liability Insurance protects the officers and directors from the costs of a lawsuit. Shareholders benefit from payouts under the policy that would reduce the cost not recoverable from ratepayers. On the other hand, ratepayers benefit because having the insurance improves the ability of the Company to attract and retain qualified directors and officers and enables the directors and officers to make decisions without fear of personal liability. As a result, it is reasonable for shareholders to bear some of the cost of D&O Liability Insurance.

Exclude BetterInvesting Dues

Q. Please explain DOE's adjustment to exclude BetterInvesting Dues.

A. In 2020, Unitil Service Corp. paid $4,100 for membership dues to BetterInvesting.[35] The Company stated that membership in BetterInvesting "provides Unitil Corporation an opportunity to reach potential *retail* investors through informational and marketing materials" [emphasis added].[36] The BetterInvesting web page "About Us" states,

> The National Association of Investment Clubs, or NAIC, was founded in 1951. Since then the name was changed to the National Association of

[35] UES response to DOE 4-57 (Attachment DHM-13).
[36] UES response to DOE 5-5 (Attachment DHM-14).

> Investors, doing business as BetterInvesting. BetterInvesting is dedicated to providing a program of sound investment information, education and support that helps create successful lifetime investors.[37]

DOE believes that ratepayers do not receive a benefit for and should not bear the costs to reach *retail* investors or educate lifetime investors. The portion of the dues allocated to UES should be excluded from UES's rate request. As shown on Schedule 3.17, DOE's recommended adjustment *increases* net operating income by $594.

Convert to Whole Life Depreciation Methodology

Q. What is DOE's recommendation with respect to the Company's Depreciation Study and related test year adjustment?

A. As discussed in the testimony of Steve Eckberg, the Company proposes an adjustment to depreciation expense to reflect the use of the Remaining Life Methodology to establish depreciation accrual rates going forward. DOE recommends rejecting the use of the Remaining Life Methodology. Depreciation accrual rates should be set using the Commission's long-standing use of straight-line, average life, whole life depreciation with an amortization period to recover any difference between book depreciation reserve and the theoretical depreciation reserve by account. The whole-life technique is consistent with the Commission's practice for setting depreciation accrual rates for other electric companies and for natural gas and water utilities. As shown on Schedule 3.18, DOE's recommended adjustment *reduces* net operating income by $40,072.

[37] https:/www.betterinvesting.org/about-us (Attachment DHM-15) and UES response to Energy TS 1-3 (Attachment DHM-16).

Amortization of Theoretical Depreciation Reserve Imbalance

Q. Please explain DOE's adjustment to Theoretical Depreciation Reserve Imbalance.

A. If DOE's recommendation of continuing the use of the Whole Life Methodology in setting depreciation accrual rates is adopted, the Theoretical Depreciation Reserve Imbalance must be amortized separately. As discussed in the testimony of Steve Eckberg, applying the Whole Life Methodology to the Company's depreciation study results in a Theoretical Reserve Imbalance of $7,652,721.[38] DOE recommends that the Theoretical Depreciation Reserve Imbalance be amortized over five years, the average duration between rate cases. The following table provides the time between rate case depreciation studies for the last several base distribution rate cases.

Table 11: Period Between Depreciation Studies

	Year Study Performed		Time between
Docket No.	Current	Prior	Studies
DE 21-030	2020	2015	5
DE 16-384	2015	2009	6
DE 10-055	2009	2005	4
DE 05-178	2005		
Average			5

Adoption of a five-year amortization period *reduces* depreciation expense by $1,530,544. As shown on Schedule 3.19, DOE's recommended adjustment *increases* net operating income by $1,116,027.

[38] UES response to Energy DOE 5-12 (Attachment DHM-17).

Remove Post-Test-Year Project Amortization

Q. Please explain DOE's adjustment: Remove Post-Test-Year Project Amortization.

A. DOE recommends that the amortization of projects that were not in service at the end of the test year be removed from the permanent rates and be transferred to the Step Increase. DOE recommends removing the projects and annual amortization listed below and transferring the amortization to the Step adjustment.

Table 12: USC Projects Not In Service by the End of the Test Year[39]

Project	In-Service Date	Project Cost	Annual Amortization
SOX Modernization	Feb-21	$ 75,517	$ 15,103
USC Time & Billing Upgrade/Replacement	*Nov-21	587,704	117,541
2020 Flexi Upgrade	Feb-21	25,531	5,106
		$ 688,752	$ 137,750
UES Apportionment			27.50%
Annual Amortization			$ 37,881

*Estimated In Service Date (Energy TS 1-6)

In addition to removing the post-test-year project amortization of $37,881, several corrections were identified during discovery and agreed to by the Company. These corrections include corrections of the USC Amortization Billed to UES for ADP Vacation Enhancements ($573) and General Infrastructure Enhancements ($1,981)[40] and removal of the UES First Response-iRestore amortization ($24,090).[41] These corrections are expected to be included in UES updates and correction testimony filed later in this proceeding. As shown on Schedule 3.20, DOE's recommended adjustments *increases* net operating income by $44,676.

[39] UES response to Energy TS 1-6 (Attachment DHM-18).
[40] UES response to Energy TS 1-6 (Attachment DHM-18).
[41] UES response to Energy TS 1-7 (Attachment DHM-19).

True Up Payroll Taxes and Remove Payroll Taxes above Social Security Limit

Q. Please explain DOE's recommended adjustment: True Up Payroll Taxes and Remove Payroll Taxes above Social Security Limit

A. Payroll taxes reflect the effective tax rate for the Company's Social Security and Medicare taxes that correspondingly decrease as a result of DOE's adjustments to employee compensation (2022 Pay Increase, Union Overtime, Incentive Compensation). In addition, DOE made an adjustment to the payroll taxes to recognize that Social Security taxes are not paid on wages and salaries in excess of the taxable limit of $142,800. The Company agreed with this adjustment and agreed to reflect it in the Corrections and Update filing.[42] As shown on Schedule 3.21, DOE's recommended adjustment *increases* net operating income by $54,971.

Reverse Removal of Third-Party Reimbursements from Vegetation Management

Q. Please explain DOE's recommended adjustment: Reverse Removal of Third-Party Reimbursements from Vegetation Management?

As discussed in the testimony of Rich Chagnon, DOE recommends reversing the Company's removal of Test Year Third-Party Reimbursement for vegetation management. As shown on Schedule 3.22, DOE's recommended adjustment *increases* net operating income by $721,513.

[42] UES response to DOE 5-1 (Attachment DHM-20).

AMP Coordinator Cost Sharing

Q. Please explain the Company's proposed AMP FTE Sharing.

A. If the Commission approves the Arrearage Management Program (AMP) Forgiveness program, the Company stated they will need to hire an AMP Coordinator who will be in charge of enrolling and monitoring the participants in the program and making necessary adjustments to individual customers payment terms. The Company has included estimated costs for the new position with benefits of $84,000.[43]

Q. Does DOE support the AMP Forgiveness program?

A. As discussed in the testimony of Amanda Noonan, DOE supports the AMP Forgiveness program with modifications.

Q. Please explain DOE's adjustment regarding the AMP FTE Sharing.

A. The Company included the full cost with benefits of the AMP Coordinator in this filing. In DG 21-104, the Company proposes that the AMP Coordinator be in charge of both Northern New Hampshire and Unitil DOE Systems administration. DOE asked that the Company provide a proposal on how the costs should be shared. The Company proposed to allocate the AMP Coordinator costs between the two companies based on the Company's estimated amount of enrollees, as shown in the table below—Northern New Hampshire at 22% and Unitil Energy Systems at 78%.[44]

[43] Direct Testimony of Carole A. Beaulieu, page 8 (Bates 000988).
[44] Unitil response to Energy TS 1-2 (Attachment DHM-21).

Table 13: Estimated AMP Enrollees by Utility Used to Allocated AMP FTE

Company	Estimated Enrollees	Percent of Enrollees
Unitil Energy Systems	638	78%
Northern New Hampshire	185	22%
Total New Hampshire	823	100%

DOE supports this estimated allocation of the costs of the AMP Coordinator and has removed 22% of the costs that would be collected by Northern New Hampshire from this proceeding. As shown on Schedule 3.23, DOE's recommended adjustment *increases* net operating income by $13,768.

Addition of Storm Related Communications (Calypso/Matter Communications) Costs

Q. Please explain DOE's recommended adjustment Addition of Storm Related Communications (Calypso/Matter Communications) Costs.

A. DOE's adjustment to add storm related communications (Calypso/Matter Communications) costs is supported by DOE's witness Elizabeth Nixon. As shown on Schedule 3.24, DOE's recommended adjustment *reduces* net operating income by $13,337.

Remove Incremental Wheeling Revenue

Q. Please explain DOE's recommended adjustment: Remove Incremental Wheeling Revenue.

A. DOE's adjustment to remove incremental wheeling revenue is supported by DOE's witness Elizabeth Nixon. As shown on Schedule 3.25, DOE's recommended adjustment *reduces* net operating income by $34,808.

Update Distribution Bad Debt for Revenue Change

Q. Please explain DOE's recommended adjustment: Update Distribution Bad Debt for Revenue Change.

A. DOE's adjustment updates the Distribution Bad Debt expense to reflect DOE's recommended revenue increase using the 2019 delivery net-write-off percent of 0.64% proposed by the Company. As shown on Schedule 3.26, DOE's recommended adjustment *increases* net operating income by $50,370.

Q. Why is the 2019 delivery net-write-off percent used instead of the 2020 percentage?

A. The Company explained that the level of write-off activity in 2020 was not reflective of a normal year's level due to the disconnection moratorium that was issued in March 2020 by the State of New Hampshire and ordered in Docket No. IR 20-089.[45] DOE reviewed the 2019 delivery net-write-off percent of 0.64% to the delivery net-write-off percent used in the last base distribution rate case (DE 16-384) of 0.62% and found the Company's use, under the circumstances, not unreasonable.[46]

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[45] Direct Testimony of Christopher J. Goulding and Daniel T. Nawazelski, page 21 (Bates 000091).

[46] Using a Write-off as a % of Retail Delivery Billed Revenue of 0.62% instead of 0.64% results in ~3.2% difference in Uncollectible Delivery Revenue.

	DE 16-384 12/31/15	DE 21-030 12/31/19	Difference
Write-Offs as a % of Retail Delivery Billed Revenue	0.62%	0.64%	0.02%
Comparison of Write-Off Assuming DE21-030 Billed Revenue			
DE 21-030 Total Normalized Delivery Retail Billed Revenue	$ 103,926,273	$ 103,926,273	
Uncollectible Delivery Revenue	$ 644,343	$ 665,128	$ 20,785
			3.2%

Interest Synchronization

Q. Please explain DOE's recommended adjustment: Interest Synchronization.

A. The interest synchronization adjustment synchronizes the rate base and cost of capital with the tax calculation using the recommended weighted cost of debt. It is calculated by computing the interest component of the revenue requirement by multiplying the rate base by weighted cost of debt. The calculated interest expense is then compared against the interest expense used by the Company in its computation of test year income tax expense. The adjustment for interest synchronization is the tax effect of the difference in interest expense. This adjustment ensures that the revenue requirement reflects the tax savings generated by the interest component of the revenue requirement. As shown on Schedule 3.27, DOE's recommended adjustment *reduces* net operating income by $81,238.

Q. What is the impact of DOE's recommended adjustments to the Company's net operating income?

A. The Company's net operating income at current rates is $9,066,678. DOE's recommended adjustments *increase* net operating income to $13,076,052.

HB700 Property Taxes

Q. Please explain HB700 Property Taxes.

A. HB700 refers to the New Hampshire House Bill (HB) 700. HB 700 (codified as RSA 72:8-d and -e) establishes a new methodology for valuing utility distribution assets for property tax purposes and requires the Commission to establish a rate recovery mechanism for any public utility owning property that meets the definition of "utility company assets." The mechanism will "adjust annually to recover all property taxes paid by each such utility on such utility company assets" or "be established in an alternative manner acceptable to both the utility and the public utility commission."

Q. Has the Commission approved a methodology for recovery of HB700 property taxes?

A. Yes. The Company made a filing in Docket No. DE 21-069 with a proposal for a property tax mechanism and recovery of the increase in property taxes associated with the change in law. In that Docket, the Company proposed annual recovery of all *local* property taxes (local building and utility plant assets) ***and to exclude changes in state-related property taxes consistent with the language of HB700. Recovery of the state portion of property taxes would continue to occur as it does now as part of the normal rate case process***. Recovery would be through the Company's External Delivery Charge (EDC).[47] On July 29, 2021, the Commission found the Company's petition to be consistent with the requirements of RSA 72:8–e and found the incorporation and reconciliation of the local property tax expense through the EDC mechanism to be acceptable.[48]

Q. What is reflected in the instant docket regarding HB700?

A. The Company proposes "On an annual basis, actual property tax expense for the prior calendar year shall be compared against the amount in base rates and any variances will be reconciled through the EDC mechanism. Annual actual property tax expense shall be normalized to adjust for any credits received due to abatement settlement proceeds received

[47] Docket No. DE 21-069 Petition for Approval of Rate Recovery Mechanism for Property Taxes and Direct Testimony of Christopher J. Goulding (March 29, 2021), page 4.
[48] Docket No. DE 21-069, Order No. 26,500 (July 29, 2021), page 6.

for tax years preceding the test year. As proposed in Docket No. DE 21-069, the EDC shall recover any over- or under-recoveries beginning on August 1 of each year."[49]

Q. Is the Company's proposal consistent with what the Commission approved in Docket No. DE 21-069.

A. No. The Company proposes to include property taxes of $7,771,772 (the amount will be updated to reflect the final 2021 tax bills) in base distribution rates. This amount is what the Company proposes to include in the HB700 reconciliation. This amount includes State Property Taxes that the Company specifically stated in its proposal in Docket No. DE 21-069 would not be included in the annual reconciliation. The Company's petition in Docket No. DE 21-069 specifically stated ***recovery of the state portion of property taxes would continue to occur as it does now as part of the normal rate case process.***[50]

Q. What does DOE recommend?

A. The HB700 annual reconciliation base should exclude State Property Taxes and any other property that is disallowed by the Commission. DOE recommended several disallowances of plant on Schedule 3.1. As shown on Schedule 4, the Company's proposed $7,771,722 HB700 base property taxes should be adjusted to $5,804,121.

<u>**Step Adjustment**</u>

Q. Does DOE have any comments regarding the Step Increase?

[49] Direct Testimony of Christopher J. Goulding and Daniel T. Nawazelski, page 41 (Bates 000111).
[50] DE 21-069 Direct Testimony of Christopher Goulding, page 4 of 7 (Attachment DHM-37).

A. Yes. As discussed by DOE witness Jay Dudley, DOE supports one step adjustment with the following conditions:

1) The amounts presented by the Company represent budgeted amounts, not actual. DOE supports the inclusion of only actual amounts related to 2021 non-revenue-producing plant additions that have been examined and verified by DOE's Audit Staff.
2) The Step Adjustment revenue requirement calculation should reflect the Commission-approved rate of return in this proceeding.
3) The Step Adjustment includes post-test-year plant additions that are not disallowed by the Commission.
4) The Step Adjustment includes post-test-year projects reflected in the Company's base rate request for amortization expense.
5) The Step Adjustment reflects a composite depreciation accrual rate using the Whole Life methodology.

The Company proposed Step Adjustment #1 (effective April 1, 2022) is $2,754,244.[51] At this time, subject to adjustment as discussed in items 1–5 above, DOE recommends a Step Increase of $2,540,047. This amount includes the post-test-year project amortization that was removed from amortization expense. DOE's recommended Step Increase is provided in Schedule 5.

[51] UES Schedule CGDN-2.

<u>Conclusions</u>

Q. In conclusion, what is DOE's recommended increase to base revenue?

A. DOE is recommending that the Company be allowed an increase to its distribution base rates of no more than $1,128,478.

Q. Does this conclude your testimony?

A. Yes.

Professional Experience and Qualifications
Donna H. Mullinax, CPA, CIA, CFP

Summary

Mrs. Mullinax has over forty-two years of financial, management and consulting experience. She is President of Blue Ridge Consulting Services, Inc. Prior to becoming President, she held the position of Vice President and Chief Financial Officer for Blue Ridge and her former employer. She has served on various Boards of Directors. She has extensive experience in project management; regulatory and litigation support; financial, administration, and human resource management. She has performed numerous financial, compliance and management audits. She has supported, as well as, provided expert witness testimony in both regulatory and civil proceedings. Mrs. Mullinax has designed and implemented accounting and business systems and developed policy and procedure manuals to support those systems.

Key Qualifications and Selected Professional Experience

Financial, Administration, and Human Resource Management

As Chief Financial Officer and Vice President she was responsible for all aspects of financial, administration, and human resources. Her responsibilities included accounting, cash management, budgeting, tax planning and preparation, fixed assets, human resources, and employee benefits. Records under her control have been subject to an IRS compliance audit with no findings.

Project Management

Mrs. Mullinax has successfully managed numerous projects controlling cost, schedule, and scope. These projects included management, financial, and compliance audits, M&A due diligence reviews, economic viability studies, prudence reviews, and litigation/regulatory support for construction contract claims and regulatory proceedings. She has worked with diverse team members and reconciled various viewpoints while maintaining effective working relationships among cross-functional teams.

Financial, Compliance, and Management Auditing

Mrs. Mullinax is a skilled auditor. She has performed numerous financial, compliance, and management audits for governmental entities, businesses, and public utilities. As a CPA and CIA, she is knowledgeable about sound internal control processes and procedures and has made numerous recommendations for modifications to provide reasonable assurance regarding the achievement of objectives related to effectiveness and efficiency of operations; reliability of financial records, and compliance with laws and regulations.

She has also conducted detailed base rates revenue requirements and rider compliance audits. She has analyzed financial information and budget projections, performed risk identification, and evaluated performance against industry benchmarks. Her extensive professional experience allows her to effectively analyze and evaluate methods and procedures and to thoroughly document her findings. She has successfully testified to her audit findings.

- Before the Nebraska Public Service Commission (NEPSC) on behalf of the Public Advocate of Nebraska
  - Application NG-107 Deferred Accounting Order to Record and Preserve Costs Related to the COVID-19 Pandemic, April 2020–August 2020

    Project Manager. Led the review of the Company's request for an accounting order

- Application NG-0095 Effects of Tax Cuts and Jobs Act of 2017 Nebraska Gas Utility Company, LLC and Black Hills Gas Distribution, LLC, March 2018–May 2018

  Project Manager. Led the review of the Company's proposed refund to ratepayers related to the tax-rate change.

- Application NG-0078.1, System Safety and Integrity Rider (SSIR) of SourceGas Distribution, LLC, November 2014– February 2015
- Application NG-0078.2, System Safety and Integrity Rider (SSIR) of SourceGas Distribution, LLC, October 2015– January 2016
- Application NG-0078.3, System Safety and Integrity Rider (SSIR) of Black Hills Distribution, LLC-Nebraska (formerly SourceGas Distribution LLC), October 2016–December 2016.
- Application NG-0078.4, System Safety and Integrity Rider (SSIR) of Black Hills Distribution, LLC-Nebraska, October 2017–December 2017.
- Application NG-0078.5 Extension of the System Safety and Integrity Rider (SSIR) of Black Hills Distribution, LLC-Nebraska, June 2018–December 2018.
- Application NG-0078.6 System Safety and Integrity Rider (SSIR) of Black Hills Distribution, LLC-Nebraska, October 2018–December 2018.
- Application NG-0078.7 System Safety and Integrity Rider (SSIR) of Black Hills Distribution, LLC-Nebraska, October 2019–December 2019.
- Application NG-112.1 System Safety and Integrity Rider (SSIR) of Black Hills Distribution, LLC-Nebraska, October 2021–present.

  Project Manager and Lead Auditor. Led the review of the Company's applications for a system safety and integrity rider for compliance to the Commission directives. The reviews included a detailed mathematical verification and validation of support for the revenue requirements model and reviews of proposed plant to be placed in service and the verification of planned versus actual plant placed in service for the prior year. Summarized the transactional testing results and calculated the impact to the customer charge.

- Application NG-0072.1, Infrastructure System Replacement Cost Recovery Charge (ISR Rider) of SourceGas Distribution, LLC May 2014–August 2014.
- Application No. NG-0074, Infrastructure System Replacement Cost Recovery Charge (ISR Rider) of Black Hills/Nebraska Gas Utility Company, LLC, d/b/a Black Hills Energy, July–November 2013.
- Application No. NG-0072, Infrastructure System Replacement Cost Recovery Charge (ISR Rider) of SourceGas Distribution, LLC March 2013–May 2013.

  Project Manager and Lead Auditor. Led the review of the Company's applications for an infrastructure system replacement cost recovery charge for compliance to the Nebraska Natural Gas Regulation Act. The reviews included a detailed mathematical verification and validation of support for the revenue requirements model and reviews of plant work order supporting the requested recovery of utility plant in service. Summarized the transactional testing results and calculated the impact to the customer charge.

❖ On behalf of the Staff of the Public Utilities Commission of Ohio (PUCO)

Gas Plant in Service and Capital Spending Prudence Audits

Columbia Gas of Ohio

- Case No. 17-2202-GA-ALT, May 2018–October 2018
- Case No. 19-0438-GA-RDR, April 2019–August 2019
- Case No. 20-49-GA-RDR, February 2020–June 2020
- Case No. 21-23-GA-RDR, February 2021–June 2021

Dominion Energy Ohio

- Case No. 19-468-GA-ALT, October 2019–August 2020
- Case No. 21-0619-GA-RDR, April 2021–July 2015

Duke Energy Ohio

- Case No. 19-664-GA-RDR, March 2020–August 2020
- Case No. 21-618-GA-RDR, June 2019–present

Vectren Energy Delivery of Ohio

- Case Nos. 20-0099-GA-RDR and 20-0101-GA-RDR, March 2020–September 2020
- Case No. 21-620-GA-RDR, February 2021–June 2021

Project Manager and Lead Auditor. Led the review to determine if the company has accurately determined and account for its plant in service balance. Also reviewed the necessity, reasonableness, and prudence of the Company's capital expenditures and associated assets and recovery through infrastructure riders

Electric Distribution Infrastructure Rider Compliance Audits

First Energy

- Case No. 11-5428-EL-RDR, November 2011–April 2012
- Case No. 12-2885-EL-RDR, December 2012–July 2013
- Case No. 13-2100-EL-RDR, December 2013–April 2014
- Case No. 14-1929-EL-RDR, December 2014–May 2015
- Case No. 15-1739-EL-RDR, January 2016–July 2016
- Case No. 16-2041-EL-RDR, January 2017–November 2017
- Case No. 17-2009-EL-RDR, December 2017–May 2018
- Case No. 18-1542-EL-RDR, December 2018–April 2019
- Case No. 19-1887-EL-RDR, January 2020–August 2020
- Case No. 20-1629-EL-RDR, December 2020–present

AEP-Ohio

- Case No. 13-0419-EL-RDR, March–August 2013
- Case No. 16-0021-EL-RDR, March–August 2016
- Case No. 17-0038-EL-RDR, April–November 2017
- Case No. 18-0230-EL-RDR, April 2018–August 2018
- Case No. 20-0169-EL-RDR, May 2020-August 2020
- Case No. 21-0016-EL-RDR, May 2021–September 2021

Dayton Power & Light

- Case No. 15-1830-EL-AIR: Plant in Service Balance Audit of Dayton Power and Light Company, April 2017–August 2018.
- Case No. 19-439-EL-RDR, April 2019–October 2019

Project Manager and Lead Auditor. Led the review to ensure the accuracy and reasonableness of the Companies' compliance with its Commission-approved infrastructure cost recovery rider filings. The reviews included a detailed mathematical verification and validation of the support of the riders' revenue requirements model, development of sensitivity analysis that supported the PPS sampling techniques used to isolate specific plant work order for further testing. Summarized the transactional testing results and calculated the impact to the rider's revenue requirements. Detailed variance analyses of historical data with investigations into any significant changes..

- Case No. 08-0072-GA-AIR Columbia Gas of Ohio, April–August 2008
- Case No. 07-0829-GA-AIR Dominion East Ohio, November 2007–July 2008
- Case No. 07-0589-GA-AIR Duke Energy Ohio, November 2007–February 2008

  Lead Auditor and assistant project manager. Performed a comprehensive rate case audit of companies' gas rate filings to validate the filings, provided conclusions and recommendations concerning the reliability of the information, and supported Staff in its evaluation of the reasonableness of the filing.

- ❖ Before the New Hampshire Public Utilities Commission on behalf of Staff
  - Docket No. DE 16-822 Public Service of New Hampshire d/b/a Eversource Energy. Project Manager and Lead Auditor. Led the review of the Company's revised cash working capital study in its 2017 Energy Service rate calculations. February 2017-May 31, 2017.

- ❖ On behalf of the Massachusetts Department of Public Utilities, Case No. D.P.U. 08-110, regarding the Petition and Complaint of the Massachusetts Attorney General for an Audit of New England Gas Company (NEGC), February–August 2010. Lead Auditor and Assistant Project Manager. Conducted a management audit on how NEGC manages its accounting and financial reporting functions and whether sufficient controls are in place to ensure that the information included in the company's filings can be reasonably relied upon for setting rates – areas reviewed included general accounting, financial reporting, and internal controls; plant accounting; income tax; accounts receivable; accounts payable; cash management; payroll; cost allocations; and capital structure.
- ❖ On behalf of the Staff of the Connecticut Public Utilities Regulatory Authority (PURA)
  - Management Audit of Yankee Gas Services Company. June 2014–April 3, 2015. Lead Auditor and Assistant Project Manager. Performed an in-depth investigation and assessment of the company's business processes, procedures, and policies relating to the management operations and system of internal controls of the company's executive management and financial operations. Lead auditor for scope areas of accounting and financial reporting, internal audit practices, and capital/O&M budgeting.
  - Diagnostic Management Audit of Connecticut Light and Power Company, July 2008–June 2009, Lead Auditor and Assistant Project Manager. Performed an in-depth investigation and assessment of the company's business processes, procedures, and policies relating to the management operations and system of internal controls of the company's executive management, system operations, financial operations, marketing operations, human resources, customer service, external relations, and support services. In addition, supported an in-depth review of the development and implementation process of the company's new customer information system.

❖ Before the Oregon Public Utilities Commission (ORPUC), Docket No. UP 205: Examination of NW Natural's Rate Base and Affiliated Interests Issues, Co-sponsored between NW Natural, ORPUC Staff, Northwest Industrial Gas Users, Citizens Utility Board, August 2005-January 2006, Lead Auditor and Assistant Project Manager. Examined NW Natural's Financial Instruments, Deferred Taxes, Tax Credits, and Security Issuance Costs to ensure Company compliance with orders, rules, and regulations of the ORPUC and with Company policies.

Partial List of Reports and Publications

- Compliance Audit of the 2019 Distribution Investment Rider (DIR) Ohio Power Company d/b/a AEP Ohio, August 28, 2020
- Audit of the Capital Expenditure Program for the 2019 Annual Adjustment to the CEP Rider for Columbia Gas of Ohio, Inc. June 17, 2020
- Audit of the Capital Expenditure Program and Infrastructure Replacement Program for Vectren Energy Delivery of Ohio, Inc, June 17, 2020
- Compliance Audit of the 2019 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, June 5, 2020
- Audit of the Plant in-Service and Used and Useful (Rider AU) for Duke Energy Ohio, Inc., July 6, 2020.
- Plant in Service and Capital Spending Audit of the East Ohio Gas Company d/b/a Dominion Energy Ohio, for the Period Covering April 1, 2007 through December 31, 2018, April 27, 2020.
- Review and Recommendation Regarding Black Hills Nebraska Gas, LLC Application for a Deferred Accounting Order (COVID-19 Pandemic) June 1, 2020
- Examination of Black Hills Gas Distribution, LLC Application to Adjust System Safety and Integrity Costs in 2020 on Behalf of the Nebraska Public Advocate, December 9, 2019
- Compliance Audit of the Distribution Investment Rider (DIR) for the Period Covering October 1, 2015 through January 21, 2019, of The Dayton Power & Light company, September 11, 2019
- Audit of the Capital Expenditure Program for the 2018 Annual Adjustment to the CEP Rider for Columbia Gas of Ohio, Inc. July 10, 2019
- Compliance Audit of the 2018 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, April 30, 2019
- Examination of Black Hills Gas Distribution, LLC Application to Adjust System Safety and Integrity Costs in 2019 on Behalf of the Nebraska Public Advocate, December 7, 2018
- Prudence Audit of Plant in Service and Capital Expenditure Program Spending for Columbia Gas of Ohio, September 3, 2018
- Compliance Audit of the 2017 Distribution Investment Rider (DIR) Ohio Power Company d/b/a AEP Ohio, August 23, 2018
- Compliance Audit of the 2017 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, May 11, 2018

- Examination of Black Hills Gas Distribution, LLC Application to Increase Eligible System Safety and Integrity Costs in 2018 on Behalf of the Nebraska Public Advocate, December 11, 2017
- Audit of Plant in Service for Dayton Power & Light's Application to Increase Rates, September 28, 2107
- Compliance Audit of the 2016 Distribution Investment Rider (DIR) Ohio Power Company d/b/a AEP Ohio, August 9, 2017
- Review of Public Service Company of New Hampshire d/b/a Eversource Energy Cash Working Capital and Lead-lag Methodology, May 31, 2017
- Compliance Audit of the 2016 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, May 1, 2017
- Examination of Black Hills Gas Distribution, LLC Application for Recovery of 2017 Eligible System Safety and Integrity Costs on Behalf of the Nebraska Public Advocate, December 2, 2016
- Compliance Audit of the 2015 Distribution Investment Rider (DIR) Ohio Power Company d/b/a AEP Ohio, August 5, 2016
- Compliance Audit of the 2015 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, April 22, 2016
- Examination of SourceGas Distribution LLC Application for Recovery of 2015 Eligible System Safety and Integrity Costs on Behalf of the Nebraska Public Advocate, January 8, 2015
- Compliance Audit of the 2014 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, March 30, 2015
- Management Audit of Yankee Gas Services Company, April 3, 2015
- Examination of the Infrastructure System Replacement Cost Recovery Charge of SourceGas Distribution LLC, June 30, 2014
- Compliance Audit of the 2013 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, April 9, 2014
- Examination of the Infrastructure System Replacement Cost Recovery Charge of Black Hills/Nebraska Gas Utility, LLC d/b/a Black Hills Energy, October 4, 2013
- Compliance Audit of the 2012 Distribution Investment Rider (DIR) of Columbus Southern Power and Ohio Power Company d/b/a AEP-Ohio, June 19, 2013
- Examination of the Infrastructure System Replacement Cost Recovery Charge of SourceGas Distribution LLC, May 16, 2013
- Compliance Audit of the 2012 Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, March 22, 2013
- Compliance Audit of the Delivery Capital Recovery (DCR) Riders of Ohio Edison Company, The Cleveland Electric Illuminating Company, and the Toledo Edison Company, April 12, 2012
- Revenue Requirements Audit of New England Gas Company, May 12, 2011
- Accounting and Financial Reporting Review of New England Gas Company, August 5, 2010
- Management Audit of The Connecticut Light & Power Company, May 29, 2009

- Report of Conclusions and Recommendations on the Financial Audit of the Columbia Gas of Ohio, Inc. in Regards to Case No. 08-0074-GA-AIR, August 13, 2008
- Report of Conclusions and Recommendations on the Financial Audit of the East Ohio Gas Company d/b/a Dominion East Company in Regards to Case No. 07-0829-GA-AIR, April 16, 2008
- Report of Conclusions and Recommendations on the Financial Audit of Duke Energy Ohio, Inc. in Regards to Case No. 07-0589-GA-AIR, December 17, 2007
- Report of Conclusions and Recommendations of NW Natural's Rate Base and Affiliated Interest Issues in Support of Oregon Public Utilities Commission Docket UM1148, December 23, 2005

Regulatory and Civil Litigation

She has provided or supported civil or regulatory testimony in Arizona, Colorado, Connecticut, Delaware, Illinois, Maryland, Michigan, Missouri, New Hampshire, New York, North Carolina, North Dakota, Pennsylvania, South Carolina, Texas, and Utah. She has also served as an advisor to public service commissioners in the District of Columbia and Connecticut. In addition to providing analytical support, she has served as an expert witness and routinely works with other highly specialized expert witnesses. She has developed defendable analyses and testimony in connection with rate cases, audit findings, and other regulatory issues. She has also supported various civil litigations including delay and disruption construction claims and financial fraud. She has supported counsel with interrogatories, depositions, and hearings/trials support.

Regulatory Proceedings

❖ Before the New Hampshire Public Utilities Commission on behalf of Staff

- Docket No. DE 16-384 – Unitil Energy Systems, Inc. general rate case. Testimony was filed on November 16, 2016. July 2016– January 2017
- Docket No. DE 16-383 – Liberty Utilities (Granite State Electric) Corp general rate case. Testimony was filed on December 16, 2016. July 2016– January 2017
- Docket No. DE 19-064 Liberty Utilities (Granite State Electric) Distribution Service Rate Case, May 2019–August 2020
- Docket No. DE 19-067 Eversource Energy Distribution Service Rate Case, May 2019–December 2020
- Docket No. DG 20-105 Liberty Utilities (EnergyNorth Electric) Distribution Service Rate Case, October 2020–July 2021
- Docket No. DE 21-030 Unitil Energy Systems, Inc., Distribution Service Rate Case, July 2021–present
- Docket No. DW 20-184 Aquarion Water Company of NH Distribution Service Rate Case, April 2021–present

  Project Manager and Expert Witness. Led the review of the Company's proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company's positions and incorporating recommended adjustments. Supported Staff with Settlement discussions.

- Docket No. DW 18-047 Abenacki Water Company, Inc.
- Docket No. DW 18-054 Aquarion Water Company of NH, Inc.
- Docket No. DW 18-056 Lakes Region Water Company, Inc.

Project Manager and Expert Witness. Led the review and reporting of the Company's tax rate change effect compliance filings following passage of the Tax Cut and Jobs Act of 2017 and changes to state taxes. December 2018–August 2019.

- Docket No. DG 17-0048 – Liberty Utilities (EnergyNorth Natural Gas) Corp., d/b/a Liberty Utilities general rate case. June 2017–December 2018.

  Project Manager and Expert Witness. Led the review of the Company's proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company's positions and incorporating recommended adjustments. Supported Staff with Settlement discussions. Also evaluated the Company's calculated Rate Effects on the Federal and State Corporate Tax Reductions provided during Settlement. Testified March 21, 2018.

- Docket No. DG 17-0070 Northern Utilities, Inc. Rate Effects on the Federal and State Corporate Tax Reductions. January 2018– February 2018.

  Project Manager. Led the review of the Company's proposed changes in its revenue requirement to reflect the change in federal and state corporate income tax rates. Supported Staff with Settlement discussions.

❖ Before the Kentucky Public Service Commission on behalf of the Office of Attorney General, Louisville/Jefferson County Metro Government, and Lexington-Fayette Urban County Government

- Case No. 2018-00294, Kentucky Utilities, October 2018–May 2019.
- Case No. 2018-00295 Louisville Gas and Electric Company, October 2018–May 2019.

  Expert Witness testifying to the Company's revenue requirements. Direct Testimony filed January 16, 2019.

❖ Before the Pennsylvania Public Utility Commission on behalf of the Office of Consumer Advocate

- Docket No. R-2018-3000019, The York Water Company, May 2018–November 2018. Expert Witness testifying to the Company's revenue requirements. Direct Testimony filed August 23, 2018. Surrebuttal Testimony filed October 4, 2018.

❖ Before the Massachusetts Department of Public Utilities on behalf of the Massachusetts Attorney General Office

- D.P.U. 16-106, Fitchburg Gas and Electric Light Company d/b/a Unitil. January 2017–May 2017. Expert Witness reviewing the Company's Capital Cost Adjustment filing for compliance to the Department's Order.

❖ Before the Arizona Corporation Commission (AZCC) on behalf of Staff

- Docket No. E-01933A-19-0028, Tucson Electric Power Company, general rate case January 2019–August 2020. Project Manager and Expert Witness. Led the review of the Company's proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company's positions and incorporating recommended adjustments. Testimony was filed on October 21, 2019 and December 16, 2019.

- Docket No. E-01933A-15-0322, Phase I, Tucson Electric Power Company, general rate case January 2016–August 2016. Project Manager and Expert Witness. Led the review of the Company's proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company's positions and incorporating recommended adjustments. Testimony was filed on June 3, 2016. Supported Staff during Settlement of revenue requirements. Agreement filed with Commission August 15, 2016.

- Docket No. E-04204A-15-0142, UNS Electric, Inc. general rate case August 2015–January 2017. Project Manager and Expert Witness. Led the review of the Company's proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company's positions and incorporating recommended adjustments. Direct Testimony was filed on November 6, 2016. Surrebuttal Testimony was filed February 23, 2016.

❖ Before the Connecticut Public Utilities Regulatory Authority

- Docket No. 18-05-10 Yankee Gas Services Company d/b/a Eversource Energy general rate case July 2018– February 2019

- Docket No. 18-05-16 Connecticut Natural Gas Corporation (CNG) general rate case July 2018– February 2019

  Project Manager supporting a team of experts assisting Staff in its regulatory oversight of Yankee Gas and CNG with a focus on revenue forecasting, rate mechanisms, and rate design; depreciation; rate base analysis; cash working capital; and environmental remediation. Team developed interrogatories, summarized parties positions, and developed questions for cross examination.

❖ Before the Nebraska Public Service Commission (NEPSC) on behalf of the Public Advocate of Nebraska

- Application NG-0109 Black Hills Energy/Nebraska Gas Utility LLC d/b/a Black Hills Energy, June 2020–January 2021. Project Manager and Expert Witness. Led the review of the Company's proposed rate base, net operating income, and revenue requirements and offered recommendations for adjustments. Developed a revenue requirement model analyzing the Company's positions and incorporating recommended adjustments.

- Application NG-0093, Black Hills Energy/Nebraska Gas Utility LLC d/b/a Black Hills Energy, September 2017–March 2018. Project Manager and Expert Witness. Led the evaluation of the Company's request for approval of accounting and regulatory treatment related to a regulatory asset comprised of increased location costs with the ALLO Fiber Optics Project. Testimony filed on December 18, 2017.

- Application NG-0090, Black Hills/Nebraska Gas Utility, LLC d/b/a Black Hills Energy, December 2016–August 2017. Project Manager and Expert Witness. Led the evaluation of the Company's Farm Tap Safety Proposal. Testimony filed on March 17, 2017. Supported the Public Advocate during Settlement discussions.

- Application NG-0088, SourceGas Distribution LLC, December 2015–March 2016. Project Manager and Expert Witness. Led the evaluation of the company's request for regulatory asset treatment related to net buyout costs of gas-supply-related contracts. Testimony filed on February 24, 2016. Supported the Public Advocate during Settlement discussions

- Application NG-0084, Black Hills Holdings, Inc. acquisition of SourceGas Holdings, LLC, October 2015–December 2015. Project Manager and Expert Witness. Led the analysis of the impact of the proposed acquisition on whether it would be consistent with the public interest and not adversely affect the utility's ability to service its ratepayers. Testimony was filed on November 6, 2015.

- Application NG-0078, SourceGas Distribution, LLC May 2014–November 2014. Project Manager, Lead Auditor, and Expert Witness. Led the review of the Companies' applications to replace its infrastructure system replacement (ISR) cost recovery charge with a prospective System Safety and Integrity Rider (SSIR). The SSIR was subject to a detailed mathematical verification and validation of support for the revenue requirements model and reviews of proposed projects supporting the requested recovery of utility plant in service. Testimony on the analysis was filed in August 2014.

❖ On behalf of the Commissioners and Staff of the District of Columbia Public Service Commission (DCPSC)

- Formal Case No. 1162 Washington Gas Light Company (WGL) base gas rates case, July 2020-November 2011
- Formal Case No. 1156 Potomac Electric Power Company (Pepco) base electric rate case, December 2019-present
- Formal Case No. 1151 Washington Gas Light Company's Application for Approval of Reduction of Distribution Rates to Reflect the Tax Cuts and Jobs Act of 2017 March 2018–July 2018
- Formal Case No. 1150/FC1151 Pepco base electric rate case, March 2018–November 2018. (includes rate impact associated with Tax-Change Effect)
- Formal Case No. 1139 Pepco base electric rates case, October 2016–November 2017.
- Formal Case No. 1137 Washington Gas Light Company (WGL) base gas rates case, May 2016–March 2017.
- Formal Case No. 1103 Potomac Electric Power Company (Pepco) base electric rate case, June 2013–August 2014. Project Manager.
- Formal Case No. 1093 Washington Gas Light Company (WGL) base gas rates case, July 2011–July 2013. Project Manager.
- Formal Case No. 1087 Pepco base electric rates case, September 2011–December 2012
- Formal Case No. 1076 Pepco base electric rates case, July 2009–December 2009
- Formal Case No. 1053 Pepco base electric rates case, February 2007–June 2008

  Lead Consultant advising Commissioners and Staff of the Office of Technical and Regulatory Analysis regarding Companies' proposed rate base, net operating income and revenue requirements. Assessed the companies' and Intervenors' positions on various issues and provided defendable recommendations for the Commissioners' consideration. Developed "what if" revenue requirement model used during Commission deliberations to analyze the impact of various adjustments. Supported the drafting of the Commission's Order and supplied the revenue requirement schedules to support the final decision. Supported the Commissioners' legal team in addressing motions for reconsideration.

- Formal Case No. 1032 Pepco base electric rates case, January–March 2005.

  Senior Technical Consultant and Assistant Project Manager. Reviewed and evaluated Company's compliance filings for class cost of service and revenue requirements for distribution service pursuit to a settlement approved in May 2002. Provided analysis and recommended adjustments to Staff. Proceeding was settled in anticipation of a full rate case for rates to be effective August 8, 2007.

- Formal Case No. 1016 WGL natural gas base rates case, June–December 2003. Senior Technical Consultant and Project Manager. Analyzed and recommended adjustments regarding the company's proposed increase to base rates – advised the Commission on party positions during deliberations Review and evaluation of company's depreciation study filed with the Commission.

❖ Before the Missouri Public Service Commission, Case No. HR-2011-0241, on behalf of the City of Kansas City: Veolia Energy Company 2011 and 2012 electric base rates case, July–September 2011. Senior Technical Consultant. Analyzed Company's proposed net operating income, rate base, and revenue requirements. Supported testifying witness with drafted testimony and development of a model to calculate an alternative revenue requirement incorporating recommended adjustments.

❖ Before the North Dakota Public Service Commission, Case No. PU-10-657/PU-11-55: Northern States Power Company (NSP) 2011 and 2012 electric base rates case, April–November 2011. On behalf of the Commission Staff, Lead Consultant and Assistant Project Manager. Led the analysis of NSP's rate increase filings and supported adjustments for the Commission's consideration. Developed a model to calculate the appropriate revenue requirements and exhibits to support Staff recommended adjustments.

❖ Before the Connecticut Public Utilities Regulatory Authority (PURA), Docket 10-02-13: Aquarion Water Company base rates case, on behalf of the PURA, April–August 2010. Senior Technical Consultant and Assistant Project Manager. Reviewed the expense component of the company's revenue requirement and recommended adjustments for Staff consideration.

❖ Before the of the Delaware Public Service Commission on behalf of Staff

  - Docket No. 09-414: Delmarva Power & Light Company (DPL) electric base rates case, September 2009–May 2010. Expert Witness and Assistant Project Manager. Analyzed the company's rate increase filings and provided testimony offering adjustments for the Commission consideration related to the rate base and revenue requirements.

  - Docket No. 06-284: DPL's gas base rates case, October 2006–March 2007. Senior Technical Consultant and Assistant Project Manager. Analyzed the Company's filings, checked the mathematical accuracy of the Company's revenue requirements calculations, and provided analytical support to testifying witness.

❖ Before the Michigan Public Service Commission (MIPSC) on behalf of the Michigan Attorney General

- Case No. U-15506: Consumers Energy Company base gas rates case, May–November 2008. Expert Witness and Assistant Project Manager. Analyzed the company's rate increase filings and provided testimony offering adjustments for the Commission consideration related to the rate base and revenue requirements – proceeding was settled through negotiations.
- Case No U-15244 Detroit Edison electric base rates case, September 2007–October 2008.
- Case No. U-15245 Consumers Energy Company base gas rates case, July 2007–April 2008.

  Senior Technical Consultant and Assistant Project Manager. Analyzed the Company's filings, checked the mathematical accuracy of the Company's revenue requirements calculations, and provided analytical support to testifying witness.
- Case No. U-14547 Consumers Energy Company base gas rates case, December 2005–April 2006. Expert Witness and Assistant Project Manager. Analyzed Company's rate increase filings and provided testimony offering adjustments for Commission consideration related to the rate base and revenue requirements.

❖ Before the Maryland Public Service Commission (MDPSC)

- Case No. 9092 Pepco electric base rates case, on behalf of the Staff of the MDPSC, December 2006–June 2007. Expert Witness and Assistant Project manager. Analyzed Company's rate increases filings and provided direct and rebuttal testimony offering adjustments for the Commission consideration related to the rate base and revenue requirements.
- Case No. 9062 Chesapeake Utilities Corporation gas base rates case, on Behalf of the Maryland Office of People's Counsel, May 2006–August 2006. Expert Witness and Assistant Project Manager. Analyzed Company's rate increase filings and provided testimony offering adjustments for the Commission consideration related to the rate base and revenue requirements – participated in settlement negotiations that were ultimately accepted by all parties.

❖ Before the Illinois Commerce Commission, Case No. 05-0597, on behalf of the Illinois Citizens Utility Board, Cook County State Attorney's Office and City of Chicago, November 2005–May 2006. Senior Technical Consultant and Assistant Project Manager. Analyzed the Company's filings, checked the mathematical accuracy of the Company's revenue requirements calculations, and provided analytical support to testifying witness.

❖ Before the Hawaii Public Utilities Commission (HPUC), Docket No. 05-0075: Instituting a Proceeding to Investigate Kauai Island Utility Cooperative's Proposed Revised Integrated Resource Planning and Demand Side Management Framework, On behalf of the Staff of the HPUC, June–November 2005. Senior Technical Consultant and Assistant Project Manager. Conducted and reported on the results of an industry survey of other cooperatives and Commissions to obtain an overview of how other entities approach the specific issues identified within this docket.

❖ Before the Public Utilities Commission of the State of Colorado (COPUC), Docket No. 04A-050E: Review of the Electric Commodity Trading Operations of Public Service Company of Colorado (PSCo), On behalf of the COPUC Staff, March–September 2004. Expert Witness and Assistant Project Manager. Performed a transaction audit of PSCo's electric commodity trading operations and submitted testimony describing the process used to conduct the investigation, a summary of the audit findings, and discussion of the significance of the findings.

- ❖ Before the New York Public Service Commission, Case No. 00-E-0612: Proceeding on Motion of the Commission to Investigate the Forced Outage at Consolidated Edison Company of New York, Inc.'s Indian Point No. 2 Nuclear Generation Facility, On behalf of Consolidated Edison Company of New York, Inc., October 2000–September 2003. Project Manager. Supervised cross functional teams to assist scheduling and nuclear engineering experts with responses to interrogatories and the development of three comprehensive rebuttal testimonies on the prudence of extended outages at the Indian Point 2 nuclear power plant. The proceeding settled prior to filing of testimony.

Civil Litigation

- ❖ ADF Construction vs. Kismet, On Behalf of ADF Construction, December 2003–February 2004. Assistant Project Manager for a delay and disruption construction claim related to a large hotel complex in North Carolina – worked with scheduling experts to determine schedule delay and disruption and calculated related damages.
- ❖ On behalf of New Carolina Construction, July 2002–January 2003
  - New Carolina Construction vs. Atlantic Coast
  - New Carolina Construction vs. Acousti

  Project Manager for a delay and disruption claim related to construction of a large high school complex in South Carolina – worked with scheduling experts to determine schedule delay and disruption and calculated related damages. Claim was settled out of court.
- ❖ State of Nevada Bureau of Consumer Protection, September-December 2003. Assistant Project Manager for damage assessment project related to potential litigation regarding the Western Market Manipulation.
- ❖ Oakwood Homes, On behalf of Oakwood Homes, February 1999–May 2000. Assistant Project Manager for a delay and disruption claim related to the construction of a large manufacturing facility in Texas – worked with scheduling experts to determine schedule delay and disruption and calculated related damages. Dispute was settlement through mediation.
- ❖ McMillan Carter, On behalf of McMillan Carter, June–September 2002. Project Manager for a delay and disruption claim related to construction of a large high school complex in North Carolina – worked with scheduling experts to determine schedule delay and disruption and calculated related damages. Claim was settled out of court.
- ❖ Fluor Daniel Inc. vs. Solutia, Inc., On behalf of Fluor Daniel, May 2000–August 2001. Assistant Project Manager for a delay and disruption construction claim related to large chemical processing facility in Texas – worked with scheduling experts to determine schedule delay and disruption and calculated related damages. Dispute proceeded through mediation.
- ❖ First National Bank of South Carolina vs. Pappas, On Behalf of First National Bank of South Carolina, 1991–1992. Civil litigation, deposed during pre-trial discovery on analytical findings related to check kiting and fraudulent loan applications. Supported counsel and expert witnesses during civil proceeding.

- First Union vs. Pappas, On Behalf of First Union, 1991–1992. Civil litigation, deposed during pre-trial discovery on analytical findings related to check kiting and fraudulent loan applications. Dispute was settled out of court.

Testimony proffered

Before the Arizona Corporation Commission
- UNS Electric, Inc. – Docket No. E-04204A-15-0142
- Tucson Electric Power Company–Docket No. E-01933A-15-0239
- Tucson Electric Power Company–Docket No. E-01933A-19-0028

Before the Colorado Public Utilities Commission
- Public Service Company of Colorado–Docket No. 04A-050E

Before the Delaware Public Service Commission
- Delmarva Power & Light Company–Docket No. 09-414

Before the Kentucky Public Service Commission
- Kentucky Utilities Company–Case No. 2018-00294
- Louisville Gas and Electric Company–Case No. 2018-00295

Before the Maryland Public Service Commission
- Chesapeake Utilities Corporation–Case No. 9062
- Potomac Electric Power Company–Case No. 9092

Before the Michigan Public Service Commission
- Consumers Energy Company–Case No. U-14547
- Consumers Energy Company–Case No. U-15506

Before the Pennsylvania Public Service Commission
- The York Water Company - Docket No. R-018-3000019

Before the Public Service Commission of Nebraska
- SourceGas Distribution LLC –Docket No. NG-0078
- Black Hills Utility Holdings, Inc. and Source Gas Holdings Inc.–Docket No. NG-0084
- SourceGas Distribution LLC–Docket No. NG-0088
- Black Hills Energy–Docket No. NG-0090
- Black Hills Energy–Docket No. NG-109

Before the New Hampshire Public Utilities Commission
- Unitil Energy Systems, Inc.–Docket No. DE 16-384
- Liberty Utilities (Granite State Electric) Corp.–Docket No. DE 16-383
- Liberty Utilities (EnergyNorth Natural Gas) Corp.–Docket No. DG 17-0048
- Liberty Utilities (Granite State Electric)–Docket No. DE 19-064
- Eversource Energy–Docket No. DE 19-057
- EnergyNorth-Docket No. DG 20-105

System Implementation

Mrs. Mullinax has worked with various business and local governmental entities to design and implement accounting and business systems that addressed real world problems and concerns. She has developed accounting policy and procedure manuals for county governments, a library, and a water utility.

Professional Experience and Qualifications
Donna H. Mullinax, CPA, CIA, CFP

Professional Experience

Blue Ridge Consulting Services, Inc.: 2004 - Present
President
Vice President and Chief Financial Officer
Senior Technical Consultant / Expert Witness

Hawks, Giffels &Pullin, Inc.: 1993 - 2004
Vice President and Chief Financial Officer
Executive Consultant
Controller

Cherry, Bekaert & Holland, CPAs: 1991 - 1993
Accounting Supervisor
Senior Accountant
Staff Accountant

Smith, Kline and French Pharmaceutical Company: 1988 - 1991
Professional Sales Representative

Milliken & Company: 1979 - 1988
Quality Assurance Manager
Technical Cause Analyst
Department Manager

Professional Certification

Certified Public Accountant (CPA), State of South Carolina - 1993
Certified Financial Planner (CFP) - 1994, Retired 2021
Certified Internal Auditor (CIA) - 2006
Chartered Global Management Account (CGMA) - 2012

Professional Affiliations

Member of the American Institute of Certified Public Accountants (AICPA)
Member of the South Carolina Association of Certified Public Accountants (SCACPA)
Member of the Institute of Internal Auditors (IIA)
Member of the Western Carolinas Chapter of the Institute of Internal Auditors (WCIIA)

Education

Clemson University, B.S. Administrative Management with honors, 1978
Clemson University, M.S. in Management, 1979
College for Financial Planning, 1994
NARUC Utility Rate School, 32nd Annual Eastern

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION Docket No. DE 21-030

Unitil Energy Systems, Inc.
List of Schedules

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 1

Unitil Energy Systems, Inc.
Twelve Months Ending December 31, 2020
Summary Comparison of Computation of Revenue Requirement and Revenue Deficiency

Line	Description	Company Application (A)	Recommended (B)	Difference (C)
1	Rate Base	$ 226,030,082	$ 207,756,417	$ (18,273,665)
2	Rate of Return	7.88%	6.69%	-1.19%
3	Return Requirement	17,811,170	13,898,904	(3,912,266)
4	Adjusted Net Operating Income	9,066,678	13,076,052	4,009,374
5	Deficiency	8,744,492	822,853	(7,921,640)
6	Income Tax Effect	3,247,900	305,626	(2,942,274)
7	Revenue Deficiency	$ 11,992,392	$ 1,128,478	$ (10,863,914)
8	Percent of Original Request		9.41%	

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NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 1.1
Page 1 of 1

Unitil Energy Systems, Inc.
Twelve Months Ending December 31, 2020
Revenue Requirements and Revenue Deficiency with Recommended Adjustments

Line	Description	Company Application (A)	Adjustments (B)	Total (C)
1	**Rate Base**			
2	Utility Plant in Service	$ 407,914,123	$ (13,346,683)	$ 394,567,440
3	Reserve for Depreciation	(138,059,087)	280,839	(137,778,248)
4	Net Utility Plant	269,855,036	(13,065,844)	256,789,192
5	M&S Inventories	2,032,252	(34,007)	1,998,245
6	Cash Working Capital	3,350,304	(187,981)	3,162,323
7	Prepayments	4,508,744	(4,508,744)	-
8	Net Deferred Income Taxes	(38,267,315)	1,451,267	(36,816,048)
9	Excess Deferred Income Taxes	(14,672,991)	(1,928,356)	(16,601,347)
10	Deferred Income Taxes Debit	150,098	-	150,098
11	Customer Deposits	(371,830)	-	(371,830)
12	Customer Advances	(554,217)	-	(554,217)
13	Total Rate Base	$ 226,030,082	$ (18,273,665)	$ 207,756,417
14	**Rate of Return**	7.88%		6.69%
15	**Return Requirement**	$ 17,811,170	$ (3,912,266)	$ 13,898,904
16	**Operating Revenues**			
17	Distribution Revenue	$ 58,056,553	$ -	$ 58,056,553
18	Flow-Through Revenue	-	-	-
19	Electric Service Revenue	$ 58,056,553	$ -	$ 58,056,553
20	Other Operating Revenue	1,512,473	(49,952)	1,462,521
21	Total Operating Revenues	$ 59,569,026	$ (49,952)	$ 59,519,074
22	**Operating Expenses**			
23	Purchased Power	$ 284,252	$ -	$ 284,252
24	Transmission	68,559	-	68,559
25	Distribution	11,590,175	(1,900,750)	9,689,425
26	Customer Accounting	4,415,184	(69,078)	4,346,106
27	Customer Service	28,775	(20,051)	8,724
28	Administrative & General	9,931,618	(1,348,925)	8,582,693
29	Depreciation	12,799,754	(1,859,473)	10,940,281
30	Amortization	1,441,954	(61,269)	1,380,685
31	Taxes Other Than Income	8,072,185	(398,150)	7,674,035
32	Federal Income Taxes	2,342,858	1,143,474	3,486,332
33	State Income Taxes	168,156	454,896	623,052
34	Deferred Federal & State Income Taxes	(658,148)	-	(658,148)
35	Interest on Customer Deposits	17,026	-	17,026
36	Total Operating Expenses	$ 50,502,348	$ (4,059,326)	$ 46,443,022
37	**Net Operating Income**	$ 9,066,678	$ 4,009,374	$ 13,076,052
38	**Income Deficiency**	$ 8,744,492	$ (7,921,640)	$ 822,853
39	Revenue Conversion Factor	1.37142		1.37142
40	Revenue Deficiency	$ 11,992,392	$ (10,863,914)	$ 1,128,478
41	Percent of Original Request			9.41%

Notes and Sources
Column A, Lines 1-13: UES Schedule RevReq-4
Column A, Lines 17-37: UES Schedule RevReq-2
Line 14: Schedule 2 and UES Schedule RevReq-1
Line 39: Schedule 1.2
Column C: Schedule 3

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 1.2
Page 1 of 1

Unitil Energy Systems, Inc.
Twelve Months Ending December 31, 2020
Computation of Gross Up for Income Taxes

Line	Description	Company Proposed (A)	Adjustments (B)	Recommended Total (C)
1	NH Tax Rate	7.70%		7.70%
2	Federal Statutory Tax rate	21.00%		21.00%
3	Federal Effective Tax rate (1-State rate*Federal rate)	19.383%		19.38300%
4	Total Composite Tax rate	27.083%		27.08%
5	Revenue Requirement Gross-Up Factor	72.917%		72.917%
6	Revenue Conversion Factor	1.3714		1.3714

Notes and Sources
Column A: UES Schedule RevReq-1-1

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 2
Page 1 of 1

Unitil Energy Systems, Inc.
Twelve Months Ending December 31, 2020
Rate of Return Calculation

Line	Description	Balance	Capital Structure	Cost %	Weighted Cost %	Pre-Tax Rate of Return: Tax Factor	Pre-Tax Rate of Return: Pre-Tax Cost
		(A)	(B)	(C)	(D)	(E)	(F)
1	**Company Proposed Rate of Return**						
2	Common Stock	$ 101,242,877	52.91%	10.00%	5.29%	1.3714	7.26%
3	Preferred Stock Equity	188,700	0.10%	6.00%	0.01%		0.01%
4	Long-Term Debt	89,900,000	46.99%	5.49%	2.58%		2.58%
5	Short-Term Debt	-	0.00%	1.68%	0.00%		0.00%
6	Total	$ 191,331,577	100.00%		7.88%		9.84%
7	**Recommended Rate of Return**						
8	Common Stock	$ 106,351,928	46.02%	8.75%	4.03%	1.3714	5.52%
9	Preferred Stock Equity	188,700	0.08%	6.00%	0.00%		0.00%
10	Long-Term Debt	106,500,000	46.08%	5.49%	2.53%		2.53%
11	Short-Term Debt	18,060,524	7.81%	1.69%	0.13%		0.13%
12	Total	$ 231,101,152	100.00%		6.69%		8.19%

Notes and Sources
Lines 1–6: UES Schedule RevReq 5
Recommended Rate of Return: See Testimony of J. Randall Woolridge

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 2.1
Page 1 of 1

Unitil Energy Systems, Inc.
Twelve Months Ending December 31, 2020
Impact of Recommended **Rate of Return** on Company's Revenue Deficiency

Line	Description	Company Application (A)	Adjustments (B)	Recommended Total (C)
1	**Total Rate Base**	$ 226,030,082		$ 226,030,082
2	**Rate of Return**	7.88%	-1.19%	6.69%
3	**Return Requirement**	$ 17,811,170	$ (2,689,758)	$ 15,121,412
4	**Net Operating Income**	$ 9,066,678		$ 9,066,678
5	**Income Deficiency**	$ 8,744,492		$ 6,054,734
6	Revenue Conversion Factor	1.37142		1.37142
7	**Total Revenue Deficiency**	$ 11,992,392	$ (3,688,794)	$ 8,303,598
8	Percent of Request			69%

Notes and Sources

Column A: Summary Totals from Schedule 1
Line 2: Schedule 2

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Unitil Energy Systems, Inc.
Twelve Months Ending December 31, 2020
Ratemaking Adjustments

Line	Description	Company Application (A)	Adjustment 1 (B)	Adjustment 2 (C)	Adjustment 3 (D)	Adjustment 4 (E)	Adjustment 5 (F)	Adjustment 6 (G)	Adjustment 7 (H)	Adjustment 8 (I)	Adjustment Subtotal (J)
	Reference Schedule		Schedule 3.1	Schedule 3.2	Schedule 3.3	Schedule 3.4	Schedule 3.5	Schedule 3.6	Schedule 3.7	Schedule 3.8	
1	**Rate Base**										
2	Utility Plant in Service	$ 407,914,123	$ (12,780,165)								$ (12,780,165)
3	Reserve for Depreciation	(138,059,087)	280,839								280,839
4	Net Utility Plant	269,855,036	(12,499,326)	-	-	-	-	-	-	-	(12,499,326)
5	M&S Inventories	2,032,252		(34,007)							(34,007)
6	Cash Working Capital	3,350,304			(187,981)						(187,981)
7	Prepayments	4,508,744				(4,508,744)					(4,508,744)
8	Net Deferred Income Taxes	(38,267,315)				1,451,267					1,451,267
9	Excess Deferred Income Taxes	(14,672,991)					(1,928,356)				(1,928,356)
10	Deferred Income Taxes Debit	150,098									-
11	Customer Deposits	(371,830)									-
12	Customer Advances	(554,217)									-
13	Total Rate Base	$ 226,030,081	$ (12,499,326)	$ (34,007)	$ (187,981)	$ (3,057,477)	$ (1,928,356)	$ -	$ -	$ -	$ (17,707,147)
14	**Rate of Return**	7.88%	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%
15	**Return Requirement**	$ 17,811,170	$ (836,205)	$ (2,275)	$ (12,576)	$ (204,545)	$ (129,007)	$ -	$ -	$ -	$ (1,184,608)
16	**Operating Revenues**										
17	Distribution Revenue	$ 58,056,553									$ -
18	Flow-Through Revenue	-									-
19	Electric Service Revenue	$ 58,056,553	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
20	Other Operating Revenue	1,512,473									-
21	Total Operating Revenues	$ 59,569,026	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
22	**Operating Expenses**										
23	Purchased Power	$ 284,252									$ -
24	Transmission	68,559									-
25	Distribution	11,590,175						(47,562)	(128,368)	24,038	(151,892)
26	Customer Accounting	4,415,184									-
27	Customer Service	28,775						(1,169)			(1,168.70)
28	Administrative & General	9,931,618						(49,554)			(49,554)
29	Depreciation	12,799,754	(383,886)								(383,885.81)
30	Amortization	1,441,954									-
31	Taxes Other Than Income	8,072,185	(322,762)								(322,762.14)
32	Federal Income Taxes	2,342,858	136,970					19,051	24,882	(4,660)	176,243
33	State Income Taxes	168,156	54,412					7,568	9,884	(1,851)	70,013
34	Deferred Federal & State Income Taxes	(658,148)									-
35	Interest on Customer Deposits	17,026									-
36	Total Operating Expenses	$ 50,502,348	$ (515,266)	$ -	$ -	$ -	$ -	$ (71,666)	$ (93,602)	$ 17,527	$ (663,007)
38	**Net Operating Income**	$ 9,066,679	$ 515,266	$ -	$ -	$ -	$ -	$ 71,666	$ 93,602	$ (17,527)	$ 663,007
39	**Income Deficiency**	$ 8,744,491	$ (1,351,471)	$ (2,275)	$ (12,576)	$ (204,545)	$ (129,007)	$ (71,666)	$ (93,602)	$ 17,527	$ (1,847,615)
40	Revenue Conversion Factor	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142
41	Revenue Deficiency	$ 11,992,392	$ (1,853,437)	$ (3,120)	$ (17,247)	$ (280,518)	$ (176,923)	$ (98,284)	$ (128,368)	$ 24,037	$ (2,533,861)
42	Percent of Total		15.5%	0.0%	0.1%	2.3%	1.5%	0.8%	1.1%	-0.2%	

Adjustment 1	Excluded Utility Plant in Service
Adjustment 2	Average Material and Supplies (M&S)
Adjustment 3	Adjust Cash Working Capital for Expense Adjustments
Adjustment 4	Remove Prepayments Included in Cash Working Capital
Adjustment 5	Remove EADIT Offset from Major Storm Cost Reserve (MSCR) Balance
Adjustment 6	Audit Recommendations
Adjustment 7	Eliminate Inflation Allowance for Other O&M Expenses
Adjustment 8	Add Known and Measurable Lease Payments in Inflation Adjustment

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Unitil Energy Systems, Inc.
Twelve Months Ending December 31, 2020
Ratemaking Adjustments

Line	Description	Carry Forward	Adjustment 9	Adjustment 10	Adjustment 11	Adjustment 12	Adjustment 13	Adjustment 14	Adjustment 15	Adjustment Subtotal
		(A)	(B)	(C)	(D)	(E)	(F)	(G)	(G)	(I)
	Reference Schedule		Schedule 3.9	Schedule 3.10	Schedule 3.11	Schedule 3.12	Schedule 3.13	Schedule 3.14	Schedule 3.15	
1	**Rate Base**									
2	Utility Plant in Service	$ (12,780,165)					$ (314,639)	$ (227,496)		$ (13,322,300)
3	Reserve for Depreciation	280,839								280,839
4	Net Utility Plant	(12,499,326)	-	-	-	-	(314,639)	(227,496)	-	(13,041,461)
	M&S Inventories	(34,007)								(34,007)
5	Cash Working Capital	(187,981)								(187,981)
6	Prepayments	(4,508,744)								(4,508,744)
9	Net Deferred Income Taxes	1,451,267								1,451,267
	Excess Deferred Income Taxes	(1,928,356)								(1,928,356)
10	Deferred Income Taxes Debit	-								-
11	Customer Deposits	-								-
12	Customer Advances	-								-
14	Total Rate Base	$ (17,707,147)	$ -	$ -	$ -	$ -	$ (314,639)	$ (227,496)	$ -	$ (18,249,282)
15	**Rate of Return**	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%
16	**Return Requirement**	$ (1,184,608)	$ -	$ -	$ -	$ -	$ (21,049)	$ (15,219)	$ -	$ (1,220,877)
17	**Operating Revenues**									
18	Distribution Revenue	-								$ -
19	Flow-Through Revenue	-								-
20	Electric Service Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
21	Other Operating Revenue	-								-
22	Total Operating Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
23	**Operating Expenses**									
24	Purchased Power	-								$ -
25	Transmission	-								-
26	Distribution	(151,892)	(356,250)	(319,041)	(21,354)	(81,002)				(929,540)
27	Customer Accounting	-								-
28	Customer Service	(1,169)								(1,169)
29	Administrative & General	(49,554)					(730,282)	(545,775)	(7,118)	(1,332,729)
30	Depreciation	(383,886)								(383,886)
31	Amortization	-								-
32	Taxes Other Than Income	(322,762)								(322,762)
33	Federal Income Taxes	176,243	69,052	61,840	4,139	15,700	141,551	105,788	1,380	575,693
34	State Income Taxes	70,013	27,432	24,566	1,645	6,237	56,232	42,025	548	228,698
35	Deferred Federal & State Income Taxes	-								-
36	Interest on Customer Deposits	-								-
37	Total Operating Expenses	$ (663,007)	$ (259,766)	$ (232,635)	$ (15,570)	$ (59,065)	$ (532,499)	$ (397,962)	$ (5,190)	$ (2,165,694)
38	**Net Operating Income**	$ 663,007	$ 259,766	$ 232,635	$ 15,570	$ 59,065	$ 532,499	$ 397,962	$ 5,190	$ 2,165,694
39	**Income Deficiency**	$ (1,847,615)	$ (259,766)	$ (232,635)	$ (15,570)	$ (59,065)	$ (553,548)	$ (413,181)	$ (5,190)	$ (3,386,571)
40	Revenue Conversion Factor	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142
41	Revenue Deficiency	$ (2,533,861)	$ (356,249)	$ (319,041)	$ (21,353)	$ (81,003)	$ (759,148)	$ (566,646)	$ (7,118)	$ (4,644,419)
42	Percent of Total		3.0%	2.7%	0.2%	0.7%	6.3%	4.7%	0.1%	

Adjustment 9	Eliminate 2022 Wage Increase
Adjustment 10	Normalize UES Union Overtime
Adjustment 11	Eliminate Increase to 401(k) Associated with 2022 Wage Increase
Adjustment 12	Eliminate 2022 Increase in Medical and Dental Insurance
Adjustment 13	Eliminate Restricted Stock Plan and EPS Component of Incentive Compensation
Adjustment 14	Eliminate SERP and Company Contribution to Non-Qualified Deferred Comp
Adjustment 15	Eliminate 2022 Increase to Insurance Premiums

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3
Page 3 of 4

Unitil Energy Systems, Inc.
Twelve Months Ending December 31, 2020
Ratemaking Adjustments

Line	Description	Carry Forward	Adjustment 16	Adjustment 17	Adjustment 18	Adjustment 19	Adjustment 20	Adjustment 21	Adjustment 22	Adjustment 23	Adjustment Subtotal
		(A)	(H)	(B)	(C)	(D)	(E)	(F)	(G)	(G)	(I)
	Reference Schedule		Schedule 3.16	Schedule 3.17	Schedule 3.18	Schedule 3.19	Schedule 3.20	Schedule 3.21	Schedule 3.22	Schedule 3.23	
1	**Rate Base**										
2	Utility Plant in Service	$ (13,322,300)	$ (24,383)								$ (13,346,683)
3	Reserve for Depreciation	280,839									280,839
4	Net Utility Plant	(13,041,461)	(24,383)	-	-	-	-	-	-	-	(13,065,844)
	M&S Inventories	(34,007)									(34,007)
5	Cash Working Capital	(187,981)									(187,981)
6	Prepayments	(4,508,744)									(4,508,744)
9	Net Deferred Income Taxes	1,451,267									1,451,267
	Excess Deferred Income Taxes	(1,928,356)									(1,928,356)
10	Deferred Income Taxes Debit	-									-
11	Customer Deposits	-									-
12	Customer Advances	-									-
14	Total Rate Base	$ (18,249,282)	$ (24,383)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (18,273,665)
15	**Rate of Return**	0	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%
16	**Return Requirement**	$ (1,220,877)	$ (1,631)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (1,222,508)
17	**Operating Revenues**										
18	Distribution Revenue	$ -									$ -
19	Flow-Through Revenue	-									-
20	Electric Service Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
21	Other Operating Revenue	-									-
22	Total Operating Revenues	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
23	**Operating Expenses**										
24	Purchased Power	-									$ -
25	Transmission	-									-
26	Distribution	(929,540)							(989,500)		(1,919,040)
27	Customer Accounting	-									-
28	Customer Service	(1,169)								(18,882)	(20,051)
29	Administrative & General	(1,332,729)	(15,381)	(815)							(1,348,925)
30	Depreciation	(383,886)			54,957	(1,530,544)					(1,859,473)
31	Amortization	-					(61,269)				(61,269)
32	Taxes Other Than Income	(322,762)						(75,388)			(398,150)
33	Federal Income Taxes	575,693	2,981	158	(10,653)	296,665	11,876	14,612	191,795	3,660	1,086,787
34	State Income Taxes	228,698	1,185	63	(4,232)	117,852	4,717	5,805	76,192	1,454	431,734
35	Deferred Federal & State Income Taxes	-									-
36	Interest on Customer Deposits	-									-
37	Total Operating Expenses	$ (2,165,694)	$ (11,215)	$ (594)	$ 40,072	$ (1,116,027)	$ (44,676)	$ (54,971)	$ (721,513)	$ (13,768)	$ (4,088,387)
38	**Net Operating Income**	$ 2,165,694	$ 11,215	$ 594	$ (40,072)	$ 1,116,027	$ 44,676	$ 54,971	$ 721,513	$ 13,768	$ 4,088,387
39	**Income Deficiency**	$ (3,386,571)	$ (12,846)	$ (594)	$ 40,072	$ (1,116,027)	$ (44,676)	$ (54,971)	$ (721,513)	$ (13,768)	$ (5,310,895)
40	Revenue Conversion Factor	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142
41	Revenue Deficiency	$ (4,644,419)	$ (17,617)	$ (815)	$ 54,956	$ (1,530,545)	$ (61,270)	$ (75,388)	$ (989,499)	$ (18,882)	$ (7,283,479)
42	Percent of Total		0.1%	0.0%	-0.5%	12.8%	0.5%	0.6%	8.3%	0.2%	

Adjustment 16 Sharing of Directors and Officers Liability Insurance
Adjustment 17 Exclude BetterInvesting Dues
Adjustment 18 Convert to Whole Life Depreciation Methodology
Adjustment 19 Amortization of Theoretical Depreciation Reserve Imbalance
Adjustment 20 Remove Post-Test-Year Project Amortization
Adjustment 21 True-Up Payroll Taxes and Remove Payroll Tax Above SS Limit
Adjustment 22 Reverse Removal of 3rd Party Reimbursement for Vegetation Management
Adjustment 23 AMP Coordinator Cost Sharing

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Unitil Energy Systems, Inc.
Twelve Months Ending December 31, 2020
Ratemaking Adjustments

Line	Description	Carry Forward (A)	Adjustment 24 (H)	Adjustment 25 (B)	Adjustment 26 (C)	Adjustment 27 (D)	Adjustment Subtotal (I)	Recommended Totals (K)
	Reference Schedule		Schedule 3.24	Schedule 3.25	Schedule 3.26	Schedule 3.27		
1	**Rate Base**							
2	Utility Plant in Service	$ (13,346,683)					$ (13,346,683)	$394,567,440
3	Reserve for Depreciation	280,839					280,839	(137,778,248)
4	Net Utility Plant	(13,065,844)	-	-	-	-	(13,065,844)	256,789,192
	M&S Inventories	(34,007)					(34,007)	1,998,245
5	Cash Working Capital	(187,981)					(187,981)	3,162,323
6	Prepayments	(4,508,744)					(4,508,744)	-
9	Net Deferred Income Taxes	1,451,267					1,451,267	(36,816,048)
	Excess Deferred Income Taxes	(1,928,356)					(1,928,356)	(16,601,347)
10	Deferred Income Taxes Debit	-					-	150,098
11	Customer Deposits	-					-	(371,830)
12	Customer Advances						-	(554,217)
14	Total Rate Base	$ (18,273,665)	$ -	$ -	$ -	$ -	$ (18,273,665)	$207,756,416
15	**Rate of Return**	0	6.69%	6.69%	6.69%	6.69%	6.69%	6.69%
16	**Return Requirement**	$ (1,222,508)	$ -	$ -	$ -	$ -	$ (1,222,508)	$ 13,898,904
17	**Operating Revenues**							
18	Distribution Revenue	$ -					$ -	$ 58,056,553
19	Flow-Through Revenue	-					-	-
20	Electric Service Revenue	$ -	$ -	$ -	$ -	$ -	$ -	$ 58,056,553
21	Other Operating Revenue	-		(49,952)			(49,952)	1,462,521
22	Total Operating Revenues	$ -	$ -	$ (49,952)	$ -	$ -	$ (49,952)	$ 59,519,074
23	**Operating Expenses**							
24	Purchased Power	-					$ -	$ 284,252
25	Transmission	-					-	68,559
26	Distribution	(1,919,040)	18,290				(1,900,750)	9,689,425
27	Customer Accounting	-			(69,078)		(69,078)	4,346,106
28	Customer Service	(20,051)					(20,051)	8,724
29	Administrative & General	(1,348,925)					(1,348,925)	8,582,693
30	Depreciation	(1,859,473)					(1,859,473)	10,940,281
31	Amortization	(61,269)					(61,269)	1,380,685
32	Taxes Other Than Income	(398,150)					(398,150)	7,674,035
33	Federal Income Taxes	1,086,787	(3,545)	(11,298)	13,389	58,141	1,143,474	3,486,332
34	State Income Taxes	431,734	(1,408)	(3,846)	5,319	23,097	454,896	623,052
35	Deferred Federal & State Income Taxes	-					-	(658,148)
36	Interest on Customer Deposits	-					-	17,026
37	Total Operating Expenses	$ (4,088,387)	$ 13,337	$ (15,144)	$ (50,370)	$ 81,238	$ (4,059,326)	$ 46,443,022
38	**Net Operating Income**	$ 4,088,387	$ (13,337)	$ (34,808)	$ 50,370	$ (81,238)	$ 4,009,374	$ 13,076,053
39	**Income Deficiency**	$ (5,310,895)	$ 13,337	$ 34,808	$ (50,370)	$ 81,238	$ (5,231,882)	$ 822,852
40	Revenue Conversion Factor	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142	1.37142
41	Revenue Deficiency	$ (7,283,479)	$ 18,291	$ 47,736	$ (69,079)	$ 111,412	$ (7,175,119)	$ 1,128,478
42	Percent of Total		-0.2%	-0.4%	0.6%	-0.9%		

Adjustment 24 Addition of Storm Related Communications (Calypso/Matter Communications) Costs
Adjustment 25 Remove Incremental Wheeling Revenue
Adjustment 26 Update Distribution Bad Debt for Revenue Change
Adjustment 27 Interest Synchronization
Adjustment 28
Adjustment 29
Adjustment 30
Adjustment 31

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.1
Page 1 of 2

Unitil Energy Systems, Inc.
Adjustment 1
Excluded Utility Plant in Service

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	**RATE BASE**			
2	Plant in Service	$ 12,780,165	$(12,780,165)	$ -
3	Accumulated Depreciation & Amortization	(280,839)	280,839	-
4	**Total Impact to Rate Base**	$ 12,499,326	$(12,499,326)	$ -
5	**EXPENSES**			
6	Depreciation Expense	$ 383,886	$ (383,886)	$ -
7	Property Taxes	$ 322,762	$ (322,762)	$ -
8	Total Expenses	$ 706,648	$ (706,648)	$ -
9	NH Income Tax	7.70%		7.70%
10	Effect on NH income tax expense	$ (54,412)	$ 54,412	$ -
11	Federal Taxable	$ 652,236		$ -
12	Federal Income Tax Rate	21%		21%
13	Effect on Federal income tax expense	$ (136,970)	$ 136,970	$ -
14	Total Taxes	$ (191,382)	$ 191,382	$ -
15	**Impact to Net Operating Income**	$ (515,266)	$ 515,266	$ -

Notes and Sources

See Direct Testimony of Jay Dudley and Schedule 3.1 Workpaper

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.1 WP
Page 2 of 2

Unitil Energy Systems, Inc.
Adjustment 1
Excluded Utility Plant in Service Workpaper

Line	Description	Plant	Annual Depreciation	# of Years	Accum Depr	Exeter DOC Property Tax	Other for Property Tax	Total Property Tax
		(A)	(B)	(C)	(D)	(E)	(F)	(G)
1	**Disallowed Plant Details (See Jay Dudley Testimony)**		3.37%					
2	2017 Plant							
3	Broken Ground to Hollis	$ (974,204)	$ (32,878)	3.5	$ (115,074)		$ (974,204)	
4	2020 Plant							
5	Concord Downtown	(3,948,960)	(133,273)	0.5	(66,637)		(3,948,960)	
6	Exeter DOC							
7	Delta between Option 4 and Option 2	(5,839,471)	(197,076)	0.5	(98,538)	(5,839,471)		
8	Cost of Exeter Land Purchase	(1,405,413)	n/a		n/a	(1,405,413)		
9	Art Work	(34,973)	(1,180)	0.5	(590)	(34,973)		
10	2021 Plant							
11	Exeter DOC-Fit Up Expenses (UES Schedule RevReq-4-4)	(577,144)	(19,478)		n/a	(577,144)		
12	Plant - Disallowed	$ (12,780,165)			$ (280,839)	$ (7,857,001)	$ (4,923,164)	-
13	Depreciation Expense		$ (383,886)					
14	Property Taxes					$ (192,418)	$ (130,344)	$ (322,762)

Line	Description	As Filed	Adjustment
15	**Calculation of Composite Depreciation Rate**		
16	Values from DOE 5-12 Attachment 2 (Whole Life)		
17	Depreciation Expense		$ 12,854,711
18	Depreciable Plant Balance as of 12/31/2020		$ 380,892,297
19	Composite Depreciation Rate		3.37%
20	**Exeter Property Taxes**	As Filed	Adjustment
21	Values from UES Schedule RevReq-3-19, Line 37		
22	Estimated Exeter DOC Assessed Value	$ 15,517,171	$ (7,857,001)
23	Local Tax Rate	0.02449	0.02449
24	Proforma Property Taxes	$ 380,016	$ (192,418)
25	**Calculation of Composite Property Tax Rate**	As Filed	Adjustment
26	Values from UES Schedule RevReq-3-19, Line 36		
27	Assessed Valuation	$ 279,903,944	$ (4,923,164)
28	Composite Property Tax Rate	0.02648	0.02648
29	Total Taxes	$ 7,410,651	$ (130,344)

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.2
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 2
Average Material and Supplies (M&S)

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
	RATE BASE			
1	Materials & Supplies	$ 2,032,252	$ (34,007)	$ 1,998,245
2	Total Impact to Rate Base	$ 2,032,252	$ (34,007)	$ 1,998,245

Notes and Sources
Column A: UES Schedule RevReq-4
Column B: Adjustment 5-quarter average
Column C: Calculation of 5-quarter average from DOE 3-01 Attachment 1

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.3
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 3
Adjust Cash Working Capital for Expense Adjustments

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	**O&M Expenses**			
2	Purchased Power	$ 284,252	-	$ 284,252
3	Transmission	68,559	-	68,559
4	Distribution	11,590,175	(1,900,750)	9,689,425
5	Customer Accounting	4,415,184	(69,078)	4,346,106
6	Customer Service	28,775	(20,051)	8,724
7	Administrative & General	9,931,618	(1,348,925)	8,582,693
8	Distribution Bad Debt	(134,563)		(134,563)
9	Non-Distribution Bad Debt	143,623		143,623
10	Test Year Bad Debt Expense	(526,252)		(526,252)
11	Arrearage Mgmt Program (AMP) Impl Costs	(459,000)		(459,000)
12	Pension Expense	(479,438)		(479,438)
13	PBOP Expense	(579,088)		(579,088)
14	Total O&M Expense for CWC Calculation	$ 24,283,845	$ (3,338,804)	$ 20,945,041
15	**Taxes and Interest Expense**			
16	Taxes Other Than Income	$ 8,072,185	$ (398,150)	$ 7,674,035
17	Federal Income Taxes	2,342,858	1,085,333	3,428,191
18	State Income Taxes	168,156	431,799	599,955
19	Interest Synchronization		81,238	81,238
20	Income Tax Effect of Gross Up	3,247,900		3,247,900
21	Total Taxes and Interest Expense	$ 13,831,098	$ 114,830	$ 15,031,319
22	Total O&M Expense and Taxes and Interest	$ 38,114,943		$ 35,976,360
23	Other O&M Expense Days Lag	32.17		32.17
24	Days	366		366
25	Percentage	8.79%		8.79%
26	**Impact to Rate Base**	**$ 3,350,303**	**$ (187,981)**	**$ 3,162,322**

Notes and Sources

Column A, Lines 14, 21, 22, 25 and 26: UES Schedule RevReq-4.2
Column A, Lines 1-7: UES Schedule RevReq-2
Column A, Lines 8, 9, and 11: UES Schedule RevReq-3
Column A, Lines 12 and 13: UES Schedule RevReq-3.5
Column A, Lines 20: UES Schedule RevReq-1
Column A, Lines 10: DOE 5-3, UES Schedule RevReq-3.13
Column A, Lines 17-18: UES Schedule RevReq-2
Column A, Line 20: DOE 3-45
Column B, Schedule 3

	w/o Int Sync	w/ Int Sync	Int Sync
Federal Income Taxes	1,085,333	1,143,474	58,141
State Income Taxes	431,799	454,896	23,097
			81,238
		Check	$ 81,238

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.4
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 4
Remove Prepayments Included in Cash Working Capital

Line	Description	Company Proposed	Adjustment	Recommended Amount
		(A)	(B)	(C)
1	Prepayments	$ 4,508,744	$ (4,508,744)	$ -
2	Deferred Taxes	(38,267,315)	1,451,267	(36,816,048)
3	**Impact to Rate Base**	$ (33,758,571)	$ (3,057,477)	$ (36,816,048)

Notes and Sources
Column A: UES Schedule RevReq-4
Column B: Staff 1-5 Attachment 1

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.5
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 5
Remove EADIT Offset from Major Storm Cost Reserve (MSCR) Balance

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	Major Storm Cost Reserve Balance (12/31/20)	$ 3,275,423		$ 3,275,423
2	Excess ADIT flow back for 2018-2020	(2,644,590)	$ 2,644,590	-
3	Adjusted Major Storm Cost Reserve Balances (12/31/2020)	$ 630,833		$ 3,275,423
4	Reduction to Excess Deferred Income Tax Liability	$ 2,644,590	$ (2,644,590)	$ -
5	Increase to Accumulated Deferred Income Taxes	(716,234)		-
6	Net Decrease to Excess Deferred Income Tax Liability	$ 1,928,356	$ (1,928,356)	$ -
7	**Impact to Rate Base**	$ 1,928,356	$ (1,928,356)	$ -

Notes and Sources
Column A: UES Schedule RevReq-4-5

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.6
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 6
Audit Recommendations

Line	Description	Company Proposed	Adjustment	Recommended Amount
		(A)	(B)	(C)
1	**Audit Issue #2 Vehicle Clearing Capitalization Rate**			
2	Property & Liability Insurance			
3	Proforma	$ 369,896	$ (5,566)	$ 364,330
4	Test Year	297,428	(4,425)	293,003
5	Corrected Property & Liability Insurance	$ 72,468	$ (1,141)	$ 71,327
6	**Audit Issue #8 O&M Expenses**			
7	Expenses Outside of the Test Year			
8	A. Reduce Account 10-20-28-00-581-00-00, Communication System Exp UES	$ 800	$ (800)	$ -
9	B. Reduce Account 10-20-24-00-913-53-00, Customer Communication	1,169	(1,169)	-
10	C. Reduce Account 10-20-15-00-923-00-00, OS – Legal Claims and Litigation	7,599	(7,599)	-
11	D. Account 10-20-00-00-165-01-01, Prepaid Injuries & Damages	-	-	-
12	Non-recurring expenses			
13	E. Reduce Account 10-20-50-00-592-01-00, Dist Maint Sta Equip Annual Cap	46,762	(46,762)	-
14	F. Account 10-20-60-00-594-00-00 Dist Maint U/G Lines-SEA	-	-	-
15	Expense that Should Have Been Booked as Prepaid			
16	G. Reduce Account 10-20-22-00-923-15-00, OS – Emerg.Mgt & Compliance	39,100	(39,100)	-
17	Allocation Issue			
18	H. Reduce Account 10-20-22-00-923-15-00, OS – Emergency Mgt & Compliance	69	(69)	-
19	I. Reduce Account 10-20-03-00-926-06-00, Employee Benefits Other	142	(142)	-
20	Expense that Should Have Been Booked Below-the-Line			
21	J. Account 10-20-60-00-588-01-00, Administrative Expenses-SEA	-	-	-
22	K. Account 10-20-24-00-909-52-00, Outreach and Education	-	-	-
23	L. Account 10-20-03-00-926-06-00, Employee Benefits Other	849	(849)	-
24	M. Account 10-20-03-00-926-06-00, Employee Benefits Other	654	(654)	-
25	Total Audit Issue #8 O&M Expenses	$ 97,144	$ (97,144)	$ -
26	Total Audit Issues Reflected in this Adjustment	$ 169,612	$ (98,285)	$ 71,327
27	Carryforward to:			
28	Distribution	$ 47,562	$ (47,562)	$ -
29	Customer Service	1,169	(1,169)	-
30	Administration and General	120,881	(49,554)	71,327
31	Total Audit Issues Reflected in this Adjustment	$ 169,612	$ (98,285)	$ 71,327
32	NH Income Tax	7.70%		7.70%
33	Effect on NH income tax expense	$ (13,060)	$ 7,568	$ (5,492)
34	Federal Taxable	$ 156,552		$ 65,835
35	Federal Income Tax Rate	21%		21%
36	Effect on Federal income tax expense	$ (32,876)	$ 19,051	$ (13,825)
37	Total Taxes	$ (45,936)	$ 26,619	$ (19,317)
38	**Impact to Net Operating Income**	$ (123,676)	$ 71,666	$ (52,010)

Notes and Sources

Final Audit Report DE 21-030, Audit Staff, Division of Enforcement, NH Department of Energy
Lines 2–5: Audit Issue 2 Vehicle Clearing Capitalization Correction Workpapers

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.7
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 7
Eliminate Inflation Allowance for Other O&M Expenses

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	Other O&M Expense Inflation	$ 128,368	$ (128,368)	$ -
2	NH Income Tax	7.70%		7.70%
3	Effect on NH income tax expense	$ (9,884)	$ 9,884	$ -
4	Federal Taxable	$ 118,484		$ -
5	Federal Income Tax Rate	21%		21%
6	Effect on Federal income tax expense	$ (24,882)	$ 24,882	$ -
7	Total Taxes	$ (34,766)	$ 34,766	$ -
8	**Impact to Net Operating Income**	$ (93,602)	$ 93,602	$ -

Notes and Sources

Column A, Line 1: UES Schedule RevReq-3-15, Line 20

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.8
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 8
Add Known and Measurable Lease Payments in Inflation Adjustment

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	2020 Lease Payments	$ 539,536	$ (539,536)	$ -
2	2021 Lease Payments	-	563,574	563,574
3	Lease Payments	$ 539,536	$ 24,038	$ 563,574
4	NH Income Tax	7.70%		7.70%
5	Effect on NH income tax expense	$ (41,544)	$ (1,851)	$ (43,395)
6	Federal Taxable	$ 497,992		$ 520,179
7	Federal Income Tax Rate	21%		21%
8	Effect on Federal income tax expense	$ (104,578)	$ (4,660)	$ (109,238)
9	Total Taxes	$ (146,122)	$ (6,511)	$ (152,633)
10	**Impact to Net Operating Income**	$ (393,414)	$ (17,527)	$ (410,941)

Notes and Sources
Lines 1–2: DOE 3-2, Attachment 1

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.9
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 9
Eliminate 2022 Wage Increase

Line	Description		Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	Payroll				
2	UES Non-Union		$ 1,509,585	$ (53,160)	$ 1,456,425
3	UES Union		5,146,010	(149,884)	4,996,126
4	USC		9,406,751	(396,453)	9,010,298
5	Total 2022 Payroll Increase		$ 16,062,346	$ (599,497)	$ 15,462,849
6	Payroll Chargeable to Capital				
7	UES Non-Union	64.25%	$ (969,908)	$ 34,155	$ (935,753)
8	UES Union	64.25%	(3,306,311)	96,300	(3,210,011)
9	USC	28.45%	(2,676,221)	112,791	(2,563,430)
10	Total Payroll Chargeable to Capital		$ (6,952,440)	$ 243,247	$ (6,709,194)
11	Total Payroll Chargeable to O&M Expense		$ 9,109,906	$ (356,250)	$ 8,753,655
12	NH Income Tax		7.70%		7.70%
13	Effect on NH income tax expense		$ (701,463)	$ 27,432	$ (674,031)
14	Federal Taxable		$ 8,408,443		$ 8,079,624
15	Federal Income Tax Rate		21%		21%
16	Effect on Federal income tax expense		$ (1,765,773)	$ 69,052	$ (1,696,721)
17	Total Taxes		$ (2,467,236)	$ 96,484	$ (2,370,752)
18	**Impact to Net Operating Income**		$ (6,642,670)	$ 259,766	$ (6,382,903)

Notes and Sources
Column A, Lines 1-10: UES Schedule RevReq-3-2
Column B: 2022 Increase, UES Schedule RevReq-3-2, line 6

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.10
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 10
Normalize UES Union Overtime

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	UES Union Overtime	$ 1,455,242	$ (309,749)	$ 1,145,493
2	2021 3.0% Increase on OT included in Test Year	43,657	(9,292)	34,365
3	UES Union Overtime with 2021 Increase	$ 1,498,900	$ (319,041)	$ 1,179,858
4	NH Income Tax	7.70%		7.70%
5	Effect on NH income tax expense	$ (115,415)	$ 24,566	$ (90,849)
6	Federal Taxable	$ 1,383,485		$ 1,089,009
7	Federal Income Tax Rate	21%		21%
8	Effect on Federal income tax expense	$ (290,532)	$ 61,840	$ (228,692)
9	Total Taxes	$ (405,947)	$ 86,406	$ (319,541)
10	**Impact to Net Operating Income**	$ (1,092,953)	$ 232,635	$ (860,317)

Notes and Sources
Column A, Line 1: Energy TS 1-9
Line 2: UES Schedule RevReq-3-2, footnote (2), Union increase of 3%.
Column B, Line 1: Average Overtime

Average of UES Union Overtime	
UES Union Overtime-2017	$ 1,078,814
UES Union Overtime-2018	1,114,630
UES Union Overtime-2019	933,288
UES Union Overtime-2020	1,455,242
Average UES Union Overtime 2017–2020	$ 1,145,493

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.11
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 11
Eliminate Increase to 401(k) Associated with 2022 Wage Increase

Line	Description		Company Proposed	Adjustment	Recommended Amount
			(A)	(B)	(C)
1	**UES**				
2	401(k) Expense		$ 283,206	$ (8,649)	$ 274,557
3	Chargeable to Capital	63.68%	180,346	(5,508)	174,838
4	Chargeable to O&M		$ 102,860	$ (3,141)	$ 99,719
5	**USC**				
6	401(k) Expense		$ 612,264	$ (25,804)	$ 586,460
7	Chargeable to Capital	29.42%	180,128	(7,592)	172,537
8	Chargeable to O&M		$ 432,136	$ (18,212)	$ 413,923
9	Total UES and USC 401(k) Charged to O&M		$ 534,996	$ (21,354)	$ 513,643
10	NH Income Tax		7.70%		7.70%
11	Effect on NH income tax expense		$ (41,195)	$ 1,645	$ (39,550)
12	Federal Taxable		$ 493,801		$ 474,093
13	Federal Income Tax Rate		21%		21%
14	Effect on Federal income tax expense		$ (103,698)	$ 4,139	$ (99,559)
15	Total Taxes		$ (144,893)	$ 5,784	$ (139,109)
16	**Impact to Net Operating Income**		$ (390,103)	$ 15,570	$ (374,534)

Notes and Sources
Column A, Lines 1-8: UES Schedule RevReq-3-5, UES RevReq Workpaper 4.4
Column B: 2022 Increase, UES RevReq Workpaper 4.4, lines 2 and 7

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.12
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 12
Eliminate 2022 Increase in Medical and Dental Insurance

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	Medical and Dental Benefits	$ 1,038,551	$ (81,002)	$ 957,549
2	NH Income Tax	7.70%		7.70%
3	Effect on NH income tax expense	$ (79,968)	$ 6,237	$ (73,731)
4	Federal Taxable	$ 958,583		$ 883,818
5	Federal Income Tax Rate	21%		21%
6	Effect on Federal income tax expense	$ (201,302)	$ 15,700	$ (185,602)
7	Total Taxes	$ (281,270)	$ 21,937	$ (259,333)
8	**Impact to Net Operating Income**	$ (757,281)	$ 59,065	$ (698,216)

Notes and Sources

Line 1: UES Schedule RevReq-3-4, Workpaper 3.1
Company's 2022 Increase not included in Chargeable to Capital calculation

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.13
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 13
Eliminate Restricted Stock Plan and EPS Component of Incentive Compensation

Line	Description	Increase	Allocation	Company Proposed (A)	Disallow	Adjustment (B)	Recommended Amount (C)
1	**Total Restricted Stock and Incentive Comp**						
2	Restricted Stock Plan Charged to UES			$ 615,594	100%	$ (615,594)	$ -
3	Test Year UES Incentive Compensation Charged			104,079	40%	(41,632)	62,447
4	2021 Increase on UES Incentive Comp included in Test Year	3.65%		3,799	40%	(1,520)	2,279
5	Total UES Incentive Comp with 2021 Increase			107,878		(43,151)	64,727
6	Test Year USC Incentive Compensation Charged to UES			938,339	40%	(375,336)	563,003
7	2021 Increase on USC Incentive Comp included in Test Year	4.40%		41,287	40%	(16,515)	24,772
8	Total USC Incentive Comp with 2021 Increase			979,626		(391,850)	587,776
9	Total Restricted Stock and Incentive Comp			$ 1,703,098		(1,050,596)	$ 652,502
10	**Allocated to O&M**						
11	Restricted Stock Plan Charged to UES (O&M)*		70.58%	$ 434,486		(434,486)	$ -
12	Total UES Incentive Comp with 2021 Increase (O&M)		35.75%	38,566		(15,427)	23,140
13	Total USC Incentive Comp with 2021 Increase (O&M)		71.55%	700,922		(280,369)	420,553
14	Total Restricted Stock and Incentive Comp (O&M)			$ 1,173,975		$ (730,282)	$ 443,693
15	NH Income Tax			7.70%			7.70%
16	Effect on NH income tax expense			$ (90,396)		$ 56,232	$ (34,164)
17	Federal Taxable			$ 1,083,579			$ 409,529
18	Federal Income Tax Rate			21%			21%
19	Effect on Federal income tax expense			$ (227,552)		$ 141,551	$ (86,001)
20	Total Taxes			$ (317,948)		$ 197,783	$ (120,165)
21	**Impact to Net Operating Income**			$ (856,027)		$ 532,499	$ (323,528)
22	**Allocated to Capital**						
23	Test Year Restricted Stock Plan Charged to UES (Capital)		29.42%	$ 181,108		$ (181,108)	$ -
24	Test Year UES Incentive Compensation Charged (Capital)		64.25%	66,871		$ (26,748)	40,122
25	Test Year USC Incentive Compensation Charged to UES (Capital)		28.45%	266,957		(106,783)	160,174
26	Total Restricted Stock and Incentive Comp (Capital)			$ 514,936		$ (314,639)	$ 200,297
27	**Impact to Rate Base**			$ 514,936		$ (314,639)	$ 200,297

Notes and Sources

Column A, Line 1: UES Response to DOE 5-10. Restricted Stock was not included in Payroll and was not adjusted for annual payroll increases
Column B: Disallowed amount due to shareholder focused goals
Line 4: 2021 Increase UES Schedule RevReq-3-2, page 1 of 2, footnote (2)
Line 7: 2021 Increase UES Schedule RevReq-3-2, page 2 of 2, footnote (2)
Line 11: O&M Allocation DOE 5-10, Attachment 1, 100% - 29.42%
Line 12: O&M Allocation UES Schedule RevReq-3-2, 100% - 64.25% (footnote (4)
Line 13: O&M Allocation UES Schedule RevReq-3-2, 100% - 28.49% (footnote (4)
Lines 24 and 25: Adjustment to Rate Base only includes Test Year amount. 2021 payroll increase was not reflected in a Rate Base Adjustment by UES

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.14
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 14
Eliminate SERP and Company Contribution to Non-Qualified Deferred Comp

Line	Description	Company Proposed	Adjustment	Recommended Amount
		(A)	(B)	(C)
1	SERP-USC	$ 468,678	$ (468,678)	$ -
2	Deferred Compensation	77,097	(77,097)	-
3	Total	$ 545,775	$ (545,775)	$ -
4	NH Income Tax	7.70%		7.70%
5	Effect on NH income tax expense	$ (42,025)	$ 42,025	$ -
6	Federal Taxable	$ 503,750		$ -
7	Federal Income Tax Rate	21%		21%
8	Effect on Federal income tax expense	$ (105,788)	$ 105,788	$ -
9	Total Taxes	$ (147,813)	$ 147,813	$ -
10	**Impact to Net Operating Income**	$ (397,962)	$ 397,962	$ -
11	SERP Allocated to Capital	$ 195,360	$ (195,360)	$ -
12	Deferred Compensation Allocated to Capital	$ 32,136	(32,136)	-
13	Total Allocated to Capital	$ 227,496	$ (227,496)	$ -
14	**Impact to Rate Base**	$ 227,496	$ (227,496)	$ -

Notes and Sources
Line 1: UES Schedule RevReq-3-5, Workpaper 4.6, and UES RevReq Workpaper 4.3
Line 2: UES RevReq Workpaper 4.6
Line 11: UES Schedule RevReq-3-5, UES RevReq Workpaper 4.6
Line 12: UES RevReq Workpaper 4.3

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.15
Page 1 of 2

Unitil Energy Systems, Inc.
Adjustment 15
Eliminate 2022 Increase to Insurance Premiums

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	Total Property & Liability Insurance-UES	$ 328,517	$ (10,386)	$ 318,131
2	Total Property and Liability - USC	41,379	3,268	44,647
3	Total Property & Liability Insurance	$ 369,896	$ (7,118)	$ 362,778
4	NH Income Tax	7.70%		7.70%
5	Effect on NH income tax expense	$ (28,482)	$ 548	$ (27,934)
6	Federal Taxable	$ 341,414		$ 334,844
7	Federal Income Tax Rate	21%		21%
8	Effect on Federal income tax expense	$ (71,697)	$ 1,380	$ (70,317)
9	Total Taxes	$ (100,179)	$ 1,928	$ (98,251)
10	**Impact to Net Operating Income**	$ (269,717)	$ 5,190	$ (264,527)

Notes and Sources
Column A, Lines 1–2, UES Schedule RevReq-3-6, UES Workpapers 5.1 and 5.2
See Workpaper for adjusted amounts

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.15
Page 2 of 2

Unitil Energy Systems, Inc.
Adjustment 15
Eliminate 2022 Insurance Premiums - Workpaper

Line	Description	Company Proposed	2021 Amounts	Adjustment 2022 Amounts	Capital Ratio	Company Proposed Charged to Capital	Adjustment Charged to Capital
		(A)	(B)	(C)	(D)	(E)	(F)
1	UES Property and Liability Insurance						
2	Property:						
3	All Risk	111,753	111,753	-			
4	Crime	2,374	2,374	-			
5	K&E	325	325	-			
6	Transit	-	-	-			
7	Total Property	114,452	114,452	-	19.69%	22,540	-
8	Liability						
9	Automobile	37,164	35,225	(1,939)	49.26%	18,308	(955)
10	Workers' Compensation	61,293	58,096	(3,197)	63.68%	39,031	(2,036)
11	Excess	435,017	412,326	(22,691)	63.68%	277,019	(14,450)
12	Cyber	21,919	21,919		63.68%	13,958	-
13	Fiduciary	7,253	7,253	-	63.68%	4,619	-
14	Directors and Officers	74,047	74,047	-	63.68%	47,153	-
15	Total Liability	636,692	608,866	(27,827)		400,088	(17,441)
16	Total Property and Liability - UES	751,144	723,318	(27,827)			
17	Charged to Capital			(17,441)		422,628	(17,441)
18	Charged to O&M	751,144	723,318	(10,386)			
19							
20	USC Property and Liability Insurance						
21	Property:						
22	All Risk	8,805	8805	-			
23	Crime	682	682	-			
24	K&E	130	130	-			
25	Total Property	9,617	9,617	-			
26	Liability						
27	Automobile	8,401	9,206	805			
28	Workers' Compensation	59,336	65,019	5,683			
29	Excess	108,060	118,410	10,350			
30	Cyber	5,898	5,898	-			
31	Fiduciary	1,952	1,952	-			
32	Directors and Officers	19,926	19,926				
33	Total Liability	203,573	220,411	16,838			
34	Total Property and Liability - USC	213,190	230,028	16,838			
35	Allocator Factor to UES	27.50%	27.50%	27.50%			
36	Total Property and Liability - Allocated to UES	58,627	63,258	4,630			
37	Charged to Capital	17,248	18,610	1,362			
38	Charged to O&M	41,379	44,647	3,268			

Notes and Sources
UES Schedule RevReq-3-6 and RevReq Workpaper 5.1–5.4

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.16
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 16
Sharing of Directors and Officers Liability Insurance

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	Directors and Officers-UES	74,047	(37,024)	37,024
2	Charged to Capital	47,153	(23,577)	23,577
3	Charged to O&M	26,894	(13,447)	13,447
4	Directors and Officers-USC	19,925	(9,963)	9,963
5	Directors and Officers-USC allocated to UES	5,479	(2,740)	2,740
6	Charged to Capital	1,612	(806)	806
7	Charged to O&M	3,867	(1,934)	1,934
8	Director and Officers Charged to O&M	$ 30,761	$ (15,381)	$ 15,381
9	NH Income Tax	7.70%		7.70%
10	Effect on NH income tax expense	$ (2,369)	$ 1,185	$ (1,184)
11	Federal Taxable	$ 28,392		$ 14,197
12	Federal Income Tax Rate	21%		21%
13	Effect on Federal income tax expense	$ (5,962)	$ 2,981	$ (2,981)
14	Total Taxes	$ (8,331)	$ 4,166	$ (4,165)
15	**Impact to Net Operating Income**	$ (22,430)	$ 11,215	$ (11,216)
16	Director and Officers Charged to Capital	$ 48,765	$ (24,383)	$ 24,383
17	**Impact to Rate Base**	$ 48,765	$ (24,383)	$ 24,383

Notes and Sources

Lines 1–7: UES Schedule RevReq-3-6 and RevReq Workpaper 5.1-5.3

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.17
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 17
Exclude BetterInvesting Dues

Line	Description		Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	BetterInvesting Dues (Unitil Service)		$ 4,100	$ (4,100)	$ -
2	Chargeable to UES	28.17%	1,155		-
3	Chargeable to Captial	29.42%	(340)		-
4	Chargeable to O&M		$ 815	$ (815)	$ -
5	NH Income Tax		7.70%		7.70%
6	Effect on NH income tax expense		$ (63)	$ 63	$ -
7	Federal Taxable		$ 752		$ -
8	Federal Income Tax Rate		21%		21%
9	Effect on Federal income tax expense		$ (158)	$ 158	$ -
10	Total Taxes		$ (221)	$ 221	$ -
11	**Impact to Net Operating Income**		$ (594)	$ 594	$ -

Notes and Sources
Line 1–4: DOE 4-57 and UES Filing Requirements Schedule and UES RevReq Schedules DNP-WP Allocators

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.18
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 18
Convert to Whole Life Depreciation Methodology

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	Depreciation Expense-Remaining Life	$ 12,799,754	$ (12,799,754)	$ -
2	Depreciation Expense-Whole Life	-	12,854,711	12,854,711
3	Total Depreciation	$ 12,799,754	$ 54,957	$ 12,854,711
4	NH Income Tax	7.70%		7.70%
5	Effect on NH income tax expense	$ (985,581)	$ (4,232)	$ (989,813)
6	Federal Taxable	$ 11,814,173		$ 11,864,898
7	Federal Income Tax Rate	21%		21%
8	Effect on Federal income tax expense	$ (2,480,976)	$ (10,653)	$ (2,491,629)
9	Total Taxes	$ (3,466,557)	$ (14,885)	$ (3,481,442)
10	**Impact to Net Operating Income**	$ (9,333,197)	$ (40,072)	$ (9,373,269)

Notes and Sources
Line 1: UES Schedule RevReq-3-16
Line 2: DOE 5-12, Attachment 2
Line 1 and Line 2: Energy TS 1-5

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.19
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 19
Amortization of Theoretical Depreciation Reserve Imbalance

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	Depreciation Reserve Imbalance			
2	Depreciation	$ -	$ (7,652,721)	$ (7,652,721)
3	Recovery Period	-	5	5
4	Annual Recovery	-	(1,530,544)	(1,530,544)
8	Total Depreciation and Amortization	$ -	$ (1,530,544)	$ (1,530,544)
9				
10	NH Income Tax	7.70%		7.70%
11	Effect on NH income tax expense	$ -	$ 117,852	$ 117,852
12	Federal Taxable	$ -		$ (1,412,692)
13	Federal Income Tax Rate	21%		21%
14	Effect on Federal income tax expense	$ -	$ 296,665	$ 296,665
15	Total Taxes	$ -	$ 414,517	$ 414,517
16	**Impact to Net Operating Income**	$ -	$ 1,116,027	$ 1,116,027

Notes and Sources
Line 2: DOE 5-12, Attachment 1
Line 3: See testimony of Stephen Eckberg

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.20
Page 1 of 2

Unitil Energy Systems, Inc.
Adjustment 20
Remove Post-Test-Year Project Amortization

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	UES Amortization	$ 1,585,103	$ (24,090)	$ 1,561,013
2	USC Billed to UES	162,109	(37,179)	124,930
3	Amortization Expense	$ 1,747,212	$ (61,269)	$ 1,685,943
4	NH Income Tax	7.70%		7.70%
5	Effect on NH income tax expense	$ (134,535)	$ 4,717	$ (129,818)
6	Federal Taxable	$ 1,612,677		$ 1,556,125
7	Federal Income Tax Rate	21%		21%
8	Effect on Federal income tax expense	$ (338,662)	$ 11,876	$ (326,786)
9	Total Taxes	$ (473,197)	$ 16,593	$ (456,604)
10	**Impact to Net Operating Income**	$ (1,274,015)	$ 44,676	$ (1,229,339)

Notes and Sources
Column A, Lines 1 and 2: UES Schedule RevReq-3-17
Column B: Amortization Workpaper

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.20
Page 2 of 2

Unitil Energy Systems, Inc.
Adjustment 20
Adjust Amortization based on In-Service Workpaper

Line	Description	As Filed: Total Project Costs (A)	As Filed: Annual Amortization Expense (B)	Adjustment	Recommended Annual Amortization Expense	In-Service Date (C)	Comment	To Step
	USC Amortization Billed to UES							
1	Powertax Repair Module	151,418	30,284		30,284			
2	USC Time & Billing Enhancements	58,522	12,108		12,108			
3	PC & Furniture 032018	574,070	143,517		143,517			
4	Software - Facilities WO&PM Tracking/Reporting	24,953	4,991		4,991			
5	PC & Furniture 082018	483,268	120,817		120,817			
6	Upgrade C-Series Bottomline Check Printing	7,462	1,492		1,492			
7	ADP Vacation Enhancements	3,437	115	*573*	*687*		Energy TS 1-6 Wrong Amortization - Update in Corrections and Update	
8	General Infrastructure Enhancements	11,887	396	*1,981*	*2,377*		Energy TS 1-6 Wrong Amortization - Update in Corrections and Update	
9	2018 Flexi upgrade	20,241	4,048		4,048			
10	Flexi Report Writer	7,800	1,560		1,560			
11	USC Furn & Equipment - Hamp&CSC	4,335	867		867			
12	IT Control Testing Automation	320,088	64,018		64,018			
13	HR & Payroll Record Scanning	26,917	5,383		5,383			
14	USC 2019 Furniture & PC's	310,711	62,142		62,142			
15	SOX Modernization	75,517	15,103	(15,103)	-	Feb-21		15,103
16	USC Time & Billing Upgrade/Replacement	587,704	117,541	(117,541)	-	Nov-21	Energy TS 1-6 Revised in-service	117,541
17	2020 Flexi Upgrade	25,531	5,106	(5,106)	-	Feb-21		5,106
18	Total	$ 2,693,861	$ 589,489		$ 454,292			137,750
19	UES Apportionment		27.50%		27.50%			27.50%
20	Total Billed to Unitil Energy Systems		$ 162,109		$ 124,930			$ 37,881

Line	Description	Total Project Costs (A)	Annual Amortization Expense (B)	Adjustment	Recommended Annual Amortization Expense	In-Service Date (C)	Comment
1	**Unitil Energy Systems 303-Intangible Plant:**						
2	First Responder - iRestore	120,450	24,090	(24,090)	-		Energy TS-1-7 will be removed in Corrections and Update
3	Enhancements for Third Party Attach	17,000	3,400		3,400		
4	Electric Inspections	39,247	7,849		7,849		
5	General Software Enhancements	11,191	2,238		2,238		
6	2015 Cyber Security Enhancements11	381	76		76		
7	2016 IT Infrastructure	62,607	12,522		12,522		
8	GPS OMS - Interface	3,450	690		690		
9	2016 Cyber Security Enhancements	588	118		118		
10	Unify Workforce Management System	16,484	3,297		3,297		
11	General Software Enhancements	9,266	1,853		1,853		
12	DPU ORP System	24,150	4,830		4,830		
13	303-00/ 1/2 : Intangible Software 5 yr	117,732	23,546		23,546		
14	EETS Enhancements	33,165	6,633		6,633		
15	303-00/ 1/2 : Intangible Software 5 yr	4,207	841		841		
16	24 Hr Damage Assess. & Field Rest.	67,124	13,425		13,425		
17	2017 Cyber Security	3,549	710		710		
18	2017 IT Infrastructure	15,561	3,112		3,112		
19	Electronic Time Sheet Phase One	8,964	1,793		1,793		
20	Eintake Migration	27,943	5,589		5,589		
21	AMI Command Center Version Upgrade	9,681	1,936		1,936		
22	Meter Data Archiving Plan	3,744	749		749		
23	Upgrade OMS Webpage	6,600	1,320		1,320		
24	Powerplan Updated License	88,191	17,638		17,638		
25	303-00/ 1/2 : Intangible Software 5 yr	96,044	19,240		19,240		
26	IS Project Tracker Replacement	9,129	1,826		1,826		
27	Legacy Interface Job Rewrite	4,775	941		941		
28	General Software Enhancements - 2018	22,077	4,222		4,222		
29	UPS Reporting	1,142	228		228		
30	2018 IT Infrastructure	49,114	9,665		9,665		
31	2018 Cyber Security Enhancements	7,175	1,432		1,432		
32	WebOps Replacements - Year 1 of 3	22,788	3,974		3,974		
33	Dev/ Staging Refresh	9,539	1,908		1,908		
34	OMS Regulatory Reports	6,569	1,314		1,314		
35	Microsoft Exchange Upgrade	4,352	870		870		
36	Electronic Time Sheet Phase 2	24,327	4,865		4,865		
37	Metersense Upgrade 4.2 to 4.3	499	100		100		
38	FCS Upgrade	985	198		198		
39	Power Plant Assets	189,956	18,996		18,996		
40	Power Plant Assets	130,023	13,002		13,002		
41	OMS ABB Purchase	1,015,424	101,542		101,542		
42	OMS Integration & Implementation	633,462	63,346		63,346		
43	OMS Osmose Field Survey	229,282	22,928		22,928		
44	OMS Internal Labor	28,334	2,833		2,833		
45	Power Plant Asset Upgrade	80,769	8,077		8,077		
46	Meter Data Management	2,398,484	239,848		239,848		
47	TESS Replacement	7,593	759		759		
48	FCS Upgrade	10,361	2,320		2,320		
49	2019 General Software Enhancements	18,921	3,637		3,637		
50	WebOps Replacement - Year 2 of 3	21,675	4,126		4,126		
51	Reporting Blanket	35,245	6,680		6,680		
52	2019 Infrastructure PC & Network	314,152	60,392		60,392		
53	Regulatory Work Blanket	8,972	2,007		2,007		
54	GIS Overlay Electronic Inspection	19,040	3,808		3,808		
55	OMS Upgrade to V9.	4,457	891		891		
56	GIS Enhancements	6,520	1,304		1,304		
57	Generator Interconnection Database	49,881	9,948		9,948		
58	2019 Voice System Replacement	383,511	37,630		37,630		
59	2019 Interface Enhancements	21,083	2,114		2,114		
60	2019 Customer Facing Enhancements	371,975	37,178		37,178		
61	303-00/ 1/2 : Intangible Software 5 yr	17,338	3,468		3,468		
62	E-intake Functionality to GEM	28,776	5,755		5,755		
63	EE Tracking & Reporting Syst	81,190	16,238		16,238		
64	MV90xi Upgrade v4.5 to 6.0	15,326	3,065		3,065		
65	Replace MV-90 Communication Bank Modules	5,172	11,735		11,735		
66	AMI Command Center Upgrade	37,259	7,452		7,452		
67	Metersense Upgrade 2020	557	111		111		
68	Reporting Blanket	37,767	7,553		7,553		
69	Cyber Security Enhancements	36,913	7,383		7,383		
70	Power Plan Upgrade	111,894	22,379		22,379		
71	2020 IT Infrastructure Budget	492,478	98,496		98,496		
72	2020 Customer Facing Enhancements	232,051	46,410		46,410		
73	2020 Interface Enhancements	50,185	10,037		10,037		
74	2020 General Software Enhancements	1,488	298		298		
75	2017 CIS Amortization	9,756,286	512,318		512,318		
76	Total UES Amortization Expense for Account 303	$ 17,833,591	$ 1,585,103		$ 1,561,013		

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.21
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 21
True-Up Payroll Taxes and Remove Payroll Tax Above SS Limit

Line	Description		Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	Other Adjustments				
2	Eliminate 2022 Wage Increase		$ 356,250	$ (356,250)	$ -
3	Normalize UES Union Overtime		319,041	(319,041)	-
4	Eliminate EPS Component of Incentive Compensation		295,795	(295,795)	-
5	Total Other Adjustments Subject to Medicare Tax		$ 971,087		-
6	Estimated Amount Above Social Security Limit	4.39%	(42,599)		-
7	Total Other Adjustments Subject to Social Security		$ 928,488	$ (928,488)	$ -
7	Payroll Taxes Related to Other Adjustments				
8	Social Security	6.20%	$ 57,566	$ (57,566)	$ -
9	Medicare	1.45%	14,081	(14,081)	-
10	Total Payroll Taxes Related to Other Adjustments		71,647	(71,647)	-
11	Amount Above SS Limit		$ 43,990	$ (3,741)	$ 40,249
12	Total Payroll Taxes		$ 115,637	$ (75,388)	$ 40,249
13	NH Income Tax		7.70%		7.70%
14	Effect on NH income tax expense		$ (8,904)	$ 5,805	$ (3,099)
15	Federal Taxable		$ 106,733		$ 37,150
16	Federal Income Tax Rate		21%		21%
17	Effect on Federal income tax expense		$ (22,414)	$ 14,612	$ (7,802)
18	Total Taxes		$ (31,318)	$ 20,417	$ (10,901)
19	**Impact to Net Operating Income**		$ (84,319)	$ 54,971	$ (29,348)

Notes and Sources
Line 2: Schedule 3.9
Line 3: Schdeule 3.10
Line 4: Scheudle 3.13
Column A, Line 11: UES Schedule RevReq-3-20.
Column C, Line 11: DOE 5-1. Attachment 1

Estimate of Payroll in Excess of Taxable Limit		Per Company	Ratio	
Increase in O&M Payroll/Compensation		709,516		
UES in Excess of Taxable Limit	41%	24,788	3.5%	1.44%
USC in Excess of Taxable Limit	59%	35,544	5.0%	2.95%
Weighted Average		60,332		4.39%

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.22
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 22
Reverse Removal of 3rd Party Reimbursement for Vegetation Management

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	Total REP & MP Expense-2020	$ 5,848,239		$ 5,848,239
2	Total REP & MP Expense-2021	6,265,166		6,265,166
3	Increase in REP & VMP Expense	416,927		416,927
4	Removal of Test Year 3rd Party Reimbursement	989,500	(989,500)	-
5	Total Increase in REP & VMP Expense	$ 1,406,427	$ (989,500)	$ 416,927
6	NH Income Tax	7.70%		7.70%
7	Effect on NH income tax expense	$ (108,295)	$ 76,192	$ (32,103)
8	Federal Taxable	$ 1,298,132		$ 384,824
9	Federal Income Tax Rate	21%		21%
10	Effect on Federal income tax expense	$ (272,608)	$ 191,795	$ (80,813)
11	Total Taxes	$ (380,903)	$ 267,987	$ (112,916)
12	**Impact to Net Operating Income**	$ (1,025,524)	$ 721,513	$ (304,011)

Notes and Sources
Lines 1–5: UES Schedule RevReq-3-3

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.23
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 23
AMP Coordinator Cost Sharing

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	AMP Full Time Employee with Benefits	$ 84,000		$ 84,000
2	Allocation to UES	100%	-22%	78%
3	Allocated AMP Full Time Employee with Benefits	$ 84,000	$ (18,882)	$ 65,118
4	NH Income Tax	7.70%		7.70%
5	Effect on NH income tax expense	$ (6,468)	$ 1,454	$ (5,014)
6	Federal Taxable	$ 77,532		$ 60,104
7	Federal Income Tax Rate	21%		21%
8	Effect on Federal income tax expense	$ (16,282)	$ 3,660	$ (12,622)
9	Total Taxes	$ (22,750)	$ 5,114	$ (17,636)
10	**Impact to Net Operating Income**	$ (61,250)	$ 13,768	$ (47,482)

Notes and Sources
Line 1, Column A: UES Schedule RevReq-3-14
Line 1, Column B: Energy TS 1-2, estimated allocated to UES

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.24
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 24
Addition of Storm Related Communications (Calypso/Matter Communications) Costs

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	Storm Related Communications Costs	$ -	$ 18,290	$ 18,290
2	NH Income Tax	7.70%		7.70%
3	Effect on NH income tax expense	$ -	$ (1,408)	$ (1,408)
4	Federal Taxable	$ -		$ 16,882
5	Federal Income Tax Rate	21%		21%
6	Effect on Federal income tax expense	$ -	$ (3,545)	$ (3,545)
7	Total Taxes	$ -	$ (4,953)	$ (4,953)
8	**Impact to Net Operating Income**	$ -	$ (13,337)	$ (13,337)

Notes and Sources
See Testimony of Elizabeth Nixon

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.25
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 25
Remove Incremental Wheeling Revenue

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	Incremental Wheeling Revenue	$ 49,952	$ (49,952)	$ -
2				
3	NH Income Tax	7.70%		7.70%
4	Effect on NH income tax expense	$ 3,846	$ (3,846)	$ -
5	Federal Taxable	$ 53,798		$ -
6	Federal Income Tax Rate	21%		21%
7	Effect on Federal income tax expense	$ 11,298	$ (11,298)	$ -
8	Total Taxes	$ 15,144	$ (15,144)	$ -
9	**Impact to Net Operating Income**	$ 34,808	$ (34,808)	$ -

Notes and Sources
See Testimony of Elizabeth Nixon

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.26
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 26
Update Distribution Bad Debt for Revenue Change

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	Per Books Delivery Retail Billed Revenue - Calendar Year 2019	$ 91,933,881		$ 91,933,881
2	Revenue Increase	11,992,392	(10,863,914)	1,128,478
3	Total Normalized Delivery Retail Billed Revenue	$ 103,926,273		$ 93,062,359
4	Calendar Year 2019 Write-Offs as a % of Retail Delivery Billed Revenue	0.64%		0.64%
5	Uncollectible Delivery Revenue	$ 660,815		$ 591,737
6	Less: Test Year Bad Debt Expense	526,252		526,252
7	Change in Bad Debt Expense (Customer Accounts)	$ 134,563	$ (69,078)	$ 65,485
8	NH Income Tax	7.70%		7.70%
9	Effect on NH income tax expense	$ (10,361)	$ 5,319	$ (5,042)
10	Federal Taxable	$ 124,202		$ 60,443
11	Federal Income Tax Rate	21%		21%
12	Effect on Federal income tax expense	$ (26,082)	$ 13,389	$ (12,693)
13	Total Taxes	$ (36,443)	$ 18,708	$ (17,735)
14	**Impact to Net Operating Income**	$ (98,120)	$ 50,370	$ (47,750)

Notes and Sources

Column A, Lines 1–7: UES Schedule RevReq-3-13
Column B, Line 2: Schedule 1.1

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 3.27
Page 1 of 1

Unitil Energy Systems, Inc.
Adjustment 27
Interest Synchronization
"Change in Interest Expense Applicable to Income Tax Computation"

Line	Description	Company Proposed (A)	Adjustments (B)	Recommended Total (C)
1	Rate Base	$ 226,030,082	(18,273,665)	207,756,417
2	Interest Component of Rate of Return	2.58%		2.66%
3	Interest Attributable to Rate Base	5,830,578		5,530,620
4	NH Income Tax	7.70%		7.70%
5	Effect on NH income tax expense	$ (448,955)	$ 23,097	$ (425,858)
6	Federal Taxable	$ 5,381,623		$ 5,104,762
7	Federal Income Tax Rate	21%		21%
8	Effect on Federal income tax expense	$ (1,130,141)	$ 58,141	$ (1,072,000)
9	Total Taxes	$ (1,579,096)	$ 81,238	$ (1,497,858)
10	**Impact to Net Operating Income**	$ 1,579,096	$ (81,238)	$ 1,497,858
11	Weighted Cost			
12	Long-Term Debt	2.58%		2.53%
13	Short-Term Debt	0.00%		0.13%
14	Interest Component of Rate of Return	2.58%		2.66%

Notes and Sources
Column A, Lines 1-3: UES Schedule RevReq-3-21
Column B, line 1: Schedule 1.1

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 4
Page 1 of 1

Unitil Energy Systems, Inc.
HB700 Property Taxes

Line	Description	Company Proposed (A)	Adjustment (B)	Recommended Amount (C)
1	Municipal Property Taxes	$ 5,765,762	$ (130,344)	$ 5,635,418
2	State Property Tax	1,644,889	(1,644,889)	-
		$ 7,410,651		$ 5,635,418
3	Plus: New Exeter DOC Estimated Adjustment	380,016	(192,418)	187,598
4	Less: Removal of Old Kensington DOC	(18,895)		(18,895)
5	Adjusted Property Tax Expense	$ 7,771,772	$ (1,967,651)	$ 5,804,121

Notes and Sources
Column A: UES Schedule RevReq-3-19
Column B, Lines 1 and 3: Schedule 3.1 Excluded Utility Plant in Service

NEW HAMPSHIRE PUBLIC SERVICE COMMISSION

Docket No. DE 21-030
Schedule 5
Page 1 of 1

Unitil Energy Systems, Inc.
Step Adjustment

Line	Description	Company Proposed (A)	Company Proposed (B)	Adjustment (C)	Recommended Amount (D)	Recommended Amount (E)
1	Beginning Utility Plant		$ 407,914,123			$ 407,914,123
2	Plant Additions					
3	Projected Capital Expenditures		31,586,277			31,586,277
4	Less: Exeter Building Close Out Work		(500,000)			(577,144)
5	Total Plant Additions		31,086,277			31,009,133
6	Ending Utility Plant		$ 439,000,400			$ 438,923,256
7	Beginning Accumulated Depreciation		(138,059,087)			(138,059,087)
8	Depreciation Expense		(13,322,003)			(13,323,017)
9	Ending Accumulated Depreciation		(151,381,091)			(151,382,104)
10	Ending Net Utility Plant		287,619,309			287,541,152
11	Change in Net Plant		17,764,273	(78,157)		17,686,116
12	Non-Growth % Change in Net Plant		84%			84%
13	Non-Growth Change in Net Plant		14,918,356			14,852,720
14	Pre-Tax Rate of Return		9.84%	-1.65%		8.19%
15	Return and Taxes		1,468,315			1,216,334
16	Depreciation Expense on Non-Growth Plant Additions at	3.36%	877,165		3.37%	878,867
17	Property Taxes on Non-Growth Change in Net Plant at	2.74%	408,763		2.74%	406,965
18	Amortization on Post-Test-Year Projects					37,881
19	Revenue Requirement Increase		$ 2,754,244	$ (214,197)		$ 2,540,047
20	Annual Depreciation					
21	2020 Depreciation		12,799,754			12,799,754
22	2021 Plant Additions	3.36%	522,249		3.37%	523,263
			13,322,003			13,323,017

Notes and Sources

Column A: UES Schedule CGDN-2

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 6

Date Request Received: 10/07/2021 Date of Response: 10/22/2021
Request No. Energy 6-8 Witness: C. Goulding / D. Nawazelski

REQUEST:

Reference the various places within the Goulding/Nawazelski testimony where it commits to updating various information/adjustments during the course of the proceeding. Please explain when this update will be provided.

RESPONSE:

Please refer to Energy 6-08 Attachment 1 for a revenue requirement revision summary that provides a description of information that has, or will be, updated during the course of the proceeding. Also provided are the associated schedules, revenue deficiency change by item, and notes to associated discovery responses, testimony, as well as the month that final amounts will be updated.

UNITIL ENERGY SYSTEMS, INC.
REVENUE REQUIREMENT REVISION SUMMARY
12 MONTHS ENDED DECEMBER 31, 2020

	(1)	(2)	(3)	(4)	(5)
Line No.	Description	Schedule(s)	Revenue Deficiency Change	Balance	Notes
1	Initially Filed Revenue Deficiency	Initially Filed Schedule RevReq-1		$ 11,992,392	
2	Property Tax Revision (Updated Line Description)	Schedule RevReq-3-19 & Filing Req Schedule P4 of 12	$ -	$ 11,992,392	Refer to DOE 4-45 & NHPUC Staff AR #55
3	Depreciation Revision (Update Line Description)	Schedule RevReq-3-16	-	11,992,392	Refer to OCA 3-43
4	Pandemic Cost Revision (Update Line Description)	Schedule RevReq-3-10	-	11,992,392	Refer to Energy 6-5
5	Prepayments Revision	Schedule RevReq-4-1 Revised	(15,568)	11,976,824	Refer to Staff 1-5, DOE 3-1, and DOE 4-37
6	Revise Total Software Project Cost (No $ Impact)	Workpaper 7.2	-	11,976,824	Refer to DOE 5-14
7	Update for Actual 2021 Prop & Liab. Costs	Schedule RevReq-3-6 & Workpaper 5.1, 5.2 & 5.3	8,780	11,985,605	Update for actual 2021 policies. Refer to Bates 87
8	Remove Software Project	Schedule RevReq-3-17, Workpaper 7.2	(24,244)	11,961,360	Refer to Energy TS 1-07
9	Update for Actual 2022 Med & Dental Rate Change (0.00%)	Schedule RevReq-3-4	(75,593)	11,885,768	Refer to Bates 86 and DOE 5-8
10	Update for Actual 2022 Fiscal Year Regulatory Assessments	Schedule RevReq-3-8	-	11,885,768	2022 FY Bill Not Received Yet. Refer To Bates 89
11	Update for Actual 2021 Property Tax Bills	Schedule RevReq-3-19	-	11,885,768	To be updated Nov 2021. Refer to Bates 97-98
12	Update for Actual 2022 Wage Increases	Schedule RevReq-3-2 P1 & P2	-	11,885,768	To be updated Dec 2021. Refer to Bates 84 and DOE 5-7
13	Update for Actual 2021 Exeter DOC Revenues	Schedule RevReq-3-1	-	11,885,768	To be updated Jan 2022. Refer to Bates 81
14	Update for Actual 2021 Exeter DOC Expenses	Schedule RevReq-3-7	-	11,885,768	To be updated Jan 2022.
15	Update for Actual 2022 Prop & Liab. Costs	Schedule RevReq-3-6 & Workpaper 5.3	-	11,885,768	To be updated Jan 2022. Refer to Bates 87
16	Update for Actual Amortization for Projects Closed in 2021	Schedule RevReq-3-17, Workpaper 7.2 & 7.4	-	11,885,768	To be updated Jan 2022. Refer to Bates 96
17	Riverwood's Revenue Adjustment	N/A	-	11,885,768	Refer to Bates 127-128
18	*Check:*			*$ (0)*	
19	Change in Revenue Deficiency from Initially Filed			$ (106,624)	

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 4

Date Request Received: 08/05/2021 Date of Response: 08/19/2021
Request No. DOE 4-40 Witness: C. Goulding and D. Nawazelski

REQUEST:

Please provide the docket number, requested distribution revenue increase, and approved distribution revenue for the past three distribution rate cases.

RESPONSE:

DE 16-384 included a requested distribution revenue increase of $6,255,276, which was subsequently updated to $6,584,710. The approved permanent distribution revenue increase was $4,109,022, which was effective retroactive to the date temporary rates became effective on July 1, 2016. In addition, a step adjustment of $900,194 was effective May 1, 2017, the same day as the permanent rate increase. Two addition step adjustments of $3,302,989 and $341,808 were effective May 1, 2018 and May 1, 2019, respectively.

DE 10-055 included a requested distribution revenue increase of $10,115,716. The approved permanent distribution revenue increase was $6,611,437, which was effective retroactive to the date temporary rates became effective on July 1, 2010. In addition, a step adjustment of $2,328,228 was effective May 1, 2011, the same day as the permanent rate increase. Three additional step adjustments of $1,469,304, $2,843,351, and $1,537,205 were effective May 1, 2012-2014, respectively.

DE 05-178 included a requested distribution revenue increase of $4,652,406. The approved permanent distribution revenue increase was $2,266,966.

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 4

Date Request Received: 08/05/2021 Date of Response: 08/19/2021
Request No. DOE 4-37 Witness: C. Goulding and D. Nawazelski

REQUEST:

Reference Prepayments, response to DOE 3-1. The footnote states that the Company has revised its prepayments and the associated deferred income taxes in the initial filing to confirm to the Company's response to Staff 1-5. Please confirm that the Company intends to reflect this change in a corrections and update filing.

RESPONSE:

The Company intends to reflect the revised prepayments and associated deferred income taxes when the Company files its updated revenue requirement schedules during the course of the proceeding.

STATE OF NEW HAMPSHIRE
Inter-Department Communication

DATE: November 12, 2021

FROM: Audit Staff, Division of Enforcement
NH Department of Energy

SUBJECT: Unitil Energy Systems, Inc.
FINAL Audit Report DE 21-030

TO: Tom Frantz, Director, Regulatory, Department of Energy
Rich Chagnon, Assistant Director, Regulatory, Department of Energy
Elizabeth Nixon, Analyst, Regulatory, Department of Energy
Jay Dudley, Analyst, Regulatory. Department of Energy
Steve Eckberg, Analyst, Regulatory, Department of Energy
Paul Dexter, Attorney, Department of Energy
Brian Buckley, Attorney, Department of Energy

INTRODUCTION

Unitil Corporation (Unitil) is a public utility holding company, with a principal business of retail distribution of electricity and natural gas throughout its service territories in New Hampshire, Massachusetts and Maine. Unitil Corporation is the parent company of three regulated distribution utilities: Unitil Energy Systems, Inc., (Unitil Energy, UES) which provides electric service in the southeastern seacoast and state capital regions of New Hampshire, Fitchburg Gas and Electric Light Company (Fitchburg, FG&E), which provides both electric and natural gas service in the greater Fitchburg area of north central Massachusetts; and, Northern Utilities, Inc. (Northern, NU) which provides natural gas service in southeastern New Hampshire and portions of southern and central Maine. In addition, Unitil Corporation is the parent company of Granite State Gas Transmission, Inc. (Granite, GSG) an interstate natural gas pipeline company in New Hampshire and Maine.

On April 2, 2021 UES filed a request for an increase in rates, which was docketed as DE 21-030, using a 12/31/2020 test year. The Audit staff within the Department of Energy, Enforcement division has conducted an audit of the test year and a roll-forward from the prior rate case audit year-end 12/31/2015.

Affiliates

Unitil Service Corp., (USC), a subsidiary of Unitil Corporation, provides shared business functions to its utility affiliates on an “at-cost” basis. The Cost Allocation Manual at page 180 outlines the services as administrative and professional including regulatory, financial, accounting, human resources, engineering, operations, technology and energy supply management services. The clients of

USC are UES, Fitchburg Gas and Electric, Northern, Granite State Gas Transmission, Unitil Realty and Unitil Corp.

Unitil Corporation's other non-distribution subsidiaries are Unitil Power Corp., Unitil Resources, Inc. and Unitil Realty Corp. Unitil Power Corp. has divested all of its long- term power supply contracts, but has stranded costs associated with the transmission contracts which are not scheduled to end until 2021. The Company indicated that the stranded costs associated with the contracts from UPC are passed on to UES each month through the UPC Power Bill. UES pays this bill within the month it is processed. The costs are recorded in Stranded Cost Charge reconciliation model. The account used is 10-29-13-33-555-01-00 and reflected a total of $(344,033) for the year. Unitil Resources, Inc. is a wholly-owned non-regulated subsidiary; Unitil Realty Corp. owns the corporate office building in Hampton, New Hampshire. Usource, Inc. and Usource L.L.C. (collectively, Usource), which the Company divested in the first quarter of 2019, were indirect subsidiaries that were wholly-owned by Unitil Resources. Usource provided energy brokering and advisory services to large commercial and industrial customers in the northeastern United States. Usource was sold to NextEra energy for approximately $9.8million after tax in April 2019.

Chart of Accounts

The Company's chart of accounts was included in the filing in the 1604.01(a) attachment 9 of the Supplementary Filing Requirements, beginning on Bates page 000037. FERC is followed, and the number strings are summarized AA-BB-CC-DD-EEE-FF-GG, where:

AA – represents the Company identification
BB- represents the Division identification
CC-represents the Department identification
DD-represents the Reconciling Mechanism
EEE-represents the FERC account
FF-represents a sub-category
GG-represents a second sub-category

The specific identifications of each are found in the Company's Cost Allocation Manual (CAM), Appendix B, pages 170-174. The Company code for UES is 10.

Intercompany Services

Audit requested and was provided with the Unitil Corporation CAM for 2016-2020. The 2020 intercompany services provided to UES by others were summarized in Table 5-1 to be:
Unitil Corporation – tax sharing agreement and cash pool and loan agreement;
Fitchburg Gas and Electric – provides emergency response as requested;
Northern Utilities – provides emergency response as requested;
Unitil Power Corp. – provides contract release payments;
Unitil Service Corp. – provides emergency response as requested, and the following support services, at cost: Accounting, Finance, Tax, Administration, Business Development, Cash Management, Communication, Corporate Administration, Customer Support, Distributed Energy Resources, Emergency Management and Compliance, Energy Resource Management, Energy Measurement and

Control, Engineering, Executive, Legal, Corporate, Human Resources, Information Technology Systems, Operations Support, Regulatory.

Allocation factors for the USC services provided are based primarily on the Revenue/Customer/Assets R/C/A 3-factor allocators. Human Resources allocation is based on headcount. Administrative and Finance are based on the 3-factor allocators and Non-regulated Revenue.

Audit is aware of the FERC authorization to include certain expenses as capital items while a project is in process, such as insurance, property taxes, and direct and indirect payroll, as detailed in the CAM. Since the prior rate case, Audit noted the following were capitalized:

Relating to Payroll and Benefits:

	2016	2017	2018	2019	2020	Total Since Prior Rate Case
10-20-10-00-408-10-00 Payroll Taxes Capitalized	$ (235,855)	$ (240,207)	$ (269,843)	$ (264,485)	$ (271,803)	$ (1,282,193)
10-20-10-00-590-06-00 Unproductive Time	$ (420,662)	$ (456,710)	$ (492,658)	$ (514,799)	$ (474,028)	$ (2,358,858)
10-20-10-00-590-06-01 Station Unproductive Time	$ (64,255)	$ (81,257)	$ (93,813)	$ (88,626)	$ (145,054)	$ (473,005)
10-20-10-00-920-05-00 Incentive Comp Capitalized	$ (99,427)	$ (120,801)	$ (125,413)	$ (115,769)	$ (86,525)	$ (547,934)
10-20-10-00-923-03-01 OS USC Capitalized	$ (1,123,657)	$ (1,120,419)	$ (1,528,758)	$ (2,118,140)	$ (2,008,374)	$ (7,899,347)
10-20-10-00-923-03-07 Direct Charges Capitalized	$ (128,878)	$ (104,879)	$ (87,589)	$ (67,342)	$ (49,736)	$ (438,423)
10-20-10-00-923-03-08 USC Allocated PBOP	$ (414,124)	$ (577,692)	$ (434,014)	$ (309,552)	$ (300,276)	$ (2,035,658)
10-20-10-00-923-03-09 USC Allocated ***SERP***	$ -	$ -	$ (316,249)	$ (306,141)	***$ (382,689)***	$ (1,005,079)
10-20-10-00-923-03-10 USC Allocated Pension	$ (569,225)	$ (615,021)	$ (649,996)	$ (504,744)	$ (602,952)	$ (2,941,938)
10-20-10-00-926-01-01 401k Capitalized	$ (123,037)	$ (125,129)	$ (143,791)	$ (153,559)	$ (169,498)	$ (715,014)
10-20-10-00-926-05-00 Benefit Cost Capitalized	$ (708,697)	$ (779,180)	$ (600,913)	$ (994,226)	$ (628,755)	$ (3,711,772)
10-20-10-00-926-08-00 Pension-SVC Capitalized	$ (925,034)	$ (931,500)	$ (258,042)	$ (236,655)	$ (256,963)	$ (2,608,194)
10-20-10-00-926-08-12 Pension USC	$ (227,785)	$ (235,861)	$ (131,636)	$ (125,760)	$ (143,736)	$ (864,778)
10-20-10-00-926-08-20 Pension-Other	$ -	$ -	$ (746,593)	$ (427,572)	$ (544,152)	$ (1,718,317)
10-20-10-00-926-08-30 Pension USC Alloc-Other	$ -	$ -	$ (102,356)	$ (66,468)	$ (107,592)	$ (276,416)
10-20-10-00-926-17-00 SFAS PBOP Capitalized	$ (1,062,750)	$ (1,324,268)	$ (207,221)	$ (149,221)	$ (205,390)	$ (2,948,850)
10-20-10-00-926-17-12 SFAS PBOP Capital-USC	$ (165,719)	$ (221,544)	$ (105,409)	$ (90,768)	$ (115,536)	$ (698,976)
10-20-10-00-926-17-19 PBOP-Other	$ -	$ -	$ (938,762)	$ (753,360)	$ (830,184)	$ (2,522,306)
10-20-10-00-926-17-29 PBOP USC Alloc Other	$ -	$ -	$ (50,831)	$ (27,120)	$ (9,624)	$ (87,575)
10-20-10-00-926-18-12 ***SERP*** - USC Alloc	$ -	$ -	***$ (35,389)***	***$ (19,210)***	***$ (23,462)***	***$ (78,061)***
10-20-10-00-926-18-31 ***SERP*** - USC Alloc – Other	$ -	$ -	***$ (78,457)***	***$ (97,382)***	***$ (136,056)***	***$ (311,895)***
Subtotal Payroll and related benefit accounts	$ (6,269,104)	$ (6,934,468)	$ (7,397,734)	$ (7,430,898)	$ (7,492,385)	$ (35,524,589)

A total of $1,395,035 relates to the Supplemental Executive Retirement Plan (SERP), which is additional compensation paid to specific executives. As noted in the direct testimony of Closson and Conneely at Bates 000258 – 000259 "*Unitil Service also maintains a Supplemental Executive Retirement Plan ("SERP"), a non-qualified defined benefit plan which is self-funded. The SERP is designed to encourage service by the participating executives until retirement and to then provide a retirement benefit which, when added to other retirement income of the executive, will ensure a competitive level of retirement income when compared to other utilities. The SERP is a component of executive compensation that was evaluated in the Towers Watson 2019 compensation study and determined to be competitive with the peer group. Eligibility for participation in the Plan was limited to executives selected by the Board of Directors; the SERP was closed to new participants in 2018. Currently, the SERP provides benefits to four retired executives while two active employees are currently eligible.*" **Audit Issue #1**

Relating to Insurance:

	2016	2017	2018	2019	2020	Total Since Prior Rate Case
10-20-10-00-924-00-01 Property Insurance	$ (9,384)	$ (7,356)	$ (6,984)	$ (6,972)	$ (8,592)	$ (39,288)
10-20-10-00-925-02-01 General Liability Insurance	$ (263,844)	$ (264,336)	$ (264,348)	$ (272,724)	$ (285,588)	$ (1,350,840)
10-20-10-00-925-04-01 Workers' Compensation	$ (84,943)	$ (69,962)	$ (60,607)	$ (62,846)	$ (46,133)	$ (324,491)
Subtotal Insurance capitalized to CWIP	$ (358,171)	$ (341,654)	$ (331,939)	$ (342,542)	$ (340,313)	$ (1,714,619)

Relating to the Service Center

	2016	2017	2018	2019	2020	Total Since Prior Rate Case
10-20-10-00-588-11-00 Service Center Capitalized	$ (119,385)	$ (149,321)	$ (91,075)	$ (82,882)	$ (76,565)	$ (519,228)
10-20-10-00-588-11-01 Serv Ctr Capitalized SEA	$ -	$ -	$ (77,844)	$ (90,454)	$ (83,070)	$ (251,368)
10-20-10-00-921-19-00 Telephone Srv Capitalized	$ (60,143)	$ (55,594)	$ (26,786)	$ (37,204)	$ (65,737)	$ (245,464)
10-20-10-00-921-19-01 Tel Srv Capitalized-SEA	$ -	$ -	$ (33,652)	$ (50,076)	$ (84,638)	$ (168,367)
Subtotal Service Center and Building Overhead	$ (179,528)	$ (204,915)	$ (229,357)	$ (260,617)	$ (310,010)	$ (1,184,427)

External Audits and Internal Audits

External Audit

Audit was provided with the Securities and Exchange Commission form 10-K for Unitil Corporation for the years ended 2019 and 2020. Within each is the "Financial Statements and Supplementary Data" section summarizing the Report of Independent Registered Public Accounting Firm, Deloitte & Touche, LLP. Deloitte conducted the integrated audit of the consolidated financial statements of Unitil Corporation, in accordance with the standards established by the Public Company Accounting Oversight Board (PCAOB). The report concluded that the financial statements "*present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and the results of its operations and its cash flows for each of the three years in the period ended December 2020, in conformity with the accounting principles generally accepted in the United States of America. Also…the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020, based on criteria established in Internal Control-Integrated Framework (2013) issued by COSO*" (the Committee of Sponsoring Organizations of the Treadway Commission).

Audit also reviewed the management representation letter dated February 2, 2021. The letter was addressed to Deloitte & Touche LLP, signed by the Unitil Chairman of the Board of Directors/Chief Executive Officer/President; the Senior Vice President/Chief Financial Officer/Treasurer; and Chief Accounting Officer/Controller, and copied to the Audit Committee of the Board of Directors of Unitil Corporation.

Internal Audit

Audit requested a listing of the internal audits conducted by Unitil's Internal Audit division, since the prior rate case (test year ended 2016). Copies of all reports and memos were provided to Audit. Below is the summary of the internal audits related to UES:

2016

- Major Storm Cost Reserve as of 12/31/2015. Report issued February 2016.

- Compliance Plans: Affiliate Transaction Rules (NH) report issued June 2016.

2017

- Customer Information System Replacement Project-Data Conversion –memo dated 1/24/2017.
- Major Storm Cost Reserve as of 12/31/2016. Report issued February 2017.
- Customer Information System Replacement Project-Internal Control over Financial Reporting (ICFR) related to revenue, accounts receivable, cash and related accounts impacted by the CIS Replacement Project.-memo issued 4/21/2017.
- Customer Information System Replacement Project-Business Process Testing-memo issued 6/20/2017.
- Compliance Plans: Affiliate Transaction Rules (NH) report was issued June 2017.

2018

- Major Storm Cost Reserve as of 12/31/2017. Report issued March 2018.
- Compliance Plans: Affiliate Transaction Rules (NH) report was issued June 2018.

2019

- Compliance Plans: Affiliate Transaction Rules (NH) report was issued June 2019.

2020

- Compliance Plans: Affiliate Transaction Rules (NH) report was issued June 2020.
- 2020 Corporate Sustainability and Responsibility Report and 2020 CDP (Carbon Disclosure Project) Questionnaire report was issued October 2020.

Meeting Minutes of the Board of Directors and Committees

Confidential minutes of the Unitil Corporation, Unitil Energy Systems Inc. from 2017 through current, 2020, were made available for review while Audit was onsite at the Company's headquarters. Also available for review were Committee minutes of the Audit Committee, Compensation Committee, Executive Committee, Nominating and Governance Committee, and Pension Committee.

The minutes of Unitil Corporation's Board of Directors were reviewed. Within each, minutes of the prior meeting and minutes of committee meetings are reviewed. The Board establishes the members of the committees, approves the officers and their compensation, reviews the financial results for a given period, sets the dividend rate, reviews capital and operating budgets, and ratifies the charters of committees, among many other issues. In 2020 the Board approved the amendment of the retirement plan which was negotiated with the United Steelworkers Union to comply with IRS code. Also approved was SEC Form – S3 to register $100,000,000 worth of shares of the company's common stock and the equity contributions to UES and Northern in aggregate amount not to exceed $10 million each.

The Audit Committee is a standing committee of the Board of Directors, comprised of at least 3 independent non-employee members of the board. The Committee oversees internal and external audits, management, and compliance, among other financial and accounting issues.

The Audit Committee issues a director and officer questionnaire which has questions about related party transactions. In 2020 a newly hired director has a continuing relationship with a vendor, which they disclosed on the questionnaire. The Audit committee noted the services, totaling approximately $160,000, were determined by competitive bid and was not required to be disclosed.

The Compensation Committee is appointed by the Board with 3 or more independent non-employee members of the board. The Committee is tasked with establishing and interpreting compensation policy, executive compensation salaries, reviewing of Compensation Discussion and Analysis, among other tasks.

In 2020, due to COVID-19, the Committee approved an adjustment of the Earnings per Share (EPS) metric to account for COVID related impacts on the EPS.

The Executive Committee is appointed by the Board with 3 or more independent non-employee members of the board. The existence of the committee may be terminated at any time by the full board. The Committee can act on behalf of the board, make recommendations to the full board, and conduct annual evaluation of CEO, among other tasks.

The Nominating and Governance Committee is appointed by the Board with 3 or more independent non-employee members of the board. The Committee is charged with three primary criteria: (a) review, evaluate and recommend candidates for director positions; (b) evaluate director performance for nomination to additional terms; and (c) review, implement and oversee corporate government standards, procedures and practices.

The Pension Committee is comprised of two Unitil officers and three directors with expertise in investments. Discussions center around the investment returns of specific funds, asset allocations, and long term return on assets, a review of the pension funding level, and the funding level under the ERISA funding requirements.

Unitil Energy specifically indicated, for 2020, dividends of $1.50 per each $100 par outstanding share of non-cumulative preferred stock 6%, payable on the fifteenth of the month to shareholders of record 4/1/2020, 7/1/2020, 10/1/2020 and 12/31/2020 payable 1/15/2021.

Common stock was declared as follows:

Dividend payable	Date payable	Shareholder of record
$ 13.00	04/15/2020	04/01/2020
$ 13.00	07/15/2020	07/01/2020
$ 13.00	10/15/2020	10/01/2020
$ 13.00	01/15/2021	12/31/2020

In 2020, the Board approved in principle to issue and sell up to $35 million of First Mortgage Bonds of the Company. The Board also approved the issuance and sale of $27.5 million of Series R First Mortgage Bonds.

FASB ASU 2016-02 Operating Leases

In February of 2016, the Financial Accounting Standards Board (FASB) issued guidance, with amendments in 2018, to increase transparency and comparability among organizations by recognizing lease assets and corresponding liabilities on the balance sheet.

The FERC Division of Audits and Accounting, Office of Enforcement issued guidance relating to the FASB Accounting Standards Update (ASU) No. 2016-02, Leases, on December 27, 2018 in docket Al1 9-1-000. That guidance states that capital leases are recognized on the balance sheet in Account 101.1 (Property under Capital Leases), Account 227 (Obligations under Capital Leases-Noncurrent), and Account 243 (Obligations under Capital Leases-Current). In response to a question about how jurisdictional entities should account for operating leases on the balance sheet for Commission accounting and reporting purposes, the FERC response was: "*Under the Commission's accounting regulations, operating leases are not required to be capitalized and reported in the balance sheet accounts established for capital leases. However, a jurisdictional entity may choose to implement the ASU's guidance to report operating leases with a lease term in excess of 12 months as right of use assets, with corresponding lease obligations, in the balance sheet accounts established for capital leases. Entities that choose to do so must: (1) record the capitalized operating leases using the existing FERC balance sheet accounts for capital leases (Accounts 101.1, 227, and 243); (2) maintain unique subaccounts and auxiliary ledgers to separately identify and track the capitalized operating lease amounts included in the capital lease balance sheet accounts; (3) provide footnote disclosures in Notes to the Financial Statements of the FERC Form Nos. 1, I-F, 2, 2-A, and 60 of any amounts included in the capital lease balance sheet accounts that relate to operating leases; (4) have in place strong internal controls to ensure that there is no impact to the existing ratemaking treatment or practices for leases.*"

For Unitil, Audit noted the balances for Operating Leases as of 12/31/2020 as follows:

10-20-00-00-101-02-00 Right of Use Assets	$2,421,443.43	
10-20-00-00-101-02-01 Contra Right of Use Assets		$ (739,420.47)
10-20-00-00-227-01-00 Oper Lease Oblig-Noncurrent		$(1,192,810.32)
10-20-00-00-243-01-00 Oper Lease Oblig-Current		$ (489,212.64)
	$2,421,443.43	$(2,421,443.43)

Audit was unable to verify the above asset and liability accounts to the FERC Form 1. The Company informed Audit that after researching with FERC, the accounts above could be included or excluded on the FERC Form 1. The Company chose to exclude the accounts. The -101-02-00 and -101-02-01 accounts are also not included within the Revenue Requirement schedule 4.1 of the filing. When clarification was requested, the Company responded: "*We were required to follow ASU 2016-02 for GAAP purposes (and our external reporting requirements), it was not a choice for us. Thus new accounts were created and tracking of the activity for those accounts was implemented. However, the choice that we do have is at the FERC level, which we exercised not to make that change.*"

Audit requested clarification of the income statement impact, if any, of the referenced operating leases, and was told that the lease payments are primarily for vehicles, which post to vehicle clearing accounts. The leases related to 36 trucks, 8 trailers, 1 forklift, and 3 copiers were all reviewed.

The allocation of the Operating leases was noted in the Revenue Requirement workpaper 5.6 that summarized the 2020 $1,172,004 vehicle clearing to Expensed and Capitalized. Audit tested the August allocation for accuracy:

	2020	August 2020		
Expensed	$ 594,638	$ 58,668	actual GL	$ 37,111.05
Capitalized	$ 577,366	$ 63,409	actual GL	$ 84,966.20
	$1,172,004	$122,077		$122,077.25

Audit requested clarification of the different identification noted in the workpaper, and was informed that each of the monthly representations in workpaper 5.6 is incorrect. **Audit Issue #2**

Debits and credits summing to the $1,172,004 were reflected in the following general ledger accounts:

10-20-50-00-184-01-02 Susp Clearing Light Trucks	$ 170,329.94
10-20-50-00-184-01-03 Susp Clearing Heavy Trucks	$ 362,746.75
10-20-60-00-184-01-02 Susp Clearing Light Trucks	$ 190,558.91
10-20-60-00-184-01-03 Susp Clearing Heavy Trucks	$ 448,608.45
Beginning Balances -0-, equal debits and credits of:	$1,172,244.05

The $240 difference between the general ledger and the revenue requirement schedule is immaterial.

Audit tested the month of August, 2020 clearing entry of $122,077.25 as credits to the four -184 accounts below, with offsetting debits posted to 48 specific accounts. Six of the accounts were balance sheet related, and 42 were income statement related.

10-20-00-00-107-00-00	Const Work in Progress	$20,710.00	
10-20-00-00-107-00-00	Const Work in Progress	$37,958.15	$58,668.15
10-20-50-00-163-00-00	Stores Expense Undistributed	$ 936.00	
10-20-60-00-163-00-00	Undistrib Stores Expense	$ 193.80	$ 1,129.80
10-20-00-00-184-00-01	Eng & Oper Overheads-UES	$11,608.00	
10-20-00-00-184-00-01	Eng & Oper Overheads-UES	$13,145.25	$24,753.25
10-20-50-00-185-01-00	Temporary Services	$ 255.00	
10-20-60-00-185-01-00	Temporary Services	$ 160.00	$ 415.00
	Total Balance Sheet accounts		$84,966.20

The expensed portion of the entries posted to 22 Capital and 18 Seacoast accounts:
10-20-28-00-593-04-00 VP Field Staff (Capital region only)
10-20-X0-00-560-00-00 Trans Oper Gen Supervision (Capital and Seacoast)
10-20-X0-00-563-01-00 Sub Trans Oper Patrol Lines (Capital and Seacoast)
10-20-X0-00-568-00-00 Sub Trans Maint General Supvsn (Capital and Seacoast)
10-20-X0-00-580-00-00 Dist Oper Gen Supervision (Capital and Seacoast)
10-20-X0-00-582-01-00 Dist Oper Station Checks (Capital and Seacoast)
10-20-X0-00-583-0X-00 Several accounts both Capital and Seacoast
10-20-X0-00-584-0X-00 Several accounts both Capital and Seacoast
10-20-X0-00-585-0X-00 Several accounts both Capital and Seacoast
10-20-X0-00-586-0X-00 Several accounts both Capital and Seacoast
10-20-X0-00-587-01-00 Dist Oper Customer Equip (Capital and Seacoast)
10-20-X0-00-590-00-00 Maint General Supervision (Capital and Seacoast)
10-20-X0-00-592-0X-00 Several accounts both Capital and Seacoast
10-20-0X-00-593-0X-00 Several accounts both Capital and Seacoast
10-20-X0-00-903-00-00 Credit Disconnections (Capital and Seacoast)

Refer to the *Operations and Maintenance* section of this report for discussions of the total accounts referenced above.

OPERATING and CONSTRUCTION BUDGETS

Audit reviewed the operating and construction budgets for the 2020 test-year and compared the budgeted dollar amounts to the actual dollar amounts for the year. The following is a summary of capital additions, combining the Seacoast and the Capital divisions, for the test-year 2020 taken from Staff Data Request 3-4:

Category	Budgeted 2020	Actual 2020	Increase/(Decrease)
Blankets Electric	$ 9,773,935	$9,924,400	$ 150,465
Communications	433,900	1,763,400	1,329,500
Distributions	7,311,561	8,631,218	1,319,657
Tools, Shop, Garage	143,525	108,700	(34,825)
Laboratory	14,000	10,100	(3,900)
Office	20,000	1,300	(18,700)
Structures	10,038,000	13,653,200	3,615,200
Substation	2,830,245	3,297,085	466,840
Transportation	-0-	-0-	-0-
Total	$30,565,166	$37,389,403	$6,824,237

The Blanket Electric category is described in the filing testimony as small projects where each is under $20,000 except for small equipment and other general purchases in which each individual project is under $4k and cannot be anticipated at budget time (See Sprague testimony for further discussion on the budgeting process and other parameters). The remaining categories are self-explanatory.

The total construction budget for 2020, when compared to the actual amounts at year-end, shows a net increase of $6,824,237 or 22.3%.

PLANT

The table below summarizes the change in Utility Plant, Construction Work in Progress, Accumulated Provision for Depreciation, Amortization, and Depletion, since the prior rate case test year 2015. The information was obtained from the FERC Form 1 for the year noted.

	12/31/2016	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Utility Plant	$ 294,443,221	$ 324,214,118	$ 340,808,318	$ 363,441,699	**$ 408,325,135**
CWIP	$ 16,617,717	$ 7,067,370	$ 5,628,689	$ 15,945,622	$ 5,132,123
Total Utility Plant	$ 311,060,938	$ 331,281,488	$ 346,437,007	$ 379,387,321	$ 413,457,258
Accum Dep./Amort.	$ (106,174,178)	$ (114,418,513)	$ (123,439,500)	$ (131,447,315)	$ (138,059,087)
Net Utility Plant	$ 204,886,760	$ 216,862,975	$ 222,997,507	$ 247,940,006	$ 275,398,171

Account #	Account Name	Amount
10-20-00-00-101-00-00	Electric Plant in Service	$369,328,948
10-20-00-00-101-03-00	Plant in Service CIS	$9,701,357
Total		$379,030,305
10-20-00-00-106-00-00	Completed Cons. Not Class.	$29,294,829
Total Plant in Service		**$408,325,135**

Audit verified the 2020 test year $379,030,305 account #101 Plant in Service Ending Balance. There were seven total general ledger accounts and five did not have any activity/ zero balance. The two accounts that had any activity were the general electric plant in services and another account related to a Customer Information System that was placed into service in December 2017. The 10-20-00-00-101-03-00 CIS plant in service account was to replace a legacy HTE system that was 22 years old. As described in the testimony of Company witness Mark Lambert in Exhibit MAL-1, the new Customer Information System was "a major and critical system-wide conversion and was necessary" because the energy industry changed so much due to the manner in which utilities interact with customers, regulators, and businesses. The $9,701,357 is the remaining portion to be recovered that was approved in the DW 18-036 Step Adjustment.

Audit verified the $379,030,305 account #101 plant in service ending balance to the 2020 FERC Form No. 1 page 200 line 3. The filing schedules Rev-Req-4-1 on line 4 indicates the Utility Plant in Service balance is $379,030,364. This is an immaterial $59 dollar difference compared to the GL and FERC Form 1.

Audit verified the $29,294,829 Completed Construction Not Classified account #106 booked to the GL. There were five accounts and four did not have any activity/zero balance. The lone account with any activity has a higher balance than previous years due to delays in completing work and getting payments from vendors due to COVID 19. Audit verified the $408,325 plant in service ending balance booked on the 2020 FERC Form No. 1, line 6. Audit verified the $408,325,193 plant in service ending balance booked to the filing schedule Rev-Req-4-1. This is an immaterial $58 difference than the $408,325 booked to the GL and FERC Form 1.

<u>Other Regulatory Assets</u>

Account -101-90 below was noted to be included within the FERC Form 1 balance of $39,203,814 for the Other Regulatory Assets. That total is comprised of:

10-20-00-XX-182-XX-XX 42 specific accounts	$43,973,873
10-20-00-00-<u>101</u>-90-00 Elec. Plant in Service (GA) Contra	($4,916,506)
10-20-00-00-<u>108</u>-90-00 Accum Dep. General Plant (Contra	<u>$146,446</u>
Total	$39,203,814

The 10-20-00-00-101-90-00 is the Contra account for the plant in service account. The account had a zero beginning balance and the activity consisted of three reclassification entries to capitalize non-service costs. The account ended the year with a ($4,919,506) credit balance. The 10-20-00-00-108-90-00 account did not have any activity during the test year. This is a contra account. The Company indicated the contra plant accounts are a result of ASU 2017-07 Compensation-Retirement Benefits (Topic 715) that does not allow for the capitalization of non-service retirement cost. For FERC reporting, there has been no change to how non-service retirement costs are capitalized, thus they are included in the Plant in Service additions each year. The Company indicated as they are required to file GAAP financial statements, they need to track those costs and record them as a regulatory asset with a contra asset in plant. The Company indicated to reconcile the difference between FERC and GAAP reporting, the GAAP impact is removed from the FERC reporting (the regulatory asset is offset against the plant contra account).

Refer to the Other Regulatory Assets portion of the Balance Sheet section of this report for the discussion of the -182- accounts that sum to $43,973,873.

Additions and Retirements to Plant

Activity since the prior audit (DE 15-209, test year ended 2015) was reviewed with the following additions, retirements and adjustments noted within each annual report:

2016 $294,443,220 representing a 7.9% increase over the 2015 balance
2017 $324,214,118 representing a 10.1% increase over the 2016 balance
2018 $340,808,317 representing a 5.1% increase over the 2017 balance
2019 $363,441,699 representing a 6.6% increase over the 2018 balance
2020 $408,325,194 representing an 12.3% increase over the 2019 balance

Total Plant Activity 2016-2020

	Beginning Balance	Additions	Retirements	Adjustments	Ending Balance	FERC Page 207 Line 104
1/1/2016	$ 272,786,687	$ 24,002,395	$ (2,345,862)		$ 294,443,220	12/31/2016
1/1/2017	$ 294,443,220	$ 32,158,460	$ (2,387,563)		$ 324,214,118	12/31/2017
1/1/2018	$ 324,214,118	$ 18,361,097	$ (1,766,897)	$ (1)	$ 340,808,317	12/31/2018
1/1/2019	$ 340,808,317	$ 26,713,231	$ (4,079,847)		$ 363,441,699	12/31/2019
1/1/2020	$ 363,441,699	$ 49,478,281	$ (4,594,786)		$ 408,325,194	12/31/2020

The chart below was taken from the 2020 FERC Form 1 Page 207 Plant in Service beginning balance, additions, retirments, and ending balance. Audit verified the following 300 level plant in service accounts to the $408,325,194 plant in service test year ending balance.

Account #	1/1/2020 Beginning Balance	Additions	Retirements	12/31/2020 Ending Balance
#301 Franchise and Consent	$ 380	$ -	$ -	$ 380
#303 Misc. Intangible Plant	$ 20,741,708	$ 1,175,131	$ -	$ 21,916,839
#342 Fuel Holders and Asscess.	$ 56,575	$ -	$ -	$ 56,575
#360 Land and Land Rights	$ 2,665,928	$ 11,544	$ -	$ 2,677,472
#361 Structures and Improvements	$ 2,173,616	$ -	$ -	$ 2,173,616
#362 Station Equipment	$ 46,311,520	$ 5,481,107	$(1,380,497)	$ 50,412,130
#364 Poles, Towers, and Fixtures	$ 68,667,980	$ 7,112,558	$ (639,678)	$ 75,140,860
#365 Overhead Conductors and Devices	$ 85,468,321	$ 7,931,812	$(1,086,410)	$ 92,313,723
#366 Underground Conduit	$ 2,135,342	$ 459,716	$ (7,099)	$ 2,587,959
#367 Underground Conductors and Devices	$ 22,539,797	$ 1,417,163	$ (93,997)	$ 23,862,963
#368 Line Transformers	$ 52,249,767	$ 3,764,136	$ (807,550)	$ 55,206,353
#369 Services	$ 24,036,070	$ 1,915,622	$ (309,059)	$ 25,642,633
#370 Meters	$ 17,208,393	$ 1,721,434	$ -	$ 18,929,827
#371 Installation on Customer Premises	$ 2,329,001	$ 249,642	$ (174,274)	$ 2,404,369
#373 Street Lighting and Signal Systems	$ 3,523,046	$ 135,791	$ (77,881)	$ 3,580,956
#389 Land and Land Rights-General Plant	$ 18,620	$ 1,344,676	$ -	$ 1,363,296
#390 Structures and Improvements	$ 4,128,364	$14,985,899	$ -	$ 19,114,263
#391 Office Furniture and Equipment	$ 447,455	$ 842,422	$ -	$ 1,289,877
#392 Transportation Equipment	$ 1,073,695	$ -	$ (178)	$ 1,073,517
#393 Stores Equipment	$ 79,908	$ 10,748	$ -	$ 90,656
#394 Tools, Shop and Garage Equipment	$ 2,282,360	$ 148,102	$ (570)	$ 2,429,892
#395 Laboratory Equipment	$ 944,759	$ 3,771	$ -	$ 948,530
#397 Communication Equipment	$ 4,256,152	$ 767,007	$ (17,593)	$ 5,005,566
#398 Miscellaneous Equipment	$ 102,943	$ -	$ -	$ 102,943
Total	$ 363,441,699	$49,478,281	$(4,594,786)	$ 408,325,194

Plant Held for Future Use 105 $1

10-20-60-00-105-00-00 $1

Audit verified two Plant Held for Future Use accounts that represents land easements. One of the accounts did not have any activity or balance. The other account did not have any activity during the test year and reflected a one dollar ending balance.

Prior Period Audit Reports

There were two step adjustments since the DE 16-384 2015 test year. The First Audit Report issued on October 15, 2018 was part of the DE 18-036 was a step adjustment for the recovery of 2017 plant additions. The Audit Report Summary section indicated $32,158,460 in plant additions. The Audit Report did not recommended any exclusions to the plant in service recovery balance. There were three Audit Issues that related to how overhead costs were incurred on substation projects. The issues identify a flat 30% overhead rate was applied to large capital projects as well as additional vendor overheads. The issues related to concerns the Company was billing overhead twice and the percentages were exorbitant. The Company clarified in the issues this was not the case and Audit Staff concurred with the Company.

The second Final Audit Report was issued on October 22, 2019 for the second step adjustment, docketed as DE 19-043. The Conclusion of the Audit Report did not find any issue with the $18,361,098 in 2018 plant additions the Company was seeking for recovery. The Conclusion recommends a $340,808,317 plant in service ending balance. The Audit Report identified one Audit Issue relating to lack of meter retirements on two work orders reviewed for the installation of new meters. The Company indicated a retirement entry should have been done in January of 2019. The Company in the response to the issue indicated they filed a revised filing schedule removing the meter charges and would perform an adjusting journal entry.

Continuing Property Records

The Company provided Continuing Property Records (CPRs) for 2016-2020 that show the unitized to plant in service account beginning balance, additions, retirements, cost of removal, and ending balance. The CPRs showed the 300 subaccount number, location, date placed into service, Asset ID, and the book cost of individual assets. The CPRs also showed the Accumulated Depreciation balances as of December 31, 2020.

Bid Process/Bids

The Company indicated, "*Although there is no formal procurement process, Procurement is charged with the responsibility of maintaining an open and competitive process for procuring goods and services. Bids and proposals from competing suppliers are evaluated by internal Subject Matter Experts and/or Procurement. As part of their stewardship responsibilities, departmental end users are encouraged to compare prices between suppliers and/or service providers even when a formal bidding procedure is not practical. Procurement acknowledges that the lowest price may not always be the best value and consideration of the total cost of ownership is needed. (purchase price, transportation, handling, inspection, quality, rework, maintenance, disposal, experience, safety record, resources, financial stability, at a minimum are all factors in decision-making)*" The Company also indicated their service providers and vendors are vetted for risk associated with the business relationship to determine needs such as insurance, background checks, IT Security Compliance, Non-Disclosure Agreements, and Federal Motor Carrier Safety Administration (FMCSA Requirements).

E-22s and Construction Budgets

Audit reviewed the 2016-2021 E-22s Report of Proposed Capital Expenditures that indicate the estimated project costs for the Seacoast and Capital regions. The 2016 projects were estimated to cost $20,825,486. The 2018 projects were estimated to cost $18,402,556. The 2019 projects were estimated to cost $27,050,523. The Exeter Distribution Operations Center was updated to cost $6.2 million. This included $5 million for the new Exeter building and $1.2 to sell the old Kensington property. The 2020 projects were estimated to cost $29,495,602. The 2020 E-22s indicated the Exeter Distribution

Operations Center was updated to cost $10 million. Other non-routine projects include power line additions on Gulf St. for $1,846,742.

The 2016-2020 projects included routine projects such as customer meter change outs, transformer replacements, highway line replacement projects, pole replacements, radio upgrades, outdoor lighting replacements, transmission and distribution improvements, recloser replacements, switchgear replacements, reliability upgrades, spacer cable replacements, and underground line extensions. Non routine projects included, in 2018, the acquisition of a building and the buildout of a new seacoast facility in Exeter for $2 million.

Audit reviewed Staff Data Request 2-46 that included budgeted vs actual project costs for 2017-2020. Audit then chose to sample the newly built Exeter Seacoast Operations Center that was unitized to plant in service in December 2020. See the *Additions* section of this report for further review of budgeted vs actual project costs.

Capital Leases

The Company did not have any capitalized leases with regards to fixed assets during the test year. See the *Operating Leases* section of this report for operational leases that relate to trucks, trailers, and fork lifts.

Overheads/Cost Allocations

The Company provided the monthly overhead factors for the Capital and the Seacoast Division for the 2020 test year. Overhead rates are set based on annual budgets at the beginning of each year and adjusted quarterly, or as necessary. The average 2020 rate for payroll related overheads are listed below:

Payroll related overheads include:	2020 Average Rate
Workers Compensation Insurance	2.41%
Medical Costs	36.56%
401k Costs	5.90%
PBOP Costs (Post-retirement Benefits other than Pension)	5.78%
Small Tools	4.40%
Pension Costs	9.12%
Payroll Taxes	10.11%

The payroll related overhead rates are applied to the monthly payroll dollars per the Company.

The average Materials and Supplies related overheads for both divisions in 2020 include:

	Capital Average	Seacoast Average
M&S Stores Expense	28%	20%
Exempt Stock - Overhead	38.67%	48.83%
Exempt Stock – Underground	4.00%	4.00%

The Materials and Supplies overheads are applied (as appropriate) to materials and supplies specifically used for the work order. The overheads are not applied to any other work order cost category.

Transportation expenses are directly charged based on the construction work order sheets completed in the field. Vouchers are also directly charged to the work order. The expenses become part of the "base" charge against which the Construction Overheads are calculated.

Construction E&O Overheads are based on the sum of the monthly payroll and related overheads, Materials and Supplies and related overheads, transportation, and vouchers. The average rate for 2020 was 44.47%

Construction Overheads-General are applied to all charges noted in the Construction E&O above and include the E&O Overhead. The average rate for 2020 was 10.67%

Materials

The Company purchases materials at cost and is not authorized a markup. The Company indicated physical inventories are done quarterly for the seacoast and capital regions. The most recent physical inventory was performed in the capital region on May 4th and seacoast region on May 5th 2021. Audit reviewed materials inventory used on the Seacoast Distribution Operations Center project. See the *Asset section* for further review of specific accounts.

Plant Additions

Review of Distribution Operations Center (DOC) in Exeter

Audit reviewed the Exeter Seacoast Operations Center that was unitized to the 106 Completed Construction Not-Classified account in December 2020 for $17,019,119. This included new building construction for $15,674,443 work order E-191060 acquisition of new land in Exeter for $1,344,675 E-191035. The Company indicated, per Facilities/Procurement, that the new Exeter DOC facility was occupied in December 2020 and unitized to account 106 Completed Construction-Not Classified for $15,674,443. This is seen below in the chart below. In January and February 2021 there was $577,144 in additional construction costs unitized to the 106 Completed Construction Not-Classified. The additional 2021 Exeter DOC additions are profromed on Filing Schedule 1 Bates Page 138 line 51. Since, the $577,144 2021 additions were placed in service after the 2020 test year they should not be included in the plant in service balance for recovery. **Audit Issue 3.** The $1,344,675 acquisition cost of the land did not change after the 2021 additions were added. The additional 2021 plant in service costs bring the entire project to $17,596,263.

The chart below reflects the CPR records as unitized to plant in service as of December 31, 2020:

Work Order	Plant Account	Date	Long Description		Posting Amount
E-191060-20192725	390 Structures	Dec-20	Move to 20 Cont. Blvd and Clean Out	$	2,719
E-191060-20192723	393 Stores Equipment	Dec-20	Warehouse, Ops, Equipment, and Furnishings	$	10,748
E-191060-20192720	390 Structures	Dec-20	Legal, Insurance, and Permitting	$	62,314
E-191060-20192721	390 Structures	Dec-20	Internal Project Management	$	151,849
E-191060-20192724	391 Office Furniture & Fixtures	Dec-20	IT/Data, Tel/ Travel/Misc.	$	213,760
E-191060-20192722	391 Office Furniture & Fixtures	Dec-20	Office: Furniture, Equipment, Appliances Etc.	$	622,086
E-191060-20192719	390 Structures	Dec-20	Engineering and Architechture Services	$	1,223,469
E-191060-20192718	390 Structures	Dec-20	Construction-New DOC Facility	$	13,387,498
Total				$	15,674,444
E-191035-20192714	389 General and Misc. Land	Dec-20	Acquisiton of New DOC	$	1,344,676
Total 2020 Costs				**$**	**17,019,120**

The chart below shows the <u>additional project costs</u> booked in January and February 2021 as well as the total project cost. Again, the $577,144 unitized in 2021 is outside of the 2020 test year. Refer to **Audit Issue #3**

Work Order	Plant Account	Date	Long Description		Posting Amount
E-191060-20192718	390 Structures	Jan/Feb 2021	Construction-New DOC Facility	$	291,281
E-191060-20192719	390 Structures	Jan/Feb 2021	Engineering & Architecture Serv.	$	82,413
E-191060-20192720	390 Structures	Jan/Feb 2021	Legal, Insurance, & Permittting	$	6,794
E-191060-20192721	390 Structures	Jan/Feb 2021	Internal Project Management	$	32,720
E-191060-20192722	391 Office Equipment	Jan/Feb 2021	Office; Furniture/Equipment/etc.	$	76,308
E-191060-20192723	393 Stores Equipment	Jan/Feb 2021	Warehouse/Ops: Equip/Furnish.	$	4,535
E-191060-20192725	390 Structures	Jan/Feb 2021	Move to 20 Cont. Blvd and Clean Out	$	83,093
Total 2021				$	577,144
Total Entire Project				**$**	**17,596,263**

<u>PROCON, Inc. Contract</u>

The Company provided the contract and associated change orders for the American International Association of Architects (AIA) design and build agreement that was signed between PROCON and UES. The contract was signed on August 14, 2019 using a PDF electronic signature for a $13,419,154 maximum price on page 40 of the document. The project was to be completed by November 10, 2020. The contract contained the contract standard requirements, insurance, safety, schedule of allowances, cost details, hourly rates, subcontractor requirements, clarifications, design agreements, drawings, and any necessary alternatives.

The contract was increased from $13,419,154 to $13,764,200.58. This is an increase of $323,771.71, due to the inclusion of IT equipment, infrastructure, COVID 19, contingency, and an increase in the sustainability allowance.

The contract was increased from $13,764,200.58 to $14,059,774.10. This is an increase of $295,573.52. The change order was signed on February 23, 2021. The increase was due to many changes related to increases in the cost of construction from the various subcontractors used.

The contract was reduced by ($72,660.38) from $14,059,774.10 to $13,987,113.72. The change order was signed on March 29, 2021. The reduction in price was due to a credit for contingency, lobby handrails, and sustainability credits. The Company signed a change order on agreement in June 2021 for a ($6,887.90) credit for an EV charging station. This reduced the contract price to $13,980,225.82.

The final change order to the contract was signed on June 8, 2021 and reduced the contract by ($144.033.46) due credits received by PROCON that were passed along to UES. This brought the final contract price down to $13,834,192.36.

DOC Budgeted vs. Actual Costs

The 2018 E-22s indicate buying land and selling Kensington property, and constructing the building, is estimated to cost $2 million. The 2019 E-22s indicate the combined estimated budget was increased to $6.2 million. This is $1.2 million for purchasing of land and $5 million to construct the new building. In 2020 the estimated cost to construct the new building was increased to $10 million.

The Closson testimony Exhibit JFC-1 Bates Page 282 indicated the combined project was to cost $17,517,969. This is $498,856 difference than what was booked to the GL and CPR records. The Company indicated this was an estimated budgeted cost. The final cost of the project was $17,596,263.

The Staff Data Request 3-47 Attachment 2 Bates Page 139 the Construction Authorization Form indicates the first year of the project was budgeted for $5 million in August 2019 and the second year budget was for $10 million in 2020. The final cost of the new facility was $15,931,447. This is $257,030 different than the $15,674,444 booked to the GL for project E-191060. The Company indicated the reason for the differences was the building was a multiyear project, and because of this, there was $5 million budgeted in the first year and $10 million budgeted in the second year. There was an additional $500k budgeted in 2021. The Company indicated the budgeted amounts each year are only for the anticipated expenditures for the year and not necessarily the total amount spent for the completed project

The Staff Data Request 3-47 Attachment 2 Page 134 indicate the land was purchased for $1.2 million. This is different from the $1,344,676 that was booked to the GL for project E-191035. The Company indicated the budgeted amounts each year are only for the anticipated expenditures for the year and not necessarily the total amount spent for the completed project. The chart below shows the various variances between the budgeted vs actual costs of the project.

CWO Summary per Staff DR 3-47 Attachment 1, Page 139 of 154			Per CPR summary		Actual	Actual as %	
CWO	Description	Amount	Work Order	Amount	vs. budget	of Budget	
20192718	Construction - New DOC Facility	$ 13,681,559	E-191060-20192718	$ 13,387,498	$ (294,061)	-2%	Note 1
20192719	Engineering and Architectural Services	$ 933,415	E-191060-20192719	$ 1,223,469	$ 290,054	31%	Note 2
20192720	Legal, Insurance, Permitting and Misc.	$ 36,500	E-191060-20192720	$ 62,314	$ 25,814	71%	Note 3
20192721	Internal Project Management	$ 150,000	E-191060-20192721	$ 151,849	$ 1,849	1%	Note 4
20192722	Office Furniture, Equp., Appliances and Furnishings	$ 825,000	E-191060-20192722	$ 622,086	$ (202,914)	-25%	Note 5
20192723	Warehouse and Ops: Equipment and Furnishings	$ 20,000	E-191060-20192723	$ 10,748	$ (9,252)	-46%	Note 6
20192724	IT/Data/Telephone/Misc. Equipment and Travel	$ 160,000	E-191060-20192724	$ 213,760	$ 53,760	34%	Note 7
20192725	Move to 20 Continental Dr and Clean Out of 114 DWR Building	$ 125,000	E-191060-20192725	$ 2,719	$ (122,281)	-98%	Note 8
		$ 15,931,474		$ 15,674,444	$ (257,030)	-2%	
20192714	Acq. and Sale of Existing DOC page 134 February 2019	$ 1,200,000	E-191035-20192714	$ 1,344,676	$ 144,676	12%	Note 9
		$ 17,131,474		$ 17,019,119	$ (112,355)	-1%	

Note 1: The final invoices were not received until 2021.

Note 2: The increase was due to increase in designer fees related to interior design and sustainability measures.
Note 3: The increase was due to Builders Risk insurance extension; Town of Exeter Impact fees, Town Engineer peer review, LEED and WELL certificate restrictions.
Note 4: The Increase was due to higher than anticipated cost for project management costs.
Note 5: The decrease was due to timing of payment of invoices not received until 2021.
Note 6: The Increase was due to higher than anticipated cost for Unitil provided materials, and services.
Note 7: The Increase was due to higher than anticipated cost for Unitil provided IT.
Note 8: decrease was due to timing of the payment of invoices that were paid in 2021.
Note 9: land not part of budget. Cost were higher due to higher than anticipated legal fees.

Exeter DOC Bids

PROCON Inc. was the sole source provider of the project. PROCON performed design, architecture, engineering, project management, and construction as part of a sole source bid for the new Exeter Distribution Operations Center for the electrical division of UES. PROCON previously built the Company's Corporate Head Quarters in Hampton in 1996. The decision to sole source the project was determined after pointed discussions with PROCON, and included reductions in their design fees (from 10% to 4.5%), construction management fees (from 5% to 4%). PROCON had an extensive record and familiarity of the land parcels in the Exeter area. UES liked the recent portfolio of work completed by PROCON. PROCON agreed to reduce the construction management fee from 4.5% to 3%. PROCON also agreed to competitively bid materials and subcontractor service in an open book manner that the Company could see the bid tabs. PROCON agreed to split the contingency funds 50/50 with Unitil and agreed to share overall project savings with Unitil, with 80% going to Unitil and 20% to PROCON. The Company provided a sole source spreadsheet from July 2018.

The spreadsheet indicates the following were sole sourced construction management, working with PROCON on bids, interior design services, quality control, energy management, legal, environmental/safety, architecture, acoustics, audio visual equipment, and IT/Data Delivery services. The Company went out to bid for moving services, actual construction, furniture, and (HAB) History/Artwork/Branding installations. The HAB consists of historical pictures of employees, etc. for the new building. The Company went with the lowest bidder for moving services, artwork, and furniture. The final bid price for the entire project that does not include land acquisition was $14,047,248 with 79% of the project going out to bid and 21% was sole source. The Company does not have a formal bidding policy procedure. The Company should have gone out to bid to consider various pricing options to investigate what other vendors would charge. **Audit Issue #4**

Exeter DOC Invoice Review

Audit reviewed on site the individual invoices that were over $10,000:

Project	**Cost Description**		**Amount**
E-191035	Pierce Atwood	$	1,062,762
	Misc. Plant Adj	$	281,914
	Total	$	1,344,676

Audit sampled two invoices from Pierce Atwood, LLP. Audit reviewed a $1,030,979 invoice from August 2019 that was for legal services for the purchase of the property at 30 Continental Drive in Exeter. The purchase price for the real estate was $1,000,000. The other legal fees include L-CHIP, title insurance, broker commission, property taxes, recording fees, real estate transfer tax, and NHDES fees.

The second invoice from September 2019 was for $19,334. The charges related to the Exeter property acquisition for the new DOC. The legal services provided were permitting and closing cost related.

Audit reviewed a Plant Adjustments manual adjusting entry. The first one was from September 2019 that was for $281,914 to add legal fees, permitting, and pre and post-closing fees for the new Exeter DOC facility. The manual plant adjustment needed to be done because the construction work orders were authorized in 2017.

Project	Cost Description		Amount
E-191060-20192718	Brodie Inc.	$	2,120.00
	Hi Volt Line	$	811.71
	Integrated SEC	$	3,056.60
	Pro Con. Inc.	$	13,165,980.20
	Schweitzer Eng.	$	309.20
	TI Sales	$	3,336.94
	Town of Exeter	$	385.38
	Transcor	$	480.74
	Misc. Plant Adj	$	211,018.00
	Total	$	13,387,499

Audit reviewed all 15 invoices that summed to $13,165,980 from October 2019-December 2020 for PROCON, Inc. The invoices related to project management, construction management, actual construction, architecture, coordinating with subcontractors, and engineering work. The chart below summarizes the 15 invoices.

Vendor	Date	Amount
PROCON INC	201910	$ 489,474
PROCON INC	201911	$ 383,182
PROCON INC	201912	$ 363,261
PROCON INC	202001	$ 598,479
PROCON INC	202002	$ 1,010,116
PROCON INC	202003	$ 1,024,562
PROCON INC	202004	$ 795,246
PROCON INC	202005	$ 718,673
PROCON INC	202006	$ 1,170,213
PROCON INC	202007	$ 1,567,137
PROCON INC	202008	$ 1,015,943
PROCON INC	202009	$ 652,784
PROCON INC	202010	$ 797,062
PROCON INC	202011	$ 879,239
PROCON INC	202012	$ 1,700,608
Total		$ 13,165,980

Audit reviewed two manual Miscellaneous Plant Adjustments. The first was from August 2020 for $101,914 adjusting the AFUDC rate that had changed from 3.2% to 2.9%.

The second Miscellaneous Plant Adjustment entry was for $60,762 in June 2020 that reclassified work order costs from E-191060-20192720 to the same work order that ends in 2718. The reclassified work order costs were voucher related for vendors such as Thompson Taylor, Pierce Atwood, and the Town of Exeter for impact fees.

Project	Cost Description	Amount
E-191060-20192719		
	Cavanaugh Tocci	$ 13,443
	GDS Associates	$ 95,924
	Miller Engineering	$ 56,188
	Pro Con. Inc.	$ 346,641
	Stibler Assoc.	$ 80,106
	Wilcox and Barton	$ 8,215
	Misc. Plant Adj	$ 622,953
	Total	$ 1,223,468

Audit reviewed all 12 invoices from PROCON, Inc. that summed to $346,641. The invoices were from October 2019-December 2020. The invoices related construction related work on the new Exeter DOC as well as managing the various subcontractors. The chart below summarizes the 12 invoices.

Vendor	Date	Amount
PROCON INC	202010	$ 18,093
PROCON INC	201910	$ 47,699
PROCON INC	201911	$ 32,745
PROCON INC	201912	$ 23,571
PROCON INC	202001	$ 29,273
PROCON INC	202002	$ 37,775
PROCON INC	202003	$ 25,190
PROCON INC	202006	$ 36,751
PROCON INC	202006	$ 34,260
PROCON INC	202006	$ 18,387
PROCON INC	202007	$ 19,307
PROCON INC	202010	$ 23,590
Total		$ 346,641

Audit sampled two invoices from Stibler Associates. The first invoice from September 2019 was for $12,576 for working on the new gas testing center. The Company made sure the gas testing center was compliant with the testing center company Prometric as to meet required licensing requirements for employee certification. They also supported construction administration, selection of furniture, and work for the History Art and Branding dubbed “HAB” that are pictures/artwork of employees on the wall.

The second invoice from September 2019 for $11,093 included services for the new audiovisual equipment, more work on the HAB walls, and The Company made sure the gas testing center was compliant with the testing center Company Prometrics.

Audit reviewed two invoices from GDS Associates. The first invoice from January 2020 was for $13,113 was for design, coordination, attending meetings, review, and oversight of obtaining the LEED certification for the new building. The second invoice from August 2019 for $16,416 was for initial energy stimulation aided and commissioning a scope of work for obtaining the LEED certification.

Audit reviewed two Miscellaneous Plant Adjustments that are manual adjusting entry. The first one was from September 2019 that was for $570,093 to add Engineering, Architecture fees, Structural Design, mechanical design, legal, and permitting fees for the new Exeter DOC facility. The manual plant adjustment needed to be done because the construction work orders were authorized in 2017.

The second adjustment was for $26,443 that were August 2020 adjusting the AFUDC rate that had changed from 3.2% to 2.9%.

Project	Cost Description		Amount
E-191060-20192720			
	Bank of America Visa	$	3,494
	Hub. Inter. NE	$	7,768
	Lockton	$	5,786
	Pierce Atwood	$	22,721
	Town of Exeter	$	18,048
	Misc. Plant Adj	$	4,498
	Total	$	62,314

Audit did not review any of the above invoices, as the invoices were all under the $10,000 sample size.

Project	Cost Description		Amount
E191060-20192721			
	One Time Vendor	$	2,000
	Misc. Plant Adj	$	149,849
	Total	$	151,849

Audit sampled a Miscellaneous Plant Adjustment entry for $32,736 that was for reclassifying a facilities upgrade accrual entry.

Project	Cost Description		Amount
E-191060-20192722			
	Advanced Reprod.	$	9,660
	Bank of America Visa	$	1,261
	Complete AV LLC.	$	59,461
	Creative Office	$	3,245
	Osterwood Krist	$	61
	PC Connection	$	18,523
	RPM Training	$	3,442
	Sea Mist.	$	8,500
	TCS Com.	$	95,232
	Vinltech	$	1,846
	Workflow Int.	$	420,800
	Misc. Plant Adj	$	56
	Total	$	622,086

Audit reviewed two invoices from Workflow Interiors for Office Furniture and Equipment. The first invoice from August 2020 was for $314,148 was for systems furniture, tables, cabinets, seating, and case goods. The second invoice from August 2020 was for the purchase of similar items.

Audit reviewed an invoice for TCS Communications Corp. from May 2020 for $95,232 that was for the installation and millwork of two Evans Response Consoles.

Audit reviewed an August 2020 invoice from Complete AV LLC for new audio visual wiring of AV equipment such as projectors, TVs, and controls setup to interface with UES.

Project	Cost Description		Amount
E-191060-20192723			
	Uline	$	10,745
	Misc. Plant Adj	$	3
	Total	$	10,748

Audit did not review any invoices because they were under the $10,000 sample size.

Project	Cost Description		Amount
E-191060-20192724			
	Consolidated Comm.	$	8,354
	PC Connection	$	199,581
	TCS Com.	$	2,318
	Verizon	$	3,013
	Misc. Plant Adj	$	494
	Total	$	213,760

Audit reviewed four invoices from PC Connection. The first invoice from May 2020 was for $12,531 for the purchase of server equipment. The second invoice from May 2020 for $16,535 was for the purchase of server equipment. The third invoice for $21,084 was for the purchase of Enterprise Cloud Control Licenses and Indoor Wi-Fi. The last invoice was for $88,801 was for the purchase of network switches, power supplies, PC equipment, and connecting cables for the new Exeter DOC.

Project	Cost Description		Amount
E-191060-20192725			
	Able Crane	$	2,460
	Bank of America Visa	$	127
	CP Building Supply	$	47
	Liberty Lane	$	-
	Staples Biz	$	85
	Total	$	2,719
Total Project E-191060		$	15,674,444

The following 2021 cost records were unitized to plant in service in February 2021.

Project	Cost Description		Amount
E-191060-20192718			
	Hi Volt Line	$	(812)
	One Time Vendor	$	171
	Pro Con Inc.	$	280,713
	Unitil	$	10,814
	Payroll	$	395
	Total	$	291,281

Audit reviewed an invoice from PROCON. That was billed in January 2021 for $280,713. The work performed was for the actual construction on the Exeter DOC.

Audit reviewed a $10,814 invoice from Unitil that was for natural gas usage at a temporary staging area PROCON was using during the construction project.

Project	Cost Description		Amount
E-191060-20192719			
	Miller Engineering	$	2,198
	Pro Con Inc.	$	75,854
	Stibler Associates	$	227
	Wilcox and Barton	$	4,135
	Total	$	82,414

Audit reviewed two invoices from November 2020 that summed to $43,828 from PROCON Inc. The work performed on the invoices was related to construction of the Exeter DOC.

Project	Cost Description		Amount
E-191060-20192720	Pierce Atwood	$	6,794
E-191060-20192721	Misc. Plant Adjustment	$	32,720

Audit sampled a $21,830 Miscellaneous Plant Adjustment from January 2021. This was for a manual adjustment to reallocate a facilities accrual charge from a different work order.

Project	Cost Description		Amount
E-191060-20192722			
	Advanced Reproduction	$	23,933
	Bank of America Visa	$	273
	Complete AV LLC.	$	36,396
	Ring Central	$	1,931
	PC Connection	$	1,002
	Sea Mist Interiorscapes	$	8,077
	Vinyltech Graphics	$	67
	WB Mason	$	3,322
	Workflow Interiors	$	1,306
	Total	$	76,307

Audit reviewed a $21,433 invoice from July 2020 for Advanced Reproductions Corporation for graphics and installation related to artwork/pictures that were placed on the wall in the new building. The artwork is part of the History/Art/Branding that the Company calls “HAB”.

Audit reviewed a $32,367 invoice from Complete AV LLC that was for projectors, mounting, TVs, and controls that interfaces with the new UES EMS systems for the new Exeter DOC.

Project	Cost Description		Amount
E-191060-20192723			
	Uline	$	1,069
	Bode Equipment Co.	$	3,467
	Total	$	4,536

Audit did not review any of the invoices above, as they were under the $10,000 sample size.

Project	Cost Description		Amount
E-191060-20192725			
	Hi Volt Line	$	812
	Jantech	$	885
	Louis P. Cote Inc	$	41,366
	Stella Jones	$	1,260
	Sterling Corporation	$	34,395
	Sunbelt Rentals	$	2,706
	WM Corporate Services	$	1,670
	Total	$	83,094
Total 2021 E-191060		$	577,144
Total 2020-2021 Project E-191060		$	16,251,444

Audit reviewed the $41,366 from November 2020 that was for moving expenses for the seacoast stock yard to remove equipment by trailers. Audit reviewed one invoice from Sterling Corporation from November 2020 for $19,136 that was for moving services.

Exeter DOC Cost of Removal/Retirements

There were not any retirements or cost of removal booked for the new Exeter Distribution Operations Center. The Company indicated the old equipment/furnishings are still in the Kensington facility, and will be retired when the building is disposed and sold that Company indicated are valued to be $194,000. The Company indicated the assets will be proformed on an updated filing when the property is sold.

Artwork Capitalized to new Exeter DOC

The Company in the response to Staff Data Request 5-17 indicated they spent $38,082.59 on artwork that was capitalized to plant in service for the new Exeter DOC done by Advanced Reproductions. Audit reviewed the invoices provided by the Company that summed to $34,973. The Company indicated $3,110 booked to the work order included AFUDC charges that should not have been included, but should have been charged to another work order. The Company indicated the artwork was essential to the design of the new building and the theme of the art work related to Company history, art, and branding dubbed H/A/B. Some of the art work on the walls was designed to provide employees with a sense of purpose, unity, mission, and values.

Most of the photos provided for the art work were provided by Unitil's archives. The Company took some photos in the field to showcase operations, sustainability, and wellness to educate employees and visitors in the new building. The pictures are placed in the front lobby as well as throughout the building. The artwork should not have been capitalized and should have been booked to an expense account below the line. The Company should also remove any depreciation expense. **Audit Issue #5**

Summary of Exeter Distribution Operations Center

The Closson testimony Exhibit JFC-1 indicates the project work for the new DOC began in 2018 to look at the existing Kensington DOC property and other options such as buying or purchasing land to build the new building. The Company decided to purchase land in Exeter and build the DOC from the ground up. The project began construction in August 2019 and was finished in December 2020. This is roughly a 15 month building period. The new Exeter DOC is 53,940 square feet. The new DOC improves the electric division's operational performance as well as addressing critical redundancies throughout the organization such as gas control, system wide emergency operations control, and operator qualification testing and training. The Seacoast DOC serves as the base of operations for the NH Seacoast division. The facility also houses a number of other services of all of Unitil Corps subsidiary companies such as Northern Utilities NH, Northern Utilities-ME, and Fitchburg Gas and Electric. The Company indicates expenses are allocated to the Company segment for items such as testing and training. These services include central electric dispatch, electric engineering, forestry operations, emergency operations, gas control, training, fleet management, warehouse, labs, storage yard, conference rooms, and workshops.

The testimony indicated the Company considered four options to build the new DOC. They were advised on this by PROCON. Until had previously worked with PROCON as they built the Hampton corporate headquarters. The first three options related to renovating or demolishing the current Kensington facility. The reason for the Company not selecting this option was the property is not zoned for industrial activity. The Company is presently grandfathered in the old regulations, the property is on wetlands/poor soil quality, asbestos issues in the building, no water/sewer in the area, the property is not big enough for the needs of the new DOC, relocation, and temporary office leasing.

The Company selected the option #4 to buy and purchase an existing building or undeveloped land. The Company worked with a real estate professional from Bow Street LLC in Portsmouth to try and either purchase land or buy an existing property. The real estate professional indicated to the Company there were not many industrial properties for sale on the seacoast. The Company was able to find a commercial property in Exeter, purchase the land and build from the ground up. The Purchase and Sale Agreement from June 2018 indicates the Company purchased the 20 Continental Drive property from Garrison Glen LLC of Nashua for one million dollars plus $30,000 in escrow. There was a signed September 2018 sales amendment that added $37,500 in property taxes.

<u>Sale of Kensington Property</u>

The Company indicated in the Closson testimony the Kensington property is currently unoccupied and being prepared for sale. The Company indicated any profit from the sale will be returned to ratepayers. The Company indicted on the proformed filing schedule 1 Bates page 138 lines 49 and 50 there are proforma adjustments removing the Kensington property from rate base. Line 49 indicates the Kensington net book value adjustment related to plant is ($988,214) and line 50 a ($71,351) adjustment relative to ADIT.

<u>2017 Customer Information System Project</u>

In July 2017 USC unitized to plant in service the new Customer Information System to replace the legacy HTE Customer Information System which had been in service since 1998. The HTE system was outdated and no longer suited the needs of a modern utility. The HTE vendor, SunGard, indicated to the Company in May 2010 they would stop supporting the software in July 2015, further creating the need for modern CIS software.

The CIS software is used for customer billing and revenue recognition, cash remittance, application, payment processing, rate management, tariff, financial reporting to GL, meter validation/editing, credit, collections, customer intake/service work orders, customer account web portal interface, retail choice, Future AMI metering/billing, customer service, and customer communications. The new CIS also included a new Meter Management Data System (MDMS), a new “My Unitil” customer portal, and 34 individual sub-system interfaces required to operate the CIS environment. The new CIS system was developed and tested over a period of 6 years in a test environment before being launched into production in July 2017.

The Company worked with consultant Black and Veatch to prepare software RFPs to be distributed to 15 different vendors for the CIS and MDMS projects in May 2012. The Company received 9 responses to the RFPs for the projects. The Company selected Harris Computer’s subsidiary

Systems and Software enQuesta CIS product. The Company indicated Harris was selected due to price and a submission that met the Company's needs. The Company had already developed a MDMS Meter Sense program that interfaced with enQuesta CIS. This made several synergies to working with Harris Companies for both CIS and MDMS.

The Harris contract began in April 2013 and over the subsequent years, performed testing and data conversion to get the system ready and finished by July 2017. The new system allows better billing details, web interface, customer service, bill prints, payment arrangements, up to date outages, and automatic reconnection work orders. The CIS costs were reviewed as part of the 2018 DE 18-036 Step Adjustment. The MDMS portion of the project cost $7,268,134. The MDMS allocated $2,398,474 to UES over a 3 year period or 33%. The total cost of the CIS portion of the project was $29,564,503 to be recovered in rates at $9,756,286 ($29,564,503 x 33% for UES). The 10-20-00-00-101-03-00 account indicated the GL balance was $9,701,357 during the test year. This is a $54,929 difference the Company indicated is summarized below.

The explanation of the difference of $54,929 follows:
$29,564,503 x 33% = $9,756,286 [1] (CIS, net of MDMS)

$9,756,286 [1] (CIS, net of MDMS)

(507,268) Minus 33% of the amortization of $1,537,176 at USC from December '17 through December '18

452,340 Plus 33% of the 2018 customer facing enhancements

$9,701,358 [2] General Ledger

$9,756,286 [1]

$54,928 [1] minus [2]

The total cost of the CIS and MDMS project was $36,832,637 less the $1, 537,176 that was amortized in 2018. The net $35,295,459 was unitized to USC plant in service. Throughout the development process, the costs of the project were accumulated on the books of USC. In December 2017, the project was transferred from Construction Work in Process (account 107) to Plant in Service (account 101). At that time, the costs associated with the MDMS were transferred from USC to the Unitil operating companies. This balance was transferred because there were no material post "go-live" or Phase 2 items associated with the MDMS.

At the end of 2018, Unitil determined that the CIS and other remaining systems had been operating effectively for 18 months, and at the beginning of 2019 the balance at USC was transferred to the operating companies. As a result, the amount that was amortized at USC reduces the amount of the asset that was transferred to the affiliates. The $35,295,495 plant in service was allocated to the USC affiliates summarized below. The Company indicated they have not made any retirement entries for old "HTE" CIS system. The system is still open in read only mode, because the requirements for up to 6 years in both MA and ME related to metering, credit, customer service billing, and general investigative items related to payments, sundry etc. The old system is fully amortized so the net book value is zero and does not need to be proformed.

CIS Systems Implementation 2012-2018 plant transferred 12/31/2017

Utility	Amount	Allocation
UES	$2,398,484	33%
N-NH	$1,380,945	19%
N-ME	$1,598,989	22%
FG&E	$1,889,715	26%
Total	$7,268,133	100%

CIS Systems Implementation 2012-2018 plant transferred 12/31/2018

Utility	Amount	Allocation
UES	$9,249,018	33%
N-NH	$5,325,192	19%
N-ME	$6,166,012	22%
FG&E	$7,287,105	26%
Total	$28,027,326	100%

Total Both **$35,295,495**

Cost of Removal

Audit reviewed two cost of removal journal entries. The first batch journal entry was from August 2020 for $50,334. The journal entry was part of a larger $2,292,026 journal entry from August 2020 that included other 300 accounts. The 300 details are calculated in PowerPlan and were included in the journal entries.

Account # and Name	Debits	Credits
10-20-00-00-101-00-00 Electric Plant in Service	$2,241,692	
10-20-00-00-106-00-00 Comp. Const. Not-Class.		$1,364,982
10-20-00-00-107-00-00 CWIP		$876,710
10-20-00-00-107-01-02 RWIP Electric Salvage	$2,622	
10-20-00-00-107-01-03 RWIP Electric COR		$50,334
10-20-00-00-108-01-00 Accumulated Depreciation	$47,712	
Total	$2,292,026	$2,292,026

The second journal entry was from October 2020 for $754,678. The second batch journal entry was part of a larger $6,021,200 journal entry from October 2020 that included other 300 accounts. The 300 details are calculated in PowerPlan and were included in the journal entries.

Account # and Name	Debits	Credits
10-20-00-00-101-00-00 Electric Plant in Service	$5,266,521	
10-20-00-00-106-00-00 Comp. Const. Not-Class.		$3,889,456
10-20-00-00-107-00-00 CWIP		$1,377,065
10-20-00-00-107-01-02 RWIP Electric Salvage	$2,837	
10-20-00-00-107-01-03 RWIP Electric COR		$754,678
10-20-00-00-108-01-00 Accumulated Depreciation	$751,842	
Total	$6,021,200	$6,021,200

Retirements

Audit reviewed the retirement details provided in the December 31, 2020 CPR files. UES was able to reproduce the retirement details since the DE 16-384 rate case on the 2020 FERC Form 1 and filing schedules accurately. Audit was able to verify the retirement entries were done correctly. The CPRs and retirement details also included the actual installation cost to UES as well as the original in service date for each item being removed from the Plant in Service totals.

Audit sampled random journal entries chosen from the CPR records to test for accuracy. Audit sampled journal entries from November and December 2020. The retirement entries reflect part of a larger journal entry that are done as batches. The November 2020 journal entry Audit sampled was for $1,892,268. On the November 2020 entry the Company debited the Accumulated Depreciation account # 10-20-00-00-108-01-00 for $1,892,268 the Accumulated Depreciation Transportation account # 10-20-60-00-108-02-00 for $178 and credited the Plant in Service account # 10-20-00-00-101-00-00 for $1,892,268. The 300 details are calculated in PowerPlan and were included in the journal entries.

Audit reviewed a $469,231 December 2020 retirement journal entry. On the December 2020 entry the Company debited the Accumulated Depreciation account # 10-20-00-00-108-01-00 for $469,231 credited the Plant in Service account # 10-20-00-00-101-00-00 for the same amount. The 300 details are calculated in PowerPlan and were included in the journal entries. Audit reviewed individual project retirements that are discussed further in the plant section of this report.

Utility Plant Acquisition Adjustments

There were no accounts or charges associated with Utility Plant Acquisition Adjustments.

Construction Work in Process

Construction Work in Progress (CWIP) totaled $5,132,123 per the 2020 FERC Form 1 which matched the general ledger for 2020 and the filing, line 3, schedule 2. There are ten general ledger accounts out of which six did not have any activity or balances. The following four accounts had activity during 2020:

10-20-00-00-107-00-00 Const Work in Progress	$ 3,398,378
10-20-00-00-107-01-02 RWIP Elec Salvage	$ (21,365)
10-20-00-00-107-01-03 RWIP Elec Cost of Removal	$ 1,275,794
10-20-00-00-107-90-00 Const Work in Progress GA	$ 479,316
	$ 5,132,123

The 10-20-00-00-107-00-00 CWIP account activity consists of payments to various vendors of construction projects being worked. Audit has reviewed the list of projects that comprise the CWIP balance and found no exceptions. Audit did note an entry $1,459.24, paid to Liberty Lane Catering on August 20, 2020. Catering services should not be capitalized. **Audit Issue #7**

The 10-20-00-00-107-01-02 RWIP Electric Salvage account represents the salvage value associated with projects currently under construction. The account had a beginning balance of $84,720 and a net ($62,439) in credit activity during 2020 that finished the test year with a ($21,365) credit balance. The journal entry detail consists of salvage value plant entries.

The 10-20-00-00-107-01-03 RWIP Cost of Removal account represents the cost of removal associated with projects currently under construction. The account had a beginning balance of $1,420,022 and a net ($144,228) in credit activity during the test year. The account had a test year ending balance of $1,275,794. The account charges consisted of 401k capitalized costs, PBOP capitalized costs, workers compensation insurance, payroll taxes, construction overhead capitalized costs, capitalized pension costs, and medical costs

The 10-20-00-00-107-90-00 CWIP-GA account consists of reversing entries related to the plant in service accounts. The reversing entries related to vendors for construction costs, health insurance accruals, payroll adjustments, and relcasses. The account had a beginning balance of ($375,065) and a net debit activity of $854,381 during the test year. The account had a test year ending balance of $479,316.

AFUDC

The balance in general ledger account 10-20-10-00-432-00-00 AFUDC-Borrowed Funds was $357,822. There were two other accounts that had zero balances and no activity. According to the 2020 UES FERC Form 1, the average interest rate applied during the test-year was 3.84%. In discussing the method used to calculate the AFUDC, UES submitted an Excel spreadsheet detailing the calculation. Specifically, UES tracks the AFUDC at the project level and uses an average balance of the costs incurred, multiplied by a specific rate, to arrive at any month's given charge.

Audit reviewed the calculation for the December 2020 for the installation of a Viper recloser. The price to install the recloser was $89,476 based on a 3.84% interest rate ($89,476*3.84%/12) =$286 of AFUDC debt incurred.

10-20-10-00-432-00-00 AFUDC-Borrowed Funds	$357,822

Customer Advances for Construction

The filing Schedule 2A, page 7 of 12 reflects the Customer Advances for Construction $557,928 which agrees with the FERC Form 1 and the general ledger. There were three accounts total one of which did not have any activity/zero balance.

10-20-60-00-252-00-00 Customer Advances for Construction (Seacoast)	$299,731
10-20-50-00-252-00-00 Customer Advances for Construction (Capital)	$254,486
	$554,217

UES indicated that the Customer Advances for Construction (Acct 252) account is the refundable portion of a customer project. The advanced payments are received prior to construction work starting in the field and are charged to account 252. As the customers connect for electric service a portion of the advanced payment is returned until all of the advance has been returned. If the number of services is less than the number originally estimated the remaining balance is applied to the original units installed (Plant in Service). This in essence reduces the Plant in Service amount. The Company indicated this happens very rarely. GL Acct 252 is reconciled on a monthly basis by the Plant Accountant and reviewed quarterly by the Manager, Utility Accounting and Budgeting.

Audit reviewed an example that was for the installation of an underground line extension in Danville on Ward Way. The Construction Authorization Form from December 2019 indicates the total project is estimated to cost $63,125. The customer advance payment was $50,542 from Lewis Builders. The total refund for Lewis Builders was $20,714 per the signed contract. The line extension was completed in December 2020.

Software

UES had $1,175,131 in plant additions during the 2020 test year booked to the 303 Miscellaneous Intangible plant account. The CPR records indicate the software additions during 2020 included a voice system replacement, customer facing enhancements, infrastructure/network enhancements, blanket work orders, GIS enhancements, OMS upgrade to new version, energy efficiency tracking/reporting system, and GIS enhancements.

Non-utility Property

Non-Utility Property, account 10-20-50-00-121-00-00, carried an ending balance of $50,606 for the test-year for the Capital area. There was no activity in the account during the test year. This amount agreed with the FERC Form 1 for 2020 and the filing schedule 2.

Transportation Equipment/Vehicles

UES had no additions to account 392, Transportation Equipment in the test-year but did have retirements of $177 for a trailer for a year-end balance of $1,073,517 per the FERC Form No. 1. This amount agrees with the CPRs and the GL. The Company since 2003 no longer purchases trucks, bucket trucks, or forklifts but instead leases them. See expenses section for review of operational leases.

UES has stated in the past that to clear the vehicle clearing account, a monthly time card or work order is completed for each vehicle indicating the construction work order, expense account or construction overhead account to be charged at a predetermined rate per mile (in the case of autos and light trucks) or per hour (in the case of heavy trucks). Charges to the clearing accounts include depreciation, lease payments, insurance, building overhead costs for the garage area, registration fees, fuel and maintenance costs.

Accumulated Depreciation and Amortization

Accumulated Provision for Depreciation and Amortization in the 2020 FERC Form No. 1 totaled $138,059,087 for the test-year, which matches the RevReq 4 schedule of the Filing. The general ledger reflects Accumulated Depreciation of $129,512,568 and Accumulated Amortization of $8,546,520. The Company uses the whole life deprecation method with the rates approved in DE 16-384 rate case. The 108 accounts consisted of 24 accounts of which 20 accounts had zero balance and 22 did not have any activity.

Accumulated Depreciation

10-20-00-00-108-01-00 Accumulated Depreciation Gen Plant Ret.	($128,467,601)
10-20-00-00-108-04-00 Accumulated Depreciation-COR	$22,936,866
10-20-60-00-108-02-00 Accum. Dep. Transportation Plant	($460,706)
10-20-50-00-108-02-00 Accum. Dep. Transportation Plant	($584,260)
10-20-00-00-254-04-00 Regulatory Liability-COR	(22,936,866)
Total 108 accounts	($129,512,567)

The 10-20-00-00-108-01-00 A/D General Plant Retirements account had a test year beginning balance of ($123,247,788) and net credit activity of ($5,219,812) during the test year. The account had a $($128,467,601) test year ending balance. The account activity consisted of retirement entries and plant closing entries.

The 10-20-00-00-108-04-00 A/D Cost of Removal account had a test year beginning balance of $21,541,639 and a net $1,395,227 debit activity during the test. The activity consisted of four miscellaneous relcassed cost of removal journal entries. The account had a test year ending balance of $22,936,866.

The 10-20-60-00-108-02-00 A/D Transportation retirement account did not have any activity during the test and had the same ($460,706) beginning and ending balances.

The 10-20-50-00-108-02-00 A/D Transportation retirements account did not have any activity during the test year and had the same ($584,260) beginning and ending balances.

The 10-20-00-00-254-04-00 Regulatory Liability-Cost of Removal account is the offsetting account to the 108 Accumulated Depreciation-Cost of Removal account. The account activity mirrors one another. The prior UES DE 16-384 Audit Report indicated the Cost of Removal was booked this way and is consistent with FERC.

"T*he FERC Uniform System of Accounts requires that Accumulated Depreciation for Cost of Removal (ADCOR) be included in Accumulated Depreciation (account 108) on the FERC Form 1. Also, the corresponding Regulatory Liability for Cost of Removal (account 254) is not reported as a separate component on the FERC Form 1. Therefore, the ADCOR debit balance of $12,314,037 and the $12 million Regulatory Liability credit balance are not reported separately on the FERC Form 1." In addition, the Company provided a summary of an SEC audit of Unitil Corp (in 2012) which identified the reporting issue of whether the ADCOR should be reclassified out of account 108 into account 254 for FERC reporting requirements. The conclusion was that such a transfer equated to an "unapproved change and should not be done.*

The ADCOR should remain in account 108 until the corresponding assets are retired or otherwise disposed".

Accumulated Amortization	
10-20-00-00-111-05-00 Accumulated Amortization	($7,532,072)
10-20-00-00-111-07-00 Accum. Amort. Customer Info System	($1,014,448)
Total 111 accounts	($8,546,519)

The 111 Amortization accounts consist of 13 accounts of which 11 did not have any balance or activity.

The 10-20-00-00-111-05-00 Accumulated Amortization account consists of monthly amortization entries of roughly $70,000-73,000 during 2020. The account had a ($6,652,252) credit beginning balance and ($879,820) in net credit activity during the test year to end the year with a ($7,532,072) balance.

The 10-20-00-00-111-07-00 Accumulated Amortization of Customer Information Systems account had a beginning balance of ($502,130) the account activity consists of twelve monthly credit entries of ($42,693.17) related to the July 2017 new Customer Information IT system the Company finished and unitized to plant in service. The CIS system is how the Company interacts with its customers. The account had a ($1,014,448) test year ending balance.

Depreciation Expense

Depreciation Expense for the test year totaled $12,680,791 on the 2020 Annual Report which agrees with the filing schedule RevReq-2, column 2, line 13 and with account 10-20-10-00-403-00-00 without exception. There were five other accounts that had zero balance and no activity. Audit notes in the Company's depreciation tables, land and land rights are correctly excluded from the depreciation expense calculation. The journal entry activity in the account consisted of monthly deprecation entries.

Audit reviewed a $1,101,427 February 2020 batch journal entry for the Deprecation Expense. The 300 account detail is calculated in Powerplan and the Company provided a printout. The Company debited and credited the following accounts seen below.

Account # and Name	Debits	Credits
10-20-00-00-108-01-00 Accum Dep General Plant		$1,028,386
10-20-00-00-111-05-00 Accum Amortization		$73,041
10-20-10-00-403-00-00 Dep. Expense	$1,028,386	
10-20-10-00-404-03-00 Amort. Of Other Exp.	$ 73,041	
Total	$1,101,427	$1,101,427

Amortization Expense

Test year distribution amortization expense per the filing schedule RevReq-2 and FERC Form 1 page 114, lines 8-12 totaled $3,262,428. There were 33 total GL accounts with only 8 accounts having any activity. There were 25 accounts that did not have any balance or activity during the test year. This amount was verified to the following general ledger accounts:

10-20-10-00-404-03-00 Amortization of Other Software	$ 879,820
10-20-10-00-404-04-00 CIS Amortization	$ 512,318
Total 404 Accounts	$1,392,138
10-20-10-00-407-06-00 DER Investment Amortization	$ 11,020
10-20-10-00-407-31-00 Amortization-Storm	$ 800,000
10-29-10-32-407-03-01 Rate Case Cost Amort.-Net Metering	$ 79,879
10-29-10-32-407-03-02 Rate Case Cost Amort.-Grid Mod	$ 3,387
10-29-10-47-407-00-00 Amortization-Storm Recovery	$ 976,004
Total 407 Accounts	$1,870,290
Total Amortization Expense per General Ledger	$3,262,428

The 10-20-10-00-404-03-00 Amortization of Software account had a beginning balance of $1,024,671 with ($144,852) net credit in total activity during the year. There were monthly debits and credits recording depreciation/amortization of various software systems. The largest item is the Meter Data Management System, which was approved in the DE 18-036 step adjustment. The older systems were approved in the most recent DE 16-384 rate case. The monthly recurring debit and credit entries were not the same but were $70-73k each month. The account had an $879,820 test year ending balance.

The 10-20-10-00-404-04-00 CIS Amortization account relates to a Customer Information System that was unitized in July 2017 that replaced a legacy system from the late 1990s. The account had a beginning balance of $597,704 with a net credit of ($85,386) of activity during the year. The account had monthly recurring debit entries of $42,693. The account end a test year ending balance of $512,318.

The 10-20-10-00-407-06-00 Demand Energy Investment account relates to demand energy response charges that was approved in DE 10-292 for the SAU 16 Exeter School District Solar Photovoltaic and Micro Turbine project. The costs are being amortized over 5, 15, or 20 years depending on the cost category. The account had a beginning balance of $12,857 and a net ($1,837) in credit activity during the year. The account had monthly recurring debit entries of $918. The account had a test year ending balance of $11,020.

The 10-20-10-00-407-31-00 account represents the $800,000 annual recovery through base rates, originally authorized in DE 10-055 for storm recovery. It was originally approved in DE 10-055 for $400,000 and increased to $800,000 in DE 13-065. The account had a beginning balance of nearly one million dollars and had a net of nearly ($200,000) in credit activity during the year. The account activity consisted of $66,666 in debit entries that represent the monthly amount authorized for recovery. The account had an $800,000 ending balance during the test year.

The 10-29-10-32-407-03-01 account represents the rate case costs associated with the net metering dockets approved in the DE 16-384 rate case. The amortization charges relates to DE 16-576 “flowthru” items that are being recovered in the External Delivery Charge. The 3 year amortization period ended in July 2020. The account had a beginning balance of $102,701 and has monthly recurring debit entries of $1,411. The account had a test year ending balance of $79,879.

The 10-29-10-32-407-03-02 account represents the rate case costs associated with the Grid Modernization docket IR 15-296 over a three year period that was fully recovered in July 2020. The account had a beginning balance of $4,355 and has monthly recurring debit entries of $484. The account had a test year ending balance of $3,387.

The 10-29-10-47-407-00-00 account represents the Storm Recovery Adjustment Factor (SRAF) that represents the recovery of costs associated with larger storm damage related to hurricanes, wind events, and large snow storms that are approved by the Commission. The storms still being amortized in 2020 are the October 2017 wind storm approved in DE 18-036 and March Wind Storm Quinn approved in DE 19-043. The account had a beginning balance of $1,240,087 and a net $264,083 in credit activity during the year. The account had a test year ending balance of $976,004.

Depreciation Rates

Audit reviewed the depreciation rates and average service life (ASL), as submitted in the testimony of Ned Allis, Exhibit NWA-1, and the rates found in the Settlement Agreement of DE 16-384 (prior rate case) Schedule DLC-1. The Commission has always used the whole life group deprecation method. In the Allis testimony the Company proposes to use the remaining life technique which is not approved. Audit reviewed the filing schedule Rev Req-3-16 page 1 that shows the approved rate that is correct and page 2 was shows the proposed rate in the depreciation study that is not approved by the Commission. The page 2 depreciation proposed rates will have to be considered by the Commission. The DE16-384 ASL rates have been rounded from the actual submitted rates on the table below. Audit was able to verify compliance by testing the depreciation expense to the current approved rates on Rev Req-3-16 page 1.

Plant Category	Acct #	Account Description	16-384 ASL	16-384 Rate
Distrbution Plant	343	Prime Movers	15	6.80%
Distrbution Plant	361	Struc / Improv	51	2.50%
Distrbution Plant	362	station Equip.	50	2.66%
Distrbution Plant	364	Poles and Fixt	40	3.80%
Distrbution Plant	365	OH Conduc	38	3.74%
Distrbution Plant	366	Undergrnd Cond	55	2.09%
Distrbution Plant	367	Undergrnd Devices	51	2.61%
Distrbution Plant	368.1	Line Transformers	34	3.07%
Distrbution Plant	368.2	Line Trans Install	34	2.95%
Distrbution Plant	369	Services	27	5.83%
Distrbution Plant	370.1	Meters	20	5.08%
Distrbution Plant	370.2	Meter Install	20	5.08%
Distrbution Plant	371	Install on cust premise	17	7.79%
Distrbution Plant	373	Street Lighting and Signals	17	8.04%
General Plant	390	Structures & Improv	43	2.08%
General Plant	391.1	Office Furniture	15	5.83%
General Plant	393	Stores Expense	25	3.36%
General Plant	394	Tools, Shop & Garage	25	3.64%
General Plant	395	Lab Equip.	15	3.90%
General Plant	397	Comm Equip	20	6.60%
General Plant	398	Misc. Equip	23	4.88%

***DE 16-384 ASL rates have been rounded from the actual, submitted rates**

Balance Sheet Assets

Cash and Other Special Deposits

The Filing Requirement Schedules, page 6 of 12, lines 10, 11 and 12 report total cash in the amount of $2,610,572. Audit reviewed the cash bank reconciliations for the accounts shown below. The ending balances as of December 31, 2020 on the reconciliations agreed with the general ledger, the 2020 FERC Form 1 and the Supplementary Filing Schedule 2 with no exceptions noted.

10-20-00-00-131-00-00 Cash-Remittance-Citizens	$	358,337
10-20-00-00-131-00-01 Cash-Suspense	$	-
10-20-00-00-131-00-02 Cash-Suspense - PP	$	-
10-20-00-00-131-02-00 Cash-Payroll - Fleet	$	-
10-20-00-00-131-10-00 Cash-General Funds - Bank of America	$	5,340
10-20-00-00-131-20-00 Cash-Control Disbursement - Fleet	$	-
10-20-00-00-131-40-00 Cash-Cashpool	$	-
10-20-00-00-134-00-00 Other Special Deposits	$	2,243,895
10-20-00-00-135-00-00 Cash-Working Funds	$	3,000
10-20-00-00-136-00-00 Temporary Cash Investments	$	-
Total Cash	$	2,610,572

All customer payments are processed through the Cash Remittance account and the daily balance is transferred to the cash pool. Customers who have a credit balance are booked to the Suspense account by the billing system. Unitil uses the General funds account for payments to vendors by wire or ACH. The Fleet Control Disbursement account is used for payments to vendors and has a zero balance at the end of the year.

Account #10-20-00-00-135-00-00, Working Funds in the amount of $3,000 showed no activity for the test-year 2020. This is the petty cash fund according to the Company.

Special Deposits – Account #134

Audit verified the FERC Form 1 reported total of $2,243,895 to general ledger account #10-20-00-00-134-00-00 and to the Supplementary Filing Requirement - Schedule 2, Bates page 000006.

Unitil Energy Systems maintains a security deposit account at BlackRock as part of their agreement with ISO-New England. This account is used to track payments to/remittances from ISO New England. Interest is accrued at market rates and is included in account 10-20-08-00-419-02-01 and totaled less than $10k for the year ended 12/31/20. Audit verified the interest accrued to the 419 account which totaled $9,647 for the test-year.

Customer Deposits – Account 235

Account 10-20-00-00-235-0100 – Customer Deposits totaled $371,830 on the general ledger which agreed with the filing schedule 2, Bates page 00006 of the Supplementary Filing Requirements and the 2020 annual report. The Company provided the listing of deposits which also supported the filing and general ledger amounts.

Audit also reviewed account 10-20-21-00-431-04-00 - Interest on Customer Deposits which totaled $17,026 for the year. UES stated that their policy is to accrue deposit interest monthly at the rate determined by the PUC and then apply it yearly towards customer accounts at the beginning of each calendar year. The interest rate paid on the deposits agreed with the prime rates posted on the Commission website of 4.75% for the first quarter of 2020 and 3.25% for the second, third and fourth quarters of the remainder of 2020. (Refer to the *Billing Test* section of this report for a review for compliance with the 1200 Rules).

Accounts Receivable – Account #142

Audit verified the FERC Form 1 reported total to the Supplementary Filing Requirement - Schedule 2, Bates page 000006 and to the following general ledger accounts:

Accounts Receivable	
10-20-00-00-142-01-00 A/R Electric	$17,782,161
10-20-00-00-142-01-01 A/R Suspense	$ 566,299
10-20-00-00-142-02-00 A/R Merchandising	$ 847,971
10-20-00-00-142-03-02 Miscellaneous A/R Accruals	$ (301,491)
10-20-00-00-142-06-01 A/R Stratham St. Lights LEDS	$ (69,148)
10-20-00-00-142-08-00 A/R Protected Accounts > 360 Days	$ (1,546,642)
Total Account Receivable	$17,279,149
10-25-00-00-142-08-00 A/R External Supplier - GEXA	$ 41,148
10-25-00-00-142-26-00 A/R External Supplier - Think Energy	$ 3,338
10-25-00-00-142-29-00 A/R External Supplier - Fairpoint Energy	$ 19,426
10-25-00-00-142-30-00 A/R External Supplier - Electricty NH	$ 193,466
10-25-00-00-142-34-00 A/R External Supplier - Town Square Energy	$ 60,380
10-25-00-00-142-36-00 A/R External Supplier - No. Am. Power-UIT	$ 213,298
10-25-00-00-142-37-00 A/R External Supplier - First Point Power-FPP	$ 129,786
10-25-00-00-142-41-00 A/R External Supplier - Ambit Northeast, LLC	$ 8,303
10-25-00-00-142-42-00 A/R External Supplier - Agera Energy	$ 107
10-25-00-00-142-43-00 A/R External Supplier - GDF Suez	$ 108,322
10-25-00-00-142-44-00 A/R External Supplier - Direct Enegy Business	$ 185,632
10-25-00-00-142-48-00 A/R External Supplier - EDF Energy Services	$ 29,613
10-25-00-00-142-49-00 A/R External Supplier - Clearview Electric	$ 16,567
10-25-00-00-142-50-00 A/R External Supplier - Constellation Energy	$ 624,240
10-25-00-00-142-51-00 A/R External Supplier - Champoin Energy Services	$ 27,362
10-25-00-00-142-53-00 A/R External Supplier - Smart Energy Holdings	$ 4,448
10-25-00-00-142-54-00 A/R External Supplier - Summer Energy Northeast	$ 1,444
Total Accounts Receivable External Supplier	$ 1,666,881
10-20-00-00-143-00-00 A/R Other	$ 271,682
10-20-00-00-143-03-00 A/R Employee PC Purchases	$ 1,039
10-20-00-00-142-03-03 A/R DrubgSubsidy	$ 29,574
Total Accounts Receivable - Other	$ 302,295
Total Accounts Recevable	$19,248,325

The aged accounts receivable listing of customer accounts was provided to Audit and reflects the following totals and percentages for the two Divisions:

Aged A/R Seacoast	Amount	Percentage
Credits	$ (351,708)	-4%
Current	$ 6,978,385	66%
30 Days	$ 808,367	8%
60 Days	$ 391,974	4%
90 Days	$ 357,364	4%
120 Days	$ 1,328,246	13%
360 Days	$ 1,111,716	10%
	$ 10,624,344	100%

Aged A/R Capital	Amount	Percentage
Credits	$ (214,591)	-2%
Current	$ 5,809,767	66%
30 Days	$ 648,724	7%
60 Days	$ 396,215	4%
90 Days	$ 258,474	3%
120 Days	$ 1,031,819	12%
360 Days	$ 894,289	10%
	$ 8,824,698	100%

The difference between the general ledger total Accounts Receivable and the aged listing of $200,716 is the result of excluding the receivable accounts for Suspense ($566,299), Merchandising $847,971, Accruals ($301,491), Stratham street LEDS ($69,148) and A/R Protected Accts > 360 Days ($1,546,642), as well as the inclusion of A/R-Other $271,682, A/R-Employee PC Purchases $1,039 and A/R-Drug Subsidy $29,574. The balance in account 10-20-00-00-142-08-00 in the amount of $1,546,642 are medically protected accounts that are either active, on a payment plan or written off.

Other Accounts Receivable – Account #143

Audit verified the total reported FERC Form 1 balance of Other Accounts Receivable in the amount of $302,295 to the Supplementary Filing Requirement Schedule 2, Bates page 000006 and to the following general ledger accounts:

10-20-00-00-143-00-00 Misc. A/R Other	$271,685
10-20-00-00-143-03-00 A/R Employee PC Purchases	$ 1,039
10-20-00-00-143-03-03 A/R Drug Subsidy	$ 29,574
	$302,295

The Miscellaneous Accounts Receivable Other, account 10-20-00-00-143-00-00 in the amount of $271,685 consists of prepaid tax abatements and reversals for both UES divisions.

Account 10-20-00-00-143-03-00 Accounts Receivable Employee PC Purchases, is used to track the outgoing loans and payroll deductions to repay the loan. The account balance at the end of the year, for the 2020 loans and loans given in prior years was $1,039.

A/R drug subsidiary account, 10-20-00-00-143-03-03, contained a monthly accruals for retiree drug subsidy. For the 12 months of 2020, the accrual amount was $2,229.

Accumulated Provision for Uncollectible Accounts

Audit verified the total FERC Form 1 reported figure to six individual general ledger accounts and to the supplementary Filing Schedule 2, Bates page 000006 without exception. Refer to the Expense portion of this report, Uncollectible Accounts #904 for additional details.

Accumulated Provision for Uncollectible Accounts (AFDA)		
10-20-00-00-144-00-00 AFDA Beg. Bal. Distribution	$	82,275
10-20-00-00-144-00-01 AFDA Distribution	$	208,086
10-20-00-00-144-00-03 AFDA Supply Non-Distribution	$	74,142
10-20-00-00-144-00-27 AFDA Non-Distribution	$	143,623
10-20-00-00-144-13-00 AFDA Unbilled Revenue Receivable	$	41,355
10-20-00-00-144-16-00 AFDA Sundry - Maint Tree Trimming	$	6,892
Total Accumulated Provision for Uncollectable Accounts	$	556,372

Accounts Receivable from Associated Companies

Audit verified the FERC Form 1 reported balance of $6,113,320 to the following two general ledger accounts and the Supplementary Filing Requirement Schedule 2, Bates page 000006:

10-20-00-00-146-01-12 A/R Associated Co-USC	$4,852,315
10-20-00-00-146-01-15 A/R Associated Co-UC	$1,261,005
Total Account 146	$6,113,320

The Company explained that the Accounts Receivable – Associated Companies Accrual account "*is used to rebook the updated attribution of the 2008 FAS158 balances from USC. These expenses include Pension, PBOP, SERP and related deferred taxes.* The 2020 attribution factor used to allocate a portion of these expenses to UES was 27%, which is based on headcount.

Plant Materials and Operating Supplies

Audit verified the total FERC Form 1 reported balance of Materials and Supplies, account 154, in the amount of $1,206,272 two general ledger accounts:

10-20-50-00-154-01-00 Materials and Supplies General	$ 560,670
10-20-60-00-154-01-00 Materials and Supplies General	$ 625,602
Total Materials and Supplies	$1,206,272

The total was also verified to the Supplementary Filing Requirement Schedule 2 Bates page 000006. UES states that Materials and Supplies consists of distribution line construction and repair materials and distribution substation repair materials. Materials and Supplies are stated at average cost when purchased. When they are charged to expense or capitalized to property plant and equipment when installed, they are issued from stock using the average cost of existing stock.

Audit reviewed the activity within the Capital region's Materials and Supplies general ledger account (Division 50) and noted that monthly credits were offset primarily to the Construction Work in Progress account. Audit reviewed purchases from Stella Jones in the amount of $10,339 for 20, 45-foot poles posted to the general ledger on 4/10/2020 and the Travis Pattern & Foundry for 32, bolted cables and 16, 6" long ground studs totaling $4,251 and posted to the general ledger on 11/28/2020.

Two invoices related to the Seacoast region (Division 60) were also reviewed. Purchases from the Okonite Company in the amount of $15,684 were for 2,050 linear feet of cable and posted to the general ledger on 1/23/2020. Another invoice reviewed was from WESCO Distribution in the amount of $5,861 for 4,000 linear feet of wire and wood spool and posted to the general ledger on 11/17/2020.

Stores Expense Undistributed

The FERC Form 1 reported Stores Expense Undistributed in the amount of $201,952 and was verified to the following two general ledger accounts:

10-20-50-00-163-00-00 Store Expense Undistributed	$ 80,417
10-20-60-00-163-00-00 Undistributed Stores Expense	$121,535
Total Stores Expense Undistributed	$201,952

The total $201,952 was also verified to the Supplementary Filing Requirement Schedule 2, Bates page 000006.

Prepayments – Account #165

Audit verified the reported Prepayments on the FERC Form 1 in the amount of $6,012,559 to the Filing Requirement Schedules-Schedule 2, Bates page 000006 and to the following general ledger accounts:

10-20-00-00-165-01-00	Prepaid Property Insurance	$ 27,451
10-20-00-00-165-01-01	Prepaid Injuries and Damages Ins.	$ 50,346
10-20-00-00-165-01-08	Miscellaneous Prepaids	$ 45,121
10-20-00-00-165-02-02	Prepaid PUC Assessment	$ -
10-20-00-00-165-04-01	Prepaid Pension FASB 87	$ 4,260,497
10-20-00-00-165-11-00	Prepaid Prpoerty Tax	$ 1,503,814
10-20-00-00-165-12-00	Prepaid Postage	$ 67,244
10-20-00-00-165-14-00	Prepaid Revolver	$ 26,940
10-20-00-00-165-15-00	Prepaid Dues and Subscriptions	$ -
10-20-00-00-165-06-00	Prepaid Health Claims	$ 24,200
10-20-60-00-165-01-04	Prepaid Workers Comp Ins. - Capital	$ 3,186
10-20-60-00-165-01-05	Prepaid Workers Comp Ins. - Seacoast	$ 3,758
Total Prepayments		$ 6,012,559

Please refer to the *Expense* portion of this audit report for additional information regarding the Insurance, Injuries and Damages, Postage, Line Maintenance, Property Insurance and Workers' Compensation Insurance. Please refer to the *Debt* portion of this report for additional information regarding the Revolver. Refer to the *Payroll* portion of this report for information regarding the Pension. Refer to the Tax portion of this report for information regarding the Property Tax. The Prepaid Postage balance was unchanged during the test year.

Accrued Utility Revenue – Account #173

Audit verified the Accrued Utility Revenue figure noted in the FERC Form 1 and the Supplementary Filing Requirement - Schedule 2, Bates page 000006 to the following general ledger accounts:

10-20-00-00-173-00-00	Accrued Rev-Rate Case Costs-Short Term	$ -
10-20-00-00-173-10-00	Accrued Rev-Major Storm Reserve	$ 800,000
10-20-00-00-173-11-00	Accrued Rev-VMP	$ (179,614)
10-20-00-00-173-13-01	Accrued Rev-System Benefits Charge-Res	$ (339,744)
10-20-00-00-173-13-02	Accrued Rev-Sys Benefits-Res Low Income	$ (194,470)
10-20-00-00-173-13-03	Accrued Rev-Sys Benefits-C&I	$ (173,264)
10-20-00-00-173-22-00	Unbilled Revenue - Base	$ 4,982,476
10-20-00-00-173-42-00	Current Portion Purchased Power Contracts	$ 270,014
10-20-00-00-173-90-00	Accrued Rev-Credit Balance Reclass	$ 1,861,007
10-20-00-24-173-00-00	Accrued Rev-Sys Benefits Charge -Labor	$ 1,393
10-20-00-32-173-00-00	Accrued Rev-EXT Delevery	$ 2,830,801
10-20-00-32-173-00-01	Accrued Rev-Displaced Dist Revenue	$ 220,254
10-20-00-33-173-00-00	Accrued Rev-Stranded Costs	$ (103,804)
10-20-00-36-173-00-00	Accrued Rev-Defaulat Svc-Non-G1	$ 1,463,602
10-20-00-37-173-00-00	Accrued Rev-Default Svc-G1	$ 165,744
10-20-00-42-173-00-00	Accrued Rev-Renew Port Std Costs-Non-G1	$ 756,881
10-20-00-43-173-00-00	Accrued Rev-Renew Port Std Costs-G1	$ 17,582
10-20-00-44-173-00-00	Accrued Rev-RGGI Res-Non Low Income	$ (290,972)
10-20-00-44-173-03-00	Accrued Rev-RGGI Res-C&I	$ (579,139)
10-20-00-47-173-00-00	Accrued Rev-Storm Recovery Adjustment	$ 733,954
Total Accrued Revenue		$12,242,701

Within the Accrued Revenue Reclass and Accrual balance is account Accrued Revenue-Credit Balance Re-class, 10-20-00-00-173-90-00 in the amount of $1,861,077. The amount is directly offset to account 10-20-00-00-242-90-00, Regulatory Liabilities-Current. UES has stated that "*the over or under collections from customers for particular flow through mechanisms is tracked in FERC 173 accounts. For GAAP accounting, if a flow through mechanism is in a credit (over collected) position it is reclassed to account 10-20-00-00-242-90-00 with the offset to 10-20-00-00-173-90-00*

UES provided with the unbilled revenue calculations for the months of December 2020 and January 2021. Each entry reflected the debit and credit offsets calculated for External Delivery, Stranded Costs, Default Service G1 and Non-G1, Renewable Portfolio Standard G1 and Non-G1. The debits posted to #173 and the credits were booked to account #449. The net December 2020 entry was $4,982,476. The January 2021 entry reflected $4,835,943. The supporting detail for 12/2020 reflected each revenue type and the prior twelve months' billed and unbilled kWh, the rate, and the resulting change for the month.

<u>Miscellaneous Current and Accrued Assets – Account #174</u>

The Miscellaneous Accrual seen in FERC Form 1 was verified to the general ledger account 10-20-00-00-174-05-00, Vacation Accrual, without exception. Please refer to the <u>Payroll</u> portion of this report for additional information. The total $146,491 was verified to the Supplementary Filing Requirements - Schedule 2 Bates page 000006.

Unamortized Debt Expense - #181

Accounts 10-20-00-00-181-00-0X consisted of the recording of new debt and other professional fees. (Refer to the Debt section of this report). The test-year activity is shown below:

	Beg Bal	Debits	Credits	End Bal
181-00-00 – Unamort. Debt Expense	$1,084,165	$198,111	$(115,468)	$1,166,808
181-01-00 – Unamort. Debt Expense-W/in 1 Yr	$ 96,644	$ -0-	$ (8,652)	$ 87,993
Total	$1,180,809	$196,111	$(124,120)	$1,254,801

Other Regulatory Assets

Audit verified the reported balance in the FERC Form 1 to the following general ledger accounts, however, the filing schedule 2, Bates page 000006 reports.

10-20-00-00-182-00-27 Reg Asset-Non-Distribution Bad Debt	$	217,765
10-20-00-00-182-03-07 Reg Asset-Rate Case Costs	$	5,850
10-20-00-00-182-04-00 Reg Asset-Purchase Power Contracts	$	-
10-20-00-00-182-04-09 Reg Asset-PBOP FAS 158	$	8,621,947
10-20-00-00-182-04-10 Reg Asset-Pension FAS 158	$	23,480,871
10-20-00-00-182-04-11 Reg Asset-SERP	$	2,320,034
10-20-00-00-182-04-19 Reg Asset-Other PBOP	$	2,531,710
10-20-00-00-182-04-20 Reg Asset-Other Pension	$	1,935,163
10-20-00-00-182-04-21 Reg Asset-Other SERP	$	303,187
10-20-00-00-182-07-00 Reg Asset-DER Investment	$	94,554
10-20-00-00-182-08-00 Reg Asset-AR PROT ACCTS	$	1,546,642
10-20-00-00-182-10-00 Reg Asset-Major Storm Res. Long Term	$	2,475,423
10-20-00-00-182-12-00 Reg Asset-TOU - Consultant Costs	$	68,234
10-20-00-00-182-14-00 Reg Asset-Def Pandemeic Costs	$	101,471
10-20-00-00-182-15-00 Reg Asset-Def Property Taxes	$	182,117
Total Otther Regulatory Assets	$	43,884,967

Non-distribution Bad Debt was reviewed and activity verified to offsets in account #10-20-10-00-449-00-27, Accrued Revenue Non-distribution Bad Debt. UES stated that the Non-Distribution Bad Debt is as follows: "*Each month the company performs an analysis of the accounts receivable balance to determine the allowance for doubtful accounts. As the company begins shutoff procedures on customers who are 3 months delinquent paying their bills, the over 90 days balance in accounts receivable is used as the starting point in the allowance analysis. All customers with payment arrangements, budget plans or medical exemptions are removed from this calculation as the company fully expects payments from these categories. The company then estimates the collectability of the remaining balance based upon historical percentages of payments received. This remaining amount is split between non-distribution (supply) and distribution allowance accounts (based upon external/non* *external revenue). For the distribution balance, the 144 Allowance for Doubtful Accounts is offset against bad debt expense. For the non-distribution balance, the 144 Allowance for Doubtful Accounts is offset against a regulatory asset in account 182 since bad debt expense related to non-distribution is recoverable through a flow through mechanism".* UES indicated the flow-through mechanism by which the amount is reconciled is eventually reconciled to the semi-annual default service rates set by Commission Order.

The Purchase Power Contract regulatory asset represents the remaining balance of a Hydro Quebec contract, signed by UPC in 2003. At that time, the estimated contract cost was $10,161,165. The estimated balance was set to amortize from 5/2003 through 10/2021, with the balance adjusted as actual contract charges are received. Offsetting monthly debit entries in the amount of $27,001.38 were noted in account 10-20-00-00-253-00-10, Regulatory Liability Purchase Power Contracts. That liability account reflects the mirror image of the activity and balance in this asset account.

PBOP, Pension, and SERP are discussed in detail in the Payroll section of this report.

The original amount of the Distributed Energy Investment (DER) was $385,682.31, and is being amortized over 20, 15, and 5 year periods in accordance with PUC Order 25,201 in docket DE 10-292. Starting in 2010, a micro-turbine for the Exeter SAU 16 project is being amortized over 15 years, a photo-voltaic facility for the same district over 20 years. The Order noted the investment to be $200,000 plus a 1.0% factor for overheads. The general ledger shows a beginning balance of $105,574 with 12 monthly credit entries of approximately $918 resulting in a December 31, 2020 ending balance of $94,554.

The Major Storm Cost Reserve represents the accrued revenue and interest relating to the $800,000 annual authorized funding. The Emergency Storm Restoration account represents the amortization and accrued interest relating to the Storm Recovery Adjustment Factor assets. The storms included in the amortization are the October 2017 Storm and Winter Storm Quinn. This account was last reviewed as part of the annual Storm Reserve Audit Report dated May 6, 2020 in docket DE 20-023.

Preliminary Survey and Investigation Charges

Audit verified the FERC Form 1 reported balance of $351,614 in account 183 to two general ledger accounts and the Supplementary Filing Schedule 2, Bates page 000006:

10-20-50-00-183-00-00 Preliminary Survey & Investigation	$ 51,620
10-20-60-00-183-00-00 Preliminary Survey & Investigation	$ 299,995
Total Preliminary Survey and Investigations	$ 351,614

Audit verified a total of three invoices from TF Moran and one invoice from Yeaton Associates from both accounts. The TF Moran charges consist of site planning for the Hampton Falls line to 24 Bridge Street and the Yeaton Associates charges are for the new fire alarm system for the Capital Region.

Clearing Accounts – Account #184

Audit verified the FERC Form 1 reported balance to the following general ledger accounts:

10-20-50-00-184-04-00 Suspension Clearing - Exempt Stock	$	257,642
10-20-50-00-184-04-01 Suspension Clearing - Exempt Stock	$	12,862
10-20-60-00-184-04-00 Suspension Clearing - Exempt Stock	$	329,247
10-20-60-00-184-04-01 Suspension Clearing - Exempt Stock	$	24,277
Total Clearing Accounts	$	624,028

The $624,028 was noted in the Filing Requirement Schedules-Schedule 2, attachment 1, page 2 of 3, Bates page 000006.

The 10-20-50-00-184-04-00 Suspense Clear account represents asset values for very small items used during any construction in the Capital region, such as nuts and bolts. The Company indicated that Materials and Supplies are physically inventoried and reconciled a minimum of once per quarter to the general ledger. At the time Audit requested the information, the Company indicated that the last physical inventory for UES - Capital was performed on May 4, 2021 and UES - Seacoast May 5, 2021. In response to the Draft Audit Report, the Company indicated that inventories were performed on October 5, 2021 and October 24, 2021 respectively.

Temporary Facilities – Account #185

The FERC Form 1 reported Temporary Facilities balance was verified to the following general ledger accounts:

10-20-50-00-185-01-00 Temporary Facilities	$	18,527
10-20-60-00-185-01-00 Temporary Facilities	$	(13,663)
Total Temporary Facilities	$	4,863

The $4,863 was noted in the Filing Requirement Schedules-Schedule 2, Bates page 000006 as part of the total Deferred Debits of $47,033,083. The Company indicated that the credit entries to this account represent cash payments for the temporary services being supplied from vendors such as NE Traffic Control and Hi-Volt Line Construction.

Miscellaneous Deferred Debits – Account #186

The FERC Form 1 reflected the total account 186 - Miscellaneous Deferred Debits balance of $673,805 which was verified to the filing schedule 2, Bates page 000006 and to four general ledger accounts shown below:

10-20-00-00-186-00-00 Prepaid Revolver-Long Term Portion	$ 3,837
10-20-00-00-186-03-83 Generator Interconnecttion Studies	$ 401,939
10-20-00-00-186-10-00 Prepaid Tax Abatement Rec-Long Term	$ 197,306
10-20-00-00-186-40-00 Deferred Charges-Storm Costs	$ 70,723
Total Miscellaneous Deferred Debits	$ 673,805

Refer to the Debt portion of this report for additional information related to the Prepaid Revolver amount of $3,837.

Audit reviewed the charges related to the Generator Interconnection Studies, account 10-20-00-00-186-03-83 for December, 2020. The December beginning balance was $403,999 with debits to the account of $34,384 and credits of $36,445 for a net change of $2,060 which consisted of entries for CIS billing, Bow Ferry Solar and Unitil Service Company costs. The total account balance at year-end was $401,393.

Refer to the Tax portion of this report for additional information related to the Tax Abatement amount of $197,306.

Deferred Storm Charges are reviewed as part of the Major Storm Cost Reserve audit.

Accumulated Deferred Income Taxes – Account #190

Refer to the Tax section of this report for the review of the Accumulated Deferred Income Taxes, accounts 10-20-00-190-01-03 – Deferred Federal Income Tax-CIAC and account 10-20-00-00190-02-30 – Deferred State Income Tax-CIAC totaling $150.098.

Balance Sheet Liabilities and Other Credits

The 2020 balance sheet liabilities and equity, noted on the FERC Form 1, totaled $(364,937,619). Audit verified the total liabilities and equity to the general ledger, as well as to schedule 2A of the filing:

Equity Capital	$ (106,540,628)
Long-term Debt	(106,500,000)
Current and Accrued Liabilities	(43,209,479)
Deferred Credits	(108,687,512)
Total Liabilities and Stockholder Equity	$ (364,937,619)

Equity Capital $(106,540,628)

Audit reviewed the general ledger for the equity capital accounts, noting that the following accounts reported no activity and maintained a zero balance since at least the prior rate case in 2015: accounts #202 and #205, Capital Stock Subscribed; accounts #203 and #206, Stock Liability for Conversion; account #212, Installments Received on Capital Stock; account #213, Discount on Capital

Stock; account #216.1, Unappropriated Undistributed Subsidiary Earnings; account #217, Reacquired Capital Stock; account #218, Non-Corporate Proprietorship (non-major only); and account #219, Accumulated Other Comprehensive Income.

Audit verified that the test-year 2020 total equity capital consisted of the following general ledger account balances:

Common Stock Issued	$ (2,442,426)
Preferred Stock Issued	(188,700)
Premium on Capital Stock	(1,005,875)
Other Paid-In Capital	(58,778,170)
Capital Stock Expense	94,845
Retained Earnings	(44,220,302)
Total Equity Capital	$ (106,540,628)

Common Stock Issued – Account #201 $(2,442,426)

The filing schedule Rev-Req-5-1 reported the Common Stock total of $(2,442,426), as of December 31, 2020. This total agrees with the FERC Form 1, as well as with the general ledger account 10-20-00-00-201-00-00, Capital Stock Common. Audit verified that there was no activity on the general ledger for the account and noted that the common stock issued amount for the 2020 test year has not changed since the 2015 test year audit, DE 16-384. One-hundred percent of the 131,746 shares of common stock is owned by Unitil Corporation.

Preferred Stock Issued – Account #204 $(188,700)

There were four general ledger account balances included within the total amount for the Preferred Stock Issued, account #204. Three of the four accounts reported a zero balance, as of 12/31/2020. Audit reviewed the general ledger for the three accounts, confirming that there was no activity during the 2020 test-year.

The general ledger balance of $(188,700) on account 10-20-00-00-204-02-00, Capital Stock Preferred 6%, was verified to the FERC Form 1 and to the filing schedule Rev-Req-5-1. Audit requested and was provided with the Company's list of the holders of 6% non-cumulative preferred stock. Audit confirmed that 100% of the shares are held by non-affiliated companies and/or individuals.

There was no activity on the account for the test-year 2020. Audit reviewed the prior years' general ledgers, verifying that a balance of $(189,300) has remained on the account from 2016 through 2018. In 2019, a September 20th journal entry of $600, with the offsetting credit entry was to account 10-20-00-00-232-01-00, Accounts Payable Vouchers, decreased the 2019 beginning balance of $(189,300) to the 2019 year-end balance of $(188,700). The Company explained that, "*…UES repurchased 6 shares (@ $100 per share) from a holder under the Company's Preferred Stock Repurchase Program, thereby reducing the number of shares outstanding by 6, and the Capital Stock Account balance by $600.*" The Company's stock transfer services are provided by Computershare. Audit reviewed a copy of the September 2019 funding letter from Computershare for the repurchase of 6 shares from the holder.

Premium on Capital Stock – Account #207 $(1,005,875)

The FERC Form 1 reported the Premium on Capital Stock total of $(1,005,875), as of December 31, 2020. This total agrees with general ledger account 10-20-00-00-207-00-00, Premium on Capital Stock, as well as with the filing schedule Rev-Req-5-1. There was no activity on the account for the test-year 2020 and the $(1,005,875) balance has not changed since the 2015 test year audit, DE 16-384.

Other Paid-in Capital – Account #208-211 $(58,778,170)

The 2020 total of $(58,778,170) was reported on the FERC Form 1 and verified to the general ledger account 10-20-00-00-211-00-00, Miscellaneous Paid-in Capital, as well as to the filing schedule Rev-Req-5-1. The general ledger balance on the account reflected a $7.75M increase from the 2019 year-end balance. The Company confirmed that, *"Unitil Corporation, from time-to-time, invests equity capital into its wholly-owned regulated utility subsidiaries (which includes UES) for two primary purposes (1) re-capitalizing short-term borrowings with longer termed capital to better match the long lived nature of its utility plant and (2) to strengthen the balance sheet to support its investment grade credit ratings."*

Audit reviewed the Unitil Corporation Board minutes for April 29, 2020, as well as a copy of the signed UES certificate, verifying the approval to provide an *"aggregate amount not to exceed Ten Million Dollars ($10,000,000)",* in equity to UES to improve its capital structure and leverage statistics. Audit confirmed the journal entries made for the approved equity contribution from Unitil Corporation to Unitil Energy, with a $5M pushdown entry recorded in May 2020 and a $2.75M pushdown entry recorded in December 2020. Audit verified that the equity contribution entries cleared the intercompany account (#146) for Unitil Corporation.

Capital Stock Expense – Account #214 $(94,845)

The balance on account 214, Capital Stock Expense of $(94,845) was noted on the FERC Form 1, as well as on the filing schedule Rev-Req-5-1. The general ledger reflected the 2020 balances comprising the Capital Stock Expense as:

10-20-00-00-214-01-01 Capital Stock Expense 1926	$ (539)
10-20-00-00-214-01-02 Capital Stock Expense 1948	(2,390)
10-20-00-00-214-01-03 Capital Stock Expense 1950	(776)
10-20-00-00-214-01-04 Capital Stock Expense 1971	(8,568)
10-20-00-00-214-01-05 Capital Stock Expense 1973	(48,472)
10-20-00-00-214-01-06 Capital Stock Expense 1974	(3,107)
10-20-00-00-214-01-07 Capital Stock Expense 1975	(30,993)
Total Capital Stock Expense	**$ (94,845)**

Audit reviewed the general ledger for each of the capital stock expense accounts, noting that no activity was reported for the test-year 2020. The prior years' general ledger balances were also reviewed, verifying that the capital stock expense total of $ (94,845) had not changed since the 2015 test year audit, DE 16-384.

Retained Earnings $(44,220,302)

The total Retained Earnings of $(44,220,302) was reported on the FERC Form 1 and verified to the filing schedule Rev-Req-5-1. The following represents the general ledger balances for the Company's Retained Earnings, as verified to the FERC Form 1, Statement of Retained Earnings:

216	Retained Earnings Opening Balance	$ (42,949,034)
437	Dividends Declared – Preferred Stock	11,322
438	Dividends Declared – Common Stock	6,850,792
	Net Income per Income Statement of Annual Report	(8,133,382)
	Adjusted Retained Earnings at Year End Annual Report	**$ (44,220,302)**

The 2019 and 2020 general ledger reflected activity in the Retained Earnings as:

	2019	2020
Retained Earnings – Account 216	$ (41,545,274)	$ (42,949,034)
Net Income	$ (7,609,797)	$ (8,133,382)
Dividends Declared – Preferred Stock, Account 437	11,340	11,322
Dividends Declared – Common Stock, Account 438	6,194,697	6,850,792
	$ (42,949,034)	**$ (44,220,302)**

The Unitil Energy Board of Directors meeting minutes and copies of the dividend authorization letters to Computershare were reviewed by Audit. The preferred stock 6% and the common stock were both declared quarterly at $1.50 and $13.00 per share, respectively.

Audit reviewed the general ledger for account 10-20-00-00-238-01-00, Dividends Declared Preferred, as well as a copy of the 2020 full annual schedule report for the Company's dividend declarations, and re-calculated the quarterly dividend of $2,831. As of 12/31/20, there were 1,887 shares outstanding of preferred stock. The calculated dividend was verified to the general ledger for the 2020 year-end balance. Audit confirmed the $11,322 in total preferred dividends paid during the test year to the general ledger. Offsetting entries were recorded to expense account 10-20-00-08-00-437-02-00, Preferred Dividends 6%. No exceptions were noted.

The Company's common stock is owned solely by the Unitil Corporation. There were 131,746 outstanding shares of common stock, as of 12/31/2020. Audit reviewed the general ledger for account 10-20-00-00-238-02-00, Dividends Declared Common, as well as a copy of the 2020 full annual schedule report for the Company's dividend declarations, and re-calculated the quarterly dividend of $1,712,698. The calculated dividend was verified to the general ledger for the 2020 year-end balance. The $6,850,792 in total common dividends paid during the test year was verified to account 238-02-00. Offsetting entries were confirmed to expense account 10-20-08-00-438-00-00, Common Dividends. No exceptions were noted.

DEBT

Long-Term Debt – Account #221 $(106,500,000)

Audit verified the FERC Form 1 reported total of $(106,500,000), for the Company's long-term debt, to the filing schedule Rev-Req-5-1. The test year 2020 long-term debt balance decreased by $19,000,000 from the 2019 year-end balance. Audit reviewed the general ledger and noted that the following long-term liability accounts reported no activity and maintained a zero balance since at least the prior rate case (2015): account #222, Re-Acquired Bonds; account #223, Advances from Associated Companies; account #224, Other Long-Term Debt; account #225, Unamortized Premium on Long-Term Debt; and account #226, Unamortized Discount on Long-Term Debt-Debit. The following general ledger account balances represent the Company's long-term debt obligations for the test-year 2020:

10-20-00-00-221-08-00	1st Mortgage Bonds - 8.49% Series I	$ (1,200,000)
10-20-00-00-221-09-00	1st Mortgage Bonds - 6.96% Series J	(8,000,000)
10-20-00-00-221-10-00	1st Mortgage Bonds - 8.00% Series K	(7,500,000)
10-20-00-00-221-13-00	1st Mortgage Bonds - 8.49% Series L	(1,800,000)
10-20-00-00-221-11-00	1st Mortgage Bonds - 6.96% Series M	(8,000,000)
10-20-00-00-221-12-00	1st Mortgage Bonds - 8.00% Series N	(7,500,000)
10-20-00-00-221-14-00	1st Mortgage Bonds - 6.32% Series O	(15,000,000)
10-20-00-00-221-15-00	1st Mortgage Bonds - 5.24% Series P	-0-
10-20-00-00-221-16-00	1st Mortgage Bonds - 4.18% Series Q	(30,000,000)
10-20-00-00-221-17-00	1st Mortgage Bonds 20YR - 3.58% Series R	(27,500,000)
	Bonds Total a/o 12/31/20	**$ (106,500,000)**

1st Mortgage Bonds 8.49% Series I – Account 10-20-00-00-221-08-00

Docket DF 94-180, Order No. 21,360 dated 9/20/1994, authorized the Company *"to issue and sell $6,000,000 of First Mortgage Bonds, Series I, by private sales to an institutional investor(s) for a term not to exceed thirty years at an interest rate not to exceed 9%."* The proceeds from the selling of the bonds are to be used for *"paying off outstanding short-term debt, redeeming other bonds via sinking fund payments, and financing additions and betterments."* Audit reviewed a copy of the bond purchase agreement, as well as the Twelfth Supplemental Indenture to the purchase agreement, confirming the required sinking fund payments in the principal amount of $600,000. The Company explained the sinking fund payments in the following statement:

"[The] sinking fund payments are the scheduled payments, per the Bond/Note Purchase Agreements, that we follow to pay back the Bond/Note. Some Bonds/Notes have a balloon payment at maturity, and others begin sinking fund/principal payments 5+ years before maturity (evenly divided). Each subsidiary pays their own sinking fund payments."

The general ledger for account 221-08-00 was reviewed by Audit. As of December 31, 2020, Audit confirmed an outstanding balance of $(1,200,000) on the account and tied the balance to the FERC Form 1, as well as the filing schedule RevReq 5-4. The general ledger activity on the account reported an October 30th debit transaction for $600,000, which was verified to the September billing statement from US Bank for the principal due amount, as well as to the debt amortization schedule. The

2020 principal paid for the loan totaled $600,000, which was confirmed to the amortization schedule and the general ledger.

The bond purchase agreement reported the interest at a fixed rate of 8.49% which was verified to the US Bank billing statements. Audit recalculated the interest payments and confirmed their entries on the general ledger. The 2020 interest amount for the bond series I totaled $142,207 per the FERC Form 1 and the interest payment schedule provided by the Company. Interest amounts were billed semi-annually from US Bank and were debited to general ledger account 10-20-08-00-427-00-00, Interest on Long-Term Debt, with offsetting credits to account 10-20-00-00-237-01-00, Accrued Interest Funded Debt. Refer to the *Interest Expense* section of this report for other details regarding the interest on long-term debt.

1st Mortgage Bonds 6.96% Series J – Account 10-20-00-00-221-09-00

Docket DF 98-119, Order 22,988 dated 7/24/1998, authorized the Company *"to issue and sell First Mortgage Bonds"* up to $10,000,000 and for a thirty year term at a rate not to exceed 6.96%. The proceeds from the selling of the bonds were to be used for paying off outstanding short-term debt, redeeming other bonds via sinking fund payments, and financing additions and betterments. Refer to the *1st Mortgage Bonds 8.49% Series I – Account 10-20-00-00-221-08-00* section for details regarding the sinking fund payments.

A copy of the bond purchase agreement was reviewed by Audit, confirming the required sinking fund payments. The interest was reported at a fixed rate of 6.96% and was verified to the US Bank billing statements. Audit recalculated the interest payments and confirmed their entries on the general ledger. The 2020 interest amount for the bond series J totaled $603,200, per the FERC Form 1 and the interest payment schedule provided by the Company. Interest amounts were billed quarterly from US Bank and were debited to general ledger account 10-20-08-00-427-00-00, Interest on Long-Term Debt, with offsetting credits to account 10-20-00-00-237-01-00, Accrued Interest Funded Debt. Refer to the *Interest Expense* section of this report for other details regarding the interest on long-term debt.

Audit reviewed the general ledger for account 221-09-00. As of December 31, 2020, Audit confirmed an outstanding balance of $(8,000,000) on the account and tied the balance to the FERC Form 1, as well as the filing schedule RevReq 5-4. The general ledger activity on the account reported a September 11th debit transaction for $1,000,000, which was verified to the US Bank billing statement for the principal due amount, as well as to the debt amortization schedule. The 2020 principal paid for the loan totaled $1,000,000 and was confirmed to the amortization schedule, as well as the general ledger.

1st Mortgage Bonds 8.00% Series K – Account 10-20-00-00-221-10-00

Docket DE 01-151, Order No. 22,662 dated 3/23/2001, authorized the Company to issue and sell $7,500,000 of First Mortgage Bonds, Series K, by private sales to an institutional investor(s) for a term of thirty years and at an interest rate of 8%. Audit reviewed a copy of the bond purchase agreement as well as the Eleventh Supplemental Indenture to the purchase agreement. Section 1.02 of the Indenture stated that, beginning on May 1, 2022, the Company will pay to the Trustee the principal amount of $750,000, as required for the sinking fund. Audit verified the sinking fund payment, scheduled for 2022 and in the principal amount of $750,000, to the long-term debt amortization schedule provided by the

Company. Refer to the *1st Mortgage Bonds 8.49% Series I – Account 10-20-00-00-221-08-00* section for details regarding the sinking fund payments.

The bond purchase agreement reported the interest at a fixed rate of 8.00% which was verified to the US Bank billing statements. Audit recalculated the interest payments and confirmed their entries on the general ledger. The 2020 interest amount for the bond series K totaled $600,000 per the FERC Form 1 and the interest payment schedule provided by the Company. Interest amounts were billed quarterly from US Bank and were debited to general ledger account 10-20-08-00-427-00-00, Interest on Long-Term Debt, with offsetting credits to account 10-20-00-00-237-01-00, Accrued Interest Funded Debt. Refer to the *Interest Expense* section of this report for other details regarding the interest on long-term debt.

Audit reviewed the general ledger for account 221-10-00. As of December 31, 2020, Audit confirmed an outstanding balance of $(7,500,000) on the account and tied the balance to the FERC Form 1, as well as the filing schedule RevReq 5-4. There was no activity reported on the general ledger for the test-year 2020, which Audit verified to the billing statements from US Bank for the principal due amount, as well as to the debt amortization schedule.

1st Mortgage Bonds 8.49% Series L – Account 10-20-00-00-221-13-00

Docket DF 94-190, Order No. 21,361 dated 9/20/1994, authorized the Company to issue and sell $9,000,000 of First Mortgage Bonds, by private sales to an institutional investor(s) for a term of thirty years at an interest rate of 8.49%. Audit reviewed the general ledger for account 221-13-00. The general ledger activity on the account reported an October 15th debit transaction for $900,000, which was verified to the September billing statement from US Bank for the principal due amount, as well as to the debt amortization schedule. Audit reviewed a copy of the bond purchase agreement, as well as the Twelfth Supplemental Indenture to the purchase agreement, confirming the required sinking fund payments in the principal amount of $900,000. Refer to the *1st Mortgage Bonds 8.49% Series I – Account 10-20-00-00-221-08-00* section for details regarding the sinking fund payments.

As of December 31, 2020, Audit confirmed an outstanding balance of $(1,800,000) on the account and tied the balance to the FERC Form 1, as well as the filing schedule RevReq 5-4. The 2020 principal paid for the loan totaled $900,000 and was confirmed to the amortization schedule, as well as the general ledger.

The bond purchase agreement reported the interest at a fixed rate of 8.49% which was verified to the US Bank billing statements. Audit recalculated the interest payments and confirmed their entries on the general ledger. The 2020 interest amount for the bond series L totaled $213,311 per the FERC Form 1 and the interest payment schedule provided by the Company. Interest amounts were billed semi-annually from US Bank and were debited to general ledger account 10-20-08-00-427-00-00, Interest on Long-Term Debt, with offsetting credits to account 10-20-00-00-237-01-00, Accrued Interest Funded Debt. Refer to the *Interest Expense* section of this report for other details regarding the interest on long-term debt.

1st Mortgage Bonds 6.96% Series M – Account 10-20-00-00-221-11-00

Docket DF 98-118, Order No. 22,987 dated 7/24/1999, authorized the Company to issue and sell $10,000,000 of First Mortgage Bonds, by private sales to an institutional investor(s) for a thirty year term and at an interest rate of 6.96%. The proceeds from the selling of the bonds are to be used for paying off outstanding short-term debt, redeeming other bonds via sinking fund payments, and financing additions and betterments. Audit reviewed a copy of the bond purchase agreement, as well as the Twelfth Supplemental Indenture to the purchase agreement, confirming the required sinking fund payments in the principal amount of $1,000,000. Refer to the *1st Mortgage Bonds 8.49% Series I – Account 10-20-00-00-221-08-00* section for details regarding the sinking fund payments.

The general ledger for account 221-11-00 was reviewed by Audit. As of December 31, 2020, Audit confirmed an outstanding balance of $(8,000,000) on the account and tied the balance to the FERC Form 1, as well as the filing schedule RevReq 5-4. The general ledger activity on the account reported a September 11th debit transaction for $1,000,000, which was verified to the billing statement from US Bank for the principal due amount, as well as to the debt amortization schedule. The 2020 principal paid for the loan totaled $1,000,000 and was confirmed to the amortization schedule, as well as the general ledger.

The bond purchase agreement reported the interest at a fixed rate of 6.96% and was verified to the US Bank billing statements. Audit recalculated the interest payments and confirmed their entries on the general ledger. The 2020 interest amount for the bond series M totaled $603,200 per the FERC Form 1 and the interest payment schedule provided by the Company. Interest amounts were billed quarterly from US Bank and were debited to general ledger account 10-20-08-00-427-00-00, Interest on Long-Term Debt, with offsetting credits to account 10-20-00-00-237-01-00, Accrued Interest Funded Debt. Refer to the *Interest Expense* section of this report for other details regarding the interest on long-term debt.

1st Mortgage Bonds 8.00% Series N – Account 10-20-00-00-221-12-00

Docket DE 01-052, Order No. 22,663 dated 3/23/2001, authorized the Company *"to issue and sell $7,500,000 of First Mortgage Bonds, by private sales to an institutional investor(s) for a term of thirty years at an interest rate of 8.00%."* Audit reviewed a copy of the bond purchase agreement as well as the Twelfth Supplemental Indenture to the purchase agreement. Section 1.02 of the Indenture stated that, beginning on May 1, 2022, the Company will pay to the Trustee the principal amount of $750,000, as required for the sinking fund. Audit verified the sinking fund payment, scheduled for 2022 and in the principal amount of $750,000, to the long-term debt amortization schedule provided by the Company. Refer to the *1st Mortgage Bonds 8.49% Series I – Account 10-20-00-00-221-08-00* section for details regarding the sinking fund payments.

The bond purchase agreement reported the interest at a fixed rate of 8.00% which was verified to the US Bank billing statements. Audit recalculated the interest payments and confirmed their entries on the general ledger. The 2020 interest amount for the bond series N totaled $600,000 per the FERC Form 1 and the interest payment schedule provided by the Company. Interest amounts were billed quarterly from US Bank and were debited to general ledger account 10-20-08-00-427-00-00, Interest on Long-Term Debt, with offsetting credits to account 10-20-00-00-237-01-00, Accrued Interest Funded Debt. Refer to the *Interest Expense* section of this report for other details regarding the interest on long-term debt.

Audit reviewed the general ledger for account 221-12-00. As of December 31, 2020, Audit confirmed an outstanding balance of $(7,500,000) on the account and tied the balance to the FERC Form 1, as well as the filing schedule RevReq 5-4. There was no activity reported on the general ledger for the test-year 2020, which Audit verified to the billing statements from US Bank for the principal due amount.

1st Mortgage Bonds 6.32% Series O – Account 10-20-00-00-221-14-00

Docket DE 06-103, Order No. 24,658 dated 9/25/2006, authorized the Company to issue and sell up to $15,000,000 of First Mortgage Bonds, Series O, by private sales to an institutional investor(s) for a term of thirty years and at an interest rate of 6.32%. Audit reviewed a copy of the bond purchase agreement, as well as the Thirteenth Supplemental Indenture to the purchase agreement. Section 1.02 of the Indenture stated that, beginning on September 15, 2032, the Company will pay to the Trustee the principal amount of $3,000,000, as required for the sinking fund. Audit verified the sinking fund payment, scheduled for 2032 and in the principal amount of $3,000,000, to the long-term debt amortization schedule provided by the Company. Refer to the *1st Mortgage Bonds 8.49% Series I – Account 10-20-00-00-221-08-00* section for details regarding the sinking fund payments.

The bond purchase agreement reported the interest at a fixed rate of 6.32% which was verified to the US Bank billing statements. Audit recalculated the interest payments and confirmed their entries on the general ledger. The 2020 interest amount for the bond series O totaled $948,000 per the FERC Form 1 and the interest payment schedule provided by the Company. Interest amounts were billed semi-annually from US Bank and were debited to general ledger account 10-20-08-00-427-00-00, Interest on Long-Term Debt, with offsetting credits to account 10-20-00-00-237-01-00, Accrued Interest Funded Debt. Refer to the *Interest Expense* section of this report for other details regarding the interest on long-term debt.

Audit reviewed the general ledger for account 221-14-00. As of December 31, 2020, Audit confirmed an outstanding balance of $(15,000,000) on the account and tied the balance to the FERC Form 1, as well as the filing schedule RevReq 5-4. There was no activity reported on the general ledger for the test-year 2020, which Audit verified to the billing statements from US Bank for the principal due amount.

1st Mortgage Bonds 5.24% Series P – Account 10-20-00-00-221-15-00

DE 09-236, Order No. 25,069 dated 1/22/2010, authorized the Company *"to issue first mortgage bonds evidencing secured long-term debt in an aggregate amount of up to $15,000,000,"* due on March 2, 2020 (10 years) and at a rate of 5.24%. Audit confirmed the terms of the mortgage bonds issuance to a copy of the bond purchase agreement. No exceptions were noted.

The general ledger for account 221-15-00 was reviewed by Audit. As of December 31, 2020, Audit confirmed an outstanding balance of $0 on the account and tied the zero balance to the FERC Form 1. Audit confirmed that the maturity date of 3/2/2020 for the series P debt service to the FERC Form 1 and the bond purchase agreement. The general ledger activity on the account reported a March

11th debit transaction for $5,000,000, which was verified to both the billing statement from US Bank for the principal due amount, as well as to the debt amortization schedule. The Company explained that two other sinking fund payments, each in the amount of $5,000,000, were made in March 2018 and March 2019. Audit verified the final sinking fund payment, in the principal amount of $5,000,000, to the general ledger and a copy of the payment request invoice ordered from US Bank. Refer to the *1st Mortgage Bonds 8.49% Series I – Account 10-20-00-00-221-08-00* section for details regarding the sinking fund payments.

The bond purchase agreement reported the interest at a fixed rate of 5.24% and was verified to the US Bank billing statement. Audit recalculated the interest payments and confirmed their entries on the general ledger. The 2020 accrued interest for the bond series P totaled $43,667 per the interest payment schedule provided by the Company and the FERC Form 1. Interest amounts were billed semi-annually from US Bank and were debited to general ledger account 10-20-08-00-427-00-00, Interest on Long-Term Debt, with offsetting credits to account 10-20-00-00-237-01-00, Accrued Interest Funded Debt. Refer to the *Interest Expense* section of this report for other details regarding the interest on long-term debt.

1st Mortgage Bonds 4.18% Series Q – Account 10-20-00-00-221-16-00

Docket DE 18-109, Order No. 26,175 dated 9/25/2018, authorized the Company to issue to institutional investor(s) first mortgage bonds in an aggregate amount not to exceed $30,000,000 (Bonds), with a maturity of up to 30 years and a fixed interest rate of 4.18%. Audit reviewed a copy of the bond purchase agreement, noting that section 1.02 of the agreement stated that, the unpaid principal balance of the 30,000,000 bonds shall be due on November 30, 2048. Audit verified a one-time balloon payment, scheduled for 2048 and in the principal amount of $30,000,000, to the long-term debt amortization schedule provided by the Company.

The bond purchase agreement reported the interest at a fixed rate of 4.18% and was verified to the US Bank billing statements. Audit recalculated the interest payments and confirmed their entries on the general ledger. The 2020 interest amount for the bond series Q totaled $1,254,000 per the FERC Form 1 and the interest payment schedule provided by the Company. Interest amounts were billed semi-annually from US Bank and were debited to general ledger account 10-20-08-00-427-00-00, Interest on Long-Term Debt, with offsetting credits to account 10-20-00-00-237-01-00, Accrued Interest Funded Debt. Refer to the *Interest Expense* section of this report for other details regarding the interest on long-term debt.

Audit reviewed the general ledger for account 221-16-00. As of December 31, 2020, Audit confirmed an outstanding balance of $(30,000,000) on the account and tied the balance to the FERC Form 1, as well as the filing schedule RevReq 5-4. There was no activity reported on the general ledger for the test-year 2020, which Audit verified to the billing statements from US Bank for the principal due amount.

1st Mortgage Bonds 3.58% Series R – Account 10-20-00-00-221-17-00

Docket DE 20-076, Order No. 26,391 dated 8/6/2020, authorized the Company *"to borrow up to $35 million, and to issue corresponding long-term debt in the form of first mortgage bonds"* at an interest rate not to exceed 5.25%. Audit verified that the bond purchase agreement reported the interest at a rate of 3.58%.

Audit reviewed the general ledger for account 221-17-00. There was a beginning-year balance on the account of $0. A September 30th credit to the account in the amount of $(27,500,000) was recorded for the receipt of the new debt issuance. As of December 31, 2020, Audit confirmed an outstanding balance of $(27,500,000) on the account and tied the balance to the FERC Form 1, as well as schedule RevReq 5-4 of the filing.

The 2020 accrued interest amount for the bond series R totaled $287,146 per the FERC Form 1 and the interest payment schedule provided by the Company. Interest began accruing in September 2020 with the receipt of the new debt issuance for Series R bonds. Accrued interest amounts were debited to general ledger account 10-20-08-00-427-00-00, Interest on Long-Term Debt, with offsetting credits to account 10-20-00-00-237-01-00, Accrued Interest Funded Debt. There was no interest paid during the test-year, as the new debt was issued at the close of Q3. The Company explained that interest payments for the series R bonds are paid semi-annually, on 3/15 and 9/15. Refer to the *Interest Expense* section of this report for other details regarding the interest on long-term debt.

Current and Accrued Liabilities $(43,209,479)

Audit tied the general ledger balances for the current and accrued liability accounts, to the FERC Form 1, as well as to schedule 2A of the filing. The following represents the total Current and Accrued Liabilities:

232	Accounts Payable (See *Operations and Maintenance* section)	$ (18,174,447)
233	Notes Payable to Associated Companies	$ (8,176,368)
234	Accounts Payable to Associated Companies	$ (10,603,841)
235	Customer Deposits (See *Revenues* section)	$ (371,830)
236	Taxes Accrued (see *Tax* section)	$ (113,873)
237	Interest Accrued	$ (1,019,683)
238	Dividends Declared	$ (1,715,529)
241	Tax Collections Payable (see *Payroll* section)	$ (16,638)
242	Miscellaneous Current and Accrued Liabilities	$ (3,017,271)
	Total Current and Accrued Liabilities	**$ (43,209,479)**

Accounts Payable – Account #232 $(18,174,447)

The Accounts Payable 2020 general ledger reported a year-end balance of $(18,174,447). The figure has decreased from the 2019 year-end balance of ($19,800,943). There were 88 accounts included in the Accounts Payable (A/P) aggregate balance of $(18,174,447), and 24 of the 88 A/P accounts maintained a zero year-end balance. Audit noted that, of the 24 A/P accounts with a zero year-end balance, account 10-20-00-00-232-03-23, Retiree Health Insurance Contributions was the only account that reported activity, in the amount of $10,876, on the general ledger for the test-year. Refer to the *Operations and Maintenance* section of this report for testing of expense accounts.

Accounts Payable Aging

The aged accounts payable listing totaled $(875,835), as of December 31, 2020. Audit verified the $(875,835) total to general ledger account 10-20-00-00-232-01-00, Accounts Payable Vouchers. A listing of vendors, along the corresponding invoices received by the Company, were reported on the aging report if the invoices were not paid as of 12/31/2020. The Company confirmed that: *"The AP manager reviews the AP aging on a periodic basis to void and reissue checks and review credit balances as necessary. Additionally, the Manager, General Accounting reviews the AP aging on a quarterly basis for items that are over 90 days."* Audit verified that all payables listed on the aged accounts payable report were due within 30 days.

There was one payable totaling $18,250 that was listed in the "Over Period" bucket. The payable was from Alliance Power with an invoice date of 12/12/2019. The Company explained that, *"The $18,250 represents a retainer for future storm work with Alliance Power that was setup in 2015[.] In 2019, the accounting dept. was instructed to apply this retainer to the next Alliance Power invoice. However, UES has not contracted any services with Alliance Power since this change to apply this balance to, thus we continue to have the outstanding balance in AP for Alliance."* Audit reviewed the original retainer fee invoice from Alliance Power, as well as the retainer credit to AP for $(18,250), setup in December 2019, to be applied to the next Alliance Power invoice(s). No exceptions were noted.

Notes Payable to Associated Companies – Account 10-20-00-00-233-00-00 $(8,176,368)

The Company's short-term debt outstanding for the test year 2020 totaled $(8,176,368), and was verified to account 10-20-00-00-233-00-00, Notes Payable Cash Pool. The total represented a net decrease in short-term debt of $4,888,665 from the previous year-end balance. The short-term debt balance calculated to 2.97% of the net fixed plant and was in compliance with PUC 608.05, in that it does not exceed 10% of the utility's net fixed plant of $275,398,171, as of December 31, 2020. Audit verified the short term debt to line 39 of the FERC Form 1, Notes Payable to Associated Companies (233), as well as to schedule 2A of the filling.

Audit requested the test-year 2020 Account Summary report for the general ledger account #233, Notes Payable Cash Pool. The monthly outstanding short-term debt balances on the Account Summary report tied to the monthly short-term debt outstanding reported within PUC 1604.01(a)(24) of the filing.

The Company's short-term borrowings are provided through a cash pooling and loan agreement between Unitil Corporation and its subsidiaries, as the Company stated that, *"UES supplements internally generated funds through short-term borrowings under the Unitil Corp Cash Pool*." Audit reviewed the Unitil Corporation Cash Pooling and Loan Agreement ("Cash Pool") within section 5a of the 2020 Unitil Cost Allocation Manual, verifying the following:

"Unitil Corporation affiliates also participate in a Cash Pooling and Loan Agreement ("Cash Pool") Agreement, which is administered by Unitil Service Corp[…]The Cash Pool is a mechanism which allows each Unitil company to manage its cash balances and thereby optimize interest income, interest expense, and short-term funding needs. Each company maintains a balance in the Cash Pool with receipts and disbursements tracked on a daily basis. As a party to the Cash Pool Agreement, participating affiliates are allowed to request advances from and contribute surplus funds to Unitil's Cash Pool."

The allocation guidelines among Unitil Corporation's participating affiliates, for the Cash Pool commitment and service fees, as well as the charge for Cash Pool interest, was also explained in the Cash Pooling and Loan Agreement. Audit understands that the Cash Pool commitment and service fees are allocated in proportion to each affiliate's aggregate principal amount of advances from the Cash Pool and that, *"Cash Pool interest is charged to each affiliate based on the unpaid principal amount of the Advance from the Cash Pool, from the date of the Advance until it is paid in full."*

The general ledger for account 10-20-00-00-233-00-00, Note Payable – Cash Pool was reviewed by Audit. Quarterly credit entries on the account were identified for UES' allocation of commitment fees. The Company stated that, *"In January of each year, Unitil trues-up the previous year's commitment fees to use the final allocation percentage for that year."* Audit confirmed the offset of the January true-up journal entry for the commitment fees to account 10-20-08-00-921-01-08, Bank Fees and Commitment Fees. Other entries on the account were for the accrued monthly interest expense, representing UES' allocation of the monthly interest and offset to account 10-20-08-00-431-02-00, Interest Expense – Cash Pool. Refer to the ***Interest Expense*** section of this report for details regarding the cash pool interest expense.

Audit also identified entries on the account for the UES' allocation of monthly service fees. Audit confirmed that the monthly service fees were offset to account 10-20-08-00-921-01-08, Bank Fees and Commitment Fees. Refer to the *Operations and Maintenance* section of this report for testing of the expense accounts.

The Company provided a report containing the interest expense accrued by cash pool affiliates and a report for the disbursements and other adjustments of Unitil Corporation and subsidiaries, as supporting documentation for the Unitil Corporation Cash Pooling and Loan Agreement's guidelines for interest charges and the commitment and services fees. Audit tied the journal entry samples for the interest expense and the commitment and service fees, to the accrued interest expense report, as well as the disbursements and other adjustments report. No exceptions were noted.

A 5/31/20 credit entry in the amount of $(10,713,981.63) was reviewed by Audit. The Company explained that, *"The Transfer to the general funds (GF) account of $10,713,981.63 is the amount that was transferred to UES' GF account to make payments to vendors (primarily energy supply)."* Audit reviewed the detailed journal entry, as well as the May 2020 report for the disbursements and other adjustments, verifying the internal bank transfers of $10,713,981.63 to the general funds cash account 10-20-00-00-131-10-00.

There was a $(494,855) credit entry recorded on 11/20/20 for the payment posting for accounts payable. The Company explained that, *"The payment of $494,854.85 to Unitil Service Corp (USC) was to settle any intercompany activity, including journal entry activity between subsidiaries and for convenience payments made by USC on behalf of UES. Convenience payments are when a vendor is to receive payments from multiple subsidiaries, instead of sending payment from each sub, USC will make one payment on behalf of all the subs; an example would be liability insurance that is charged to all subsidiaries, USC makes a payment to the insurance company for all amounts owed by the subs, and then the subs reimburse USC as part of this payment."* The Company provided the November reconciliation report for the Notes Payable Cash Pool account (#233) and Audit confirmed the $(494,855) credit entry to copies of the intercompany settlements report and corresponding invoice. No exceptions were noted.

Audit noted monthly debits on the account described as the *"sweeps from receiving account to parent."* The Company explained that, *"The Sweeps from receiving account are from UES' remittance account where we receive payments from customers. These dollars are 'swept' to the cash pool account to reduce the amount outstanding."* Audit reviewed a 5/31/20 debit entry totaling $13,161,000 for the sweep from the receiving account and verified the offsetting entry to the cash remittance account #131.

Credit Agreement - Revolver

The following general ledger accounts comprise the total outstanding prepaid revolver:

10-20-00-00-165-14-00	Prepaid Revolver	$ 26,940
10-20-00-00-186-00-14	Long-Term Portion – Prepaid Revolver	3,837
	Total Prepaid Revolver	$ 30,777

The Audit report for the 2015 rate case, docket DE 16-384, reported that the Company described the credit agreement in the following statement: *"Prepayment and deferred charges are associated with costs to set up the Company's Restated Credit Agreement, which is being amortized over the life of the agreement."* Audit reviewed the Credit Agreement, executed on July 24, 2015, and understands that it is an Amendment to the Amended and Restated Credit Agreement originally dated October 4, 2013. Audit inquired if there had been any further amendments executed since 2015. The Company responded by stating that, "W*e are currently operating under the Second Amended and Restated Credit Agreement dated July 25, 2018. All fees associated with these transactions will be tracked by the amortization schedules maintained by Accounting."* Audit reviewed the Second Amended and Restated Credit Agreement dated July 25, 2018, which included terms of a $120M revolving facility along with a $25M sublimit and where Letters of Credit will be issued by Bank of America. The Company also provided the Credit Revolver Amortization schedule. Audit confirmed the 2018 credit fees are being amortized over five years, beginning in August 2018, and also noted the current portion adjustment to account for the new 2018 fees.

Audit reviewed the general ledger for account 10-20-00-00-165-14-00, Prepaid Revolver, noting that the account represents the current portion of the prepaid revolver, with an outstanding balance totaling $26,940, as of 12/31/20. There was no activity recorded for the 2020 test-year and Audit confirmed that the balance has remained on the account since 2018. In relation to the Amended and

Restated Credit Agreement dated October 4, 2013 and executed on July 24, 2015, as well as the Second Amended and Restated Credit Agreement dated July 25, 2018, the Company explained that the account *"should have been reduced to $11,914 at 12/31/20 due to the ending of the 2013 credit fees amortization and the continuation of the 2018 credit fees amortization (this was updated in 2021)."* A copy of the Credit Revolver Amortization Schedule was reviewed by Audit. The $11,914 was verified as the 2018 monthly credit fees amortization, confirming the overstatement by $15,026 for the reported balance on account 10-20-00-00-165-14-00, Prepaid Revolver. **Audit Issue #6**

Amortization of Revolving Credit Line Fees

The general ledger for account 10-20-00-00-186-00-14, Long-Term Portion – Prepaid Revolver, was reviewed. Audit understands that the account represents the non-current portion of the prepaid revolver, with an outstanding balance totaling $3,837, as of 12/31/20. There were twelve monthly credit entries recorded on the account for the amortization of revolving credit line fees. The January through October journal entries for the credit fees amortization were in the amount of $2,245. Audit noted that the November and December journal entries for the credit fees amortization were in the amount of $993. The Company explained the two months' recording of $993 amortization as the 2018 credit fees amortization. Refer to the explanation of the 2013/2018 credit fees amortization as discussed in the previous section for account *10-20-00-00-165-14-00, Prepaid Revolver*.

Audit confirmed the journal entries to the Credit Revolver Amortization Schedule, provided by the Company. Offsetting debit entries were verified to account 10-20-08-00-921-01-08, Bank Fees and Commitment Fees. Refer to the *Operations and Maintenance* portion of the report for the testing of expense accounts.

Accounts Payable to Associated Companies – Account 234 $(10,603,841)

The test-year 2020 general ledger for account 234 reported a year-end balance of $(10,603,841), which tied to the FERC Form 1 and to schedule 2A of the filing. The figure has increased from the 2019 year-end balance of ($9,541,173).

A total of 18 accounts were included in the Accounts Payable to Associated Companies aggregate balance of $(10,603,841). Of the 18 accounts, there were 14 accounts that maintained a zero year-end balance. Additionally, Audit noted that of the 14 accounts that maintained a zero year-end balance, account 10-20-00-00-234-00-00, A/P Associated Companies – Vouchers was the only account that reported activity on the general ledger for the test-year. Audit confirmed that the crediting voucher transactions and reversals on the account were for payment of the service bill (to USC), intercompany settlements (to USC), dividend payments (to Corp), and tax settlements (to Corp). Audit verified the zero balance on the account, as of 12/31/20. No exceptions were noted.

Included in the Accounts Payable to Associated Companies balance of $(10,603,841), there were four accounts that reported activity during the 2020 test-year and maintained balances as of 12/31/2020. The following represents the 2020 year-end general ledger balances comprising the aggregate amount for account 234:

10-20-00-00-234-01-02	A/P Associated Companies – Flexi Only USC	$	(1,123,996)
10-20-00-00-234-01-05	A/P Associated Companies – Service Bill		(1,430,116)
10-20-00-00-234-01-12	A/P Associated Companies – USC		(9,263)
10-20-00-00-234-01-15	A/P Associated Companies – UC		(8,040,467)
	234 Total A/P to Associated Companies	**$**	**(10,603,841)**

A/P Associated Companies-Flexi Only USC – #10-20-00-00-234-01-02 $(1,123,996)

The general ledger for the account was reviewed by Audit. Daily credit transactions were booked to settle any intercompany activity through Unitil Service Corp. The Company further explained the transactions in the following statement:

"The activity in this account includes journal entry activity between subsidiaries, convenience payments made by USC on behalf of UES, and payments to USC to settle the intercompany activity on a periodic basis."

Audit noted the offsetting entries for sampled transactions posted to account #232 Accounts Payable, account #588 Miscellaneous Expenses, and account #926 Employee Pensions and Benefits. Refer to the *Operations and Maintenance* section of this report for testing of the expense accounts.

A/P Associated Companies-Service Bill – #10-20-00-00-234-01-05 $(1,430,116)

Audit reviewed the transactions on the account. Monthly credits were booked for service billing and the entries were reversed the following month.

A credit entry recorded on 12/31/20, in the amount of $(1,430,116), was reviewed by Audit and tied to the year-end balance on the account, noting that the reversing entry would post in January 2021. The Company provided a copy of the service invoice for the $1,430,116 December credit entry. The total amount of the invoice was separated by the detail of charges for the following categories: Corporate and Administration; Customer Services; Energy Services; Engineering and Operations; Regulatory, Finance, and Accounting; and Technology. The invoice detail also included the hours billed for each category and corresponding amount, as well as the labor and overhead charges comprising the amounts charged per category. There was also a direct charge of $26,426 included in the total invoice. The direct charge was for data management hardware leases and maintenance costs, plus expense reports. Audit confirmed the expense account numbers charged for their appropriate portion of the total bill amount. Refer to the *Operations and Maintenance* section of this report for testing of the expense accounts.

A/P Associated Companies-USC – #10-20-00-00-234-01-12 $(9,263)

The general ledger for the account was reviewed by Audit. Transactions for the "USC Under-Collection" were recorded at month end and reversed on the first day of the following month. A credit entry recorded on 12/31/20, in the amount of $(9,263) was reviewed by Audit and tied to the year-end balance on the account. Audit confirmed the posting of the January 2021 auto-reversing entry, to a copy of the detailed journal entry provided by the Company. No exceptions were noted.

A/P Associated Companies-UC – 10-20-00-00-234-01-15 $(8,040,467)

Audit reviewed the general ledger for the A/P Associated Companies-UC account, noting only four entries recorded during the 2020 test-year. Two of the entries were for a miscellaneous tax adjustment and its reversal. The Company confirmed that the entry, *"...was to record a tax adjustment related to the reconciliation of deferred tax accounts associated with the book and tax basis of utility plant fixed assets for $147,843 and for prior year state taxes of $116,400. As Unitil files a single tax return through Unitil Corp, the tax activity flows up to Unitil Corp through this account."* Audit reviewed the Unitil Cost Allocation Manual (CAM), confirming that page 14 of the CAM specifies that Unitil Corporation provides intercompany services for a tax sharing agreement with its affiliates.

The remaining two entries on the account were true-up entries for the deferred taxes. Audit reviewed the reconciliation reports for the deferred tax accounts and verified the true-up entries on the account. Refer to the *Taxes* section of the report for details regarding the deferred taxes.

Customer Deposits – Account #235 $(371,830)

Audit tied Account 235, Customer Deposits to the FERC Form 1 and to schedule 2A of the filing. There were three accounts comprising the aggregated total of $(371,830) for the Customer Deposits, account 235. Audit reviewed the general ledger for all three accounts, noting that Account 10-20-00-00-235-01-01, Customer Deposits PP and account 10-20-00-00-235-02-00, Customer Billed Deposits, each reported a zero balance as of 12/31/2020. Audit verified that there was no activity on either of the accounts since 2017. Account 10-20-00-00-235-01-00, Customer Deposits, reported a beginning balance of $(593,573) and a year-end balance of $(371-830) for the 2020 test-year.

Refer to the *Revenues, Customer Deposits* section of this report for details regarding the activity within the account. Refer to the *Other Interest Expense* and *Revenues* sections of this report for details regarding the calculation of the interest on customer deposits, as well as the total amount of interest on customer deposits paid during the test-year 2020.

Taxes Accrued – Account #236 $(113,873)

Schedule 2A of the filing reflects an aggregate amount of $(113,873) for the accrued taxes accounts, #236. The total amount was verified to the FERC Form 1, as well as to eight general ledger accounts, including Federal Income Tax, State BPT and State Tax, NH Consumption Tax, FICA taxes, and Federal and State Unemployment Taxes. Refer to the *Tax* portion of this report for additional detail regarding activity within the Taxes Accrued account.

Interest Accrued – Account #237 $(1,019,683)

The test-year 2020 general ledger for account 237 reported a year-end balance of $(1,019,683), which tied to the FERC Form 1 and to schedule 2A of the filing. The figure has increased by 15 percent from the 2019 year-end balance of ($887,326).

A total of four general ledger accounts comprised the total Interest Accrued (#237) for the 2020 test-year. Of the four accounts for the Interest Accrued, account 10-20-00-00-237-02-00, Accrued

Interest Customer Deposits, and account 10-20-00-00-237-02-01, Accrued Interest – Customer Deposits – PP, both reported a zero balance, as of 12/31/2020. Audit reviewed the general ledger and verified that there was no activity on either of the accounts since at least 2017.

The remaining two general ledger accounts included in the Interest Accrued balance of $(1,019,683) are depicted by the following:

10-20-00-00-237-00-00	Interest Accrued	$	(5,675)
10-20-00-00-237-01-00	Accrued Interest Funded Debt		(1,014,008)
	Account 237 Total Interest Accrued	**$**	**(1,019,683)**

The Company confirmed that Account 10-20-00-00-237-00-00, Interest Accrued *"…clears out each month as we only post the cash pool accrued interest expense to this account."* Audit reviewed the general ledger, noting twelve end-of-the-month credit entries for the monthly accrued cash pool interest, with the reversing entry recorded on the 1st of the following month. Offsetting entries for the accrued cash pool interest were verified by Audit to account 10-20-08-00-431-02-00, Interest Expense – Cash Pool. The Company provided schedules detailing the monthly interest expense for the cash pool, as well as the algorithm used for the calculation. Audit verified the calculated monthly accrued cash pool interest to the journal entries on the general ledger. Refer to the *Interest Expense* section of this report for other details regarding the accrued interest expense.

There was a 1/1/2020 debit reversal entry in the amount of $34,998 on the account. Audit requested and reviewed the detailed journal entry for the 12/31/2019 accrued cash pool interest credit amount of $(34,998).

The 12/31/2020 balance on the account of $(5,675) was for the December accrued cash pool interest credit amount of $(5,675). Audit verified the journal entry for the reversing debit of $5,675, which posted on 1/1/2021. No exceptions were noted.

The general ledger for account 10-20-00-00-237-01-00, Accrued Interest Funded Debt, was reviewed by Audit. There were twelve monthly credits on the account to record the accrued interest on the funded debt, with offsetting entries verified to account 10-20-08-00-427-00-00, Interest on Long-Term Debt. Audit confirmed the entries to the schedule detailing the accrued interest on long-term debt for each of the series bonds. Refer to the *Debt* section of this report for details regarding the interest rate and total interest for the test-year 2020, per individual debt obligation.

Debits on the account were described as vouchers to US Bank and were for the interest payments due. Audit verified the debit entries to the schedule detailing the interest on long-term debt, which depicted both the monthly accrued interest and the interest paid. Copies of invoices from US Bank were also reviewed for the interest due and confirmed to the journal entries on the account. Refer to the *Interest Expense* section for further details regarding the interest due.

Dividends Declared – Account #238 $(1,715,529)

Audit tied Account 238, Dividends Declared, to the FERC Form 1 and to schedule 2A of the filing. The following represents the 2020 year-end general ledger balances comprising the amount for account 238:

238-01-00	Dividends Declared Preferred	$	(2,831)
238-02-00	Dividends Declared Common		(1,712,698)
	238 Total Dividends Declared	**$**	**(1,715,529)**

The general ledger for accounts 10-20-00-00-238-01-00, Dividends Declared Preferred, and 10-20-00-00-238-02-00, Dividends Declared Common, were reviewed by Audit. The preferred and common dividends declared account balances were tied to entries made on accounts 10-20-08-00-437-02-00, Preferred Dividends 6% and 10-20-08-00-438-00-00, Common Dividends, respectively. Refer to the ***Retained Earnings*** section of the report for details regarding dividends declared.

Tax Collections Payable – Account #241 $(16,638)

Schedule 2A of the filing reported the 2020 Tax Collections Payable balance of $(16,638). Audit verified the total to the FERC Form 1 and also to general ledger accounts #241 for the employee state, federal, and FICA withholding taxes. There were four accounts that comprised the Tax Collections Payable total balance. The 241 account balance was due to year-end accruals of payroll taxes.

Miscellaneous Current and Accrued Liabilities – Account #242 $(3,017,270)

The filing schedule 2A reflected a total of $(3,017,270) for the Other Accrued Liabilities. The figure is verified to the FERC Form 1 and noted as Miscellaneous Current and Accrued Liabilities. The following general ledger accounts are included in the year-end total for the Miscellaneous Current and Accrued Liabilities:

10-20-00-00-242-00-00	Miscellaneous Accrued Liabilities	$ (29,149)
10-20-00-00-242-03-20	Accrued Health Ins – Non-Union (see *Payroll* section)	(65,700)
10-20-00-00-242-03-25	Accrued Dental Insurance (see *Payroll* section)	(11,200)
10-20-00-00-242-05-11	Accrued Legal Miscellaneous – Flow Thru or BS	(4,929)
10-20-00-00-242-06-00	FAS 158 Adj Serp Current (see *Payroll* and *Expense* sections)	(222,581)
10-20-00-00-242-08-00	Accrued Audit Fees (see *Operations and Main*. section)	(18,025)
10-20-00-00-242-26-00	Accrued Incentive Compensation (see *Payroll* section)	(104,079)
10-20-00-00-242-30-00	Accrued Vacation (see *Payroll* section)	(146,491)
10-20-00-00-242-31-10	Insurance Claims – UES	(7,200)
10-20-00-00-242-32-00	A/P Accrual (see *Operations and Maint*. section)	(85,400)
10-20-00-00-242-32-10	A/P Accrual – BS (see *Operations and Maint*. section)	(262,000)
10-20-00-00-242-33-00	Unearned Revenue – Miscellaneous (see *Revenue* section)	(161,510)
10-20-00-00-242-34-00	Accrued Postage (see *Operations and Maint*. section)	(38,000)
10-20-00-00-242-90-00	Regulatory Liabilities Current (see *Revenue* section)	(1,861,007)
		$ (3,017,271)

There were an additional 45 accounts included within the total amount for the Miscellaneous Current and Accrued Liabilities, account #242. Each of the 45 accounts reported a zero balance, as of 12/31/2020. Audit reviewed the test-year activity within all of the 45 accounts, confirming that there was no activity within 42 of the 45 accounts. The following three accounts had reported activity during the test year: account 10-20-00-00-242-01-05, Accrued Legal Fees – Corporate; account 10-20-00-00-242-01-06, Accrued Legal Fees – Regulatory; and account 10-20-00-00-242-04-08, Accrued Legal – Claims and Litigation. Audit reviewed the activity within each of the three accounts, noting monthly credit entries that were offset to accounts 10-20-08-00-923-00-01 Outside Services Legal – Corporate, 10-20-01-00-928-03-00 REG COMM Expense – Legal, and 10-20-15-00-923-00-00 Outside Services – Legal Claims and Litigations, respectively. Entries were for the legal accruals of $394 per month for corporate legal fees and 1,667 per month for both the regulatory legal fees and the claims and litigation legal fees.

The Company confirmed that the accruals on the accounts were for expenses pertaining to outside legal services for any claims or litigation against the company, for regulatory related activities not handled by the Company's internal counsel and not otherwise recoverable through a Regulatory proceeding, or for general corporate matters. The Company also stated that accruals on the accounts are reviewed each quarter. Audit verified that there was limited activity on each of the three accounts, where transactions totaled less than $30K/per account for the test-year, and that accruals were reversed quarterly.

Miscellaneous Accrued Liabilities – Account #10-20-00-00-242-00-00 $(29,149)

Audit reviewed transactions on the account, noting that accrual entries were made for CIGNA premiums, vision service plan (VSP) premiums, and Lincoln Financial premiums. The Company explained that, *"Lincoln Financial replaced CIGNA in 2020 to cover employee life, long-term disability, and ADD insurances…and additionally, the CIGNA and VSP accruals are in a different account than the health insurance accrual as the expenses are tracked in separate accounts. The CIGNA premiums are for employee life, long-term disability, and ADD insurances. The VSP premiums are for vision premiums."* Audit verified that the offsetting entries for the CIGNA, VSP, and Lincoln Financial premiums were made to account #926, Employee Pensions and Benefits.

A credit entry made on 11/30/20 and totaling $(13,385) was reviewed by Audit for the accrual of an EAP invoice. The Company further described that the entry was *"to accrue for the payment to the Community Action Program – Belknap-Merrimack counties for the Electric Assistance Program so that the payment would be recorded in the NHLIEAP model in the appropriate month."* Audit reviewed the detailed journal entry, as well as a copy of the payment request that specified the $13,385 represents Unitil's proportional share of the operating costs of the Electric Assistance Program for October 2020. The offsetting entry was verified to account 10-29-01-22-923-00-00, NH LIEAP Costs. The EAP is audited annually by the Audit staff of the NH Department of Energy.

Audit also noted a debit entry of $121,542 recorded on 4/30/20 and described as a miscellaneous plant adjustment. The Company explained that the entry was made *"to reverse two accruals from December 2019; USA Invoice of $90,995 and PC Connection amount of $30,547."* Audit reviewed a copy of the invoice from Utility Service and Assistance, confirming the $90,995 charge for the labor, tools, equipment, and supervision required during the installation of poles, an anchor, conductors, and transfers. A copy of the correspondence for the UES portion, which totaled $30,547, was also reviewed. Audit confirmed the accrual entries of $90,995 and $30,547 to the 2019 general ledger for account 10-20-00-00-242-00-00, Miscellaneous Accrued Liabilities.

Account 10-20-00-00-242-03-20, Accrued Health Ins – Non-Union, and account 10-20-00-00-242-03-25, Accrued Dental Insurance, reported year-end balances of $(65,700) and $(11,200) respectively. Refer to the ***Payroll*** of this report for details on payroll accruals.

Accrued Legal Misc. Flow-through or Balance Sheet – Account #10-20-00-00-242-05-11 $(4,929).

Audit reviewed the general ledger activity within the account. There were only three entries recorded for the adjustments to legal accruals. Copies of the detailed journal entries were reviewed by Audit, as well as the Unitil Corporation's Master Allocation report for the year 2019 and test-year 2020. Audit recalculated the UES allocation amount for the adjustments to legal accruals that were booked to the general ledger and confirmed that the entries auto-reversed. No exceptions were noted.

The general ledger for account 10-20-00-00-242-06-00, FAS 158 Adj Serp Current, reported a year-end balance of $(222,581). Quarterly entries for the UES portion of the pension benefits and Postretirement Benefits Other than Pension (PBOP) were booked on the last day of the quarter and reversed on the first day of the following month. Refer to the *Payroll* section of this report for further details regarding the Pension, SERP and PBOP.

Account 10-20-00-00-242-08-00, Accrued Audit Fees, maintained a year-end balance of $(18,025). There were twelve monthly credits on the account, each in the amount of $25,658, for the audit expense accruals. Refer to the *Operations and Maintenance* section of this report for account activity details.

Account 10-20-00-00-242-26-00, Accrued Incentive Compensation, and account 10-20-00-00-242-30-00, Accrued Vacation, reported a year-end balance of $(104,079) and $(146,491), respectively. Credits on the accounts were for compensation and vacation accruals. Refer to the *Payroll* section of the report for further details.

Insurance Claims UES – Account #10-20-00-00-242-31-10 $(7,200)

Audit confirmed with the Company that the Insurance Claims UES account is setup to accrue *"for any claims that occur for damage done by Unitil or its contractors during the normal course of business."* The beginning balance and the year-end balance on the account both totaled $(7,200). The test-year activity reported debit entries for $25,414 and credit entries for $(25,414). There were twelve monthly credit entries on the account, each in the amount of $1,750, for insurance claims accruals. The Company confirmed that the insurance claims accruals are *"standard monthly accrual [entries], typically based on the annual budget for this account. The accruals are trued up quarterly."* Audit verified that the offsetting entries for the monthly accruals were booked to account 10-20-08-00-925-02-02, General Liability Claims. Refer to the *Operations and Maintenance* section of this report for testing of expense accounts.

There were eleven debit entries recorded as Damages – UES. Audit requested more information regarding one of the debit entries, in the amount of $2,314, which was offset to expense account #10-20-08-00-925-02-02, General Liability Claims. The Company explained that the journal entry was for a settlement for damages with the National Education Association (NEA-NH) where *"the NEA filed a claim for expenses they incurred that was due to an error on Unitil's part. This claim was approved and paid."* A copy of the Damage Claim Processing Form received by accounts payable was also reviewed and Audit confirmed that the check for the NEA-NH payment cleared through the Cash account #131. Audit requested clarification regarding the specific reason for the NEA filed claim. The Company explained that the expenses incurred resulted from Unitil shutting down power for a day at the NEA building, while work was being done to the Verizon building next door, which caused problems with the NEA's IT equipment and their elevator due to the loss and regaining of power. Copies of invoices from Palmer and Sicard Mechanical Contractors, Stanley Elevator Company, and Adams Lock were provided by the Company. Audit recalculated the invoice amounts, confirming the $2,314 total of the filed claim. Refer to the *Operations and Maintenance* section of the report for further details.

Audit noted a 2/29/20 credit entry in the amount of $(4,414) that was described as a bank deposit for a Hi Volt reimbursement. The Company explained the purpose of the entry in the following statement:

"This was a claim for a customer in Boscawen. HiVolt responded to a trouble call at this location. Their repair work ended up causing power surges. [The] customer filed a claim for property damage. Unitil reimbursed the customer up front and then HiVolt reimbursed Unitil as this was their responsibility."

The Company provided copies of the two checks, totaling $4,414 that were paid up-front to the customer in 2019 for the settlement for damages. The Company was then reimbursed by Hi-Volt in 2020. Audit reviewed a copy of the deposit for the claim reimbursement and verified it to the deposit details report from Bank of America.

Refer to the *Operations and Maintenance* section of this report for details regarding the following three accounts: 10-20-00-00-242-32-00, A/P Accrual; 10-20-00-00-242-32-10, A/P Accrual – BS; and 10-20-00-00-242-34-00, Accrued Postage.

Account 10-20-00-00-242-33-00, Unearned Revenue – Miscellaneous, reported monthly debits on the account for the accrued cable TV rental prepayments, as well as quarterly debits described as CIS utility billing. Refer to the *Revenue* section of this report for further details regarding the transactions on the account.

Regulatory Liabilities Current – Account #242-90-00 $(1,861,007)

The activity within account 10-20-00-00-242-90-00, Regulatory Liabilities Current was reviewed by Audit. Entries were recorded as the direct offset to account 10-20-00-00-173-90-00, Accrued Revenue – Credit Balance Re-Class. Refer to the *Revenue* section of this report for further details regarding the interaction between the 173 and 242 accounts.

Interest Expense $5,495,092

The 2020 total Interest Expense of $5,495,092 was reported on both the FERC Form 1, as well as 1604.01(a) – 01 Attachment 1 of the filing. The following general ledger accounts represent the Interest Expense for the test-year:

10-20-08-00-427-00-00	Interest on Long-Term Debt	$ 5,294,731
10-20-08-00-428-00-00	Amortization of Debt Expense	$ 99,535
10-20-08-00-430-00-00	Interest on Debt to Associated Companies	$ 92,590
10-20-xx-xx-431-xx-xx	Interest Expense	$ 366,058
10-20-10-00-432-00-00	AFUDC-Borrowed Funds *(see Utility Plant Section)*	$ (357,822)
	Total Interest Expense	**$ 5,495,092**

Interest on Long-Term Debt – Account #427 $5,294,731

The Long-Term Debt schedule on the FERC Form 1, page 257, reported the interest for the test-year as $5,294,731. Audit reviewed the general ledger for account 10-20-08-00-427-00-00, Interest on Long-Term Debt, as well as the interest calculation and interest payment schedule for each of the bond debts. The interest was recalculated by Audit and the monthly journal entries were verified without exception.

The Company provided copies of the invoices from US Bank for the debt service, detailing the interest payment and calculation for each of their debt obligations. Debits were made monthly to the account, with offsetting entries made to account 10-20-00-00-237-01-00, Accrued Interest Funded Debt. The interest payments were verified to the journal entries without exception.

Audit noted two entries made on the account during the month of March: one entry was for the monthly recording of interest on the funded debt and the other entry was for the reversal of interest on debt paid-in-full. The Company explained that the second entry was made as a true-up for a debt, 1st Mortgage Bond Series P, which ended in the month of March 2020. Refer to the *Debt* section of this report for details regarding the interest rate and total interest for the test-year 2020, per individual debt obligation.

Amortization of Debt Expense – Account #10-20-08-00-428-00-00 $99,535

The general ledger for the Amortization of Debt Expense account was reviewed by Audit. There were twelve monthly debit transactions on the general ledger account for the amortization of debt expense, totaling $99,535 for the test-year. Audit verified the debit transactions to the debt expense amortization schedule provided by the Company. Offsetting entries were booked to account 10-20-00-00-181-00-00, Unamortized Debt Expense. Audit reviewed the amortization schedule for the debt expense totaling $99,535 and verified the straight line method used in the calculation of the amortization. Excluding the Series P bond, which matured on 3/2/20, and the Series R bond, which began accrual on 9/30/20, Audit recalculated the monthly amortization charges and noted slight variances, totaling $27 for the test-year, when compared to the amortization schedule. The Company explained the small variances as being *"due to the timing or recording the expenses (legal fees can take several months to record). When the additional expense is recorded in the GL, we recalculate the monthly amortization."*

Audit noted that there were two entries in November to record the monthly debt expense. The Company explained the additional entry, in the amount of $157 that was booked on 11/30/20, in the following statement: *"In September 2020, UES issued $27.5 million of debt. With the debt issuance, UES also incurred debt costs which are accumulated over a few months. The second entry in November was to true-up the amortization of the new debt issuance costs for the additional costs that were recorded in October and November."* Audit confirmed the $(27,500,000) was credited on 9/30/20 to account 10-20-00-00-221-17-00, 1st Mortgage Bonds 3.58% Series R, for the receipt of the new debt issuance. Refer to the ***Debt*** section of this report for details regarding the 1st Mortgage Bonds.

Unamortized Debt Expense – Account #181 $1,254,801

The 2020 Unamortized Debt Expense totaled $1,254,801 on the FERC Form 1, as well as schedule 2, Attachment 1 of the filing. The figure represented the remaining unamortized amount of debt issuance costs associated with obtaining the First Mortgage Bonds. Refer to the *Interest Expense* and *Long Term Debt* sections of this report for details regarding the bonds. The following depicts the general ledger accounts that comprise the Unamortized Debt Expense for the test-year 2020:

10-20-00-00-181-00-00	Unamortized Debt Expense	$ 1,166,808
10-20-00-00-181-01-00	Unamortized Debt Expense – Within One Year	87,993
	Total Unamortized Debt Expense	**$ 1,254,801**

Unamortized Debt Expense – Account #10-20-00-00-181-00-00 $1,166,808

Audit reviewed the journal entries on the Unamortized Debt Expense account. The 2020 activity on the account reflected the monthly amortization of debt costs, offset to account 10-20-08-00-428-00-00, Amortization of Debt Expense, in the amount of $99,535. Refer to the *Amortization of Debt Expense – Account #10-20-08-00-428-00-00* section for details regarding the monthly amortization calculation and general ledger activity.

Audit noted a 9/17/21 debit entry for a Chapman and Cutler, LLP wire and a 9/23/21 debit entry for a Bank of America wire, recorded in the amounts of $53,541 and $96,250 respectively. The Company explained that the entries were made for the *"costs paid to banks and attorneys in connection with the issuance of new Series R debt that was issued in September, 2020."* Audit reviewed copies of the invoices, as well as the wire transfer instructions for both the Chapman and Cutler and Bank of America amounts. No exceptions were noted. Refer to the *1st Mortgage Bonds 3.58% Series R – Account 10-20-00-00-221-17-00* section of this report for details regarding the terms of the debt associated with these journal entries.

Unamortized Debt Expense-Within One Year – Account #10-20-00-00-181-01-00 $87,993

The general ledger was reviewed by Audit with only four entries on the account for the re-class of the debt expense. Two of the entries were for $(4,326) individually and the other two entries were less than $.03 each. For further review, Audit selected the 1/31/20 journal entry and the 2/29/20 journal entry, each in the amount of $(4,326). The Company verified that the entries were *"made to reduce the unamortized portion of debt issuance costs by one month (in January and again in February). The underlying debt associated with these entries was due for repayment on March 2, 2020. Therefore, the Short-Term portion that had previously been recorded was reduced by one month (each month) during the 12 months preceding the debt due date. Since the debt was settled in March, 2020, there was no remaining unamortized debt issuance costs."* Audit reviewed the schedule for the amortization of the debt expense, verifying the $4,326 amount for both January and February, as well as the debt repayment date in March 2020. Refer to the *1st Mortgage Bonds 5.24% Series P – Account 10-20-00-00-221-15-00* section of this report for further details regarding the terms of the debt associated with these journal entries.

Interest on Debt to Associated Companies – Account #10-20-08-00-430-00-00 $92,590

Audit confirmed the $92,590 year-end balance to the general ledger for the Interest on Debt to Associated Companies. There were twelve monthly debit transactions on the general ledger account for the interest expense. Audit tied the journal entries for the interest expense to the monthly interest expense schedules provided by the Company. Offsetting credit entries were verified to account 10-20-00-00-233-00-00, Note Payable – Cash Pool. No exceptions were noted.

Other Interest Expense – Account #431 $366,058

Audit reviewed the general ledger and noted that Account #431, Other Interest Expense, included forty-seven accounts. Of those forty-seven accounts, there were thirty-four that maintained a zero balance and had no activity reported during the 2020 test-year. Audit verified that the remaining thirteen accounts had year-end balances comprising the total Other Interest Expense of $366,058:

10-20-01-00-431-11-06	NH EE RES Non Low Income (see EE Program Audit)	$ 29,857
10-20-01-00-431-13-06	NH EE C & I (see EE Program Audit)	41,669
10-20-01-00-431-17-06	NH EE RES Low Income (see EE Program Audit)	15,120
10-20-01-22-431-00-00	LI-EAP Reserve (see Electric Assistance Program Audit)	413
10-20-01-24-431-00-00	SBC-LBR (see EE Program Audit)	4,325
10-20-01-32-431-00-00	External Delivery (see Annual Rate Filing for Default Service)	14,700
10-20-01-33-431-00-00	Stranded Costs (see Annual Rate Filing for Default Service)	2,463
10-20-01-36-431-00-00	Default Srvc-Non-G1 (see Annual Rate Filing for Default Service)	26,545
10-20-01-37-431-00-00	Default Service-G1(see Annual Rate Filing for Default Service)	5,797
10-20-01-43-431-00-00	Renew Port STD Costs-G1 (see Renew Engy Fund Annual Audit)	35
10-20-08-00-431-02-00	Interest Expense – Cash Pool	208,027
10-20-10-00-431-09-00	Interest Expense – Other (see *Current and Accrued Assets* section)	81
10-20-21-00-431-04-00	Interest on Customer Deposits (see *Revenue* section)	17,026
	TOTAL Account 431	**$ 366,058**

The interest expense accounts that were related to the Energy Efficiency (EE) Program and the Low Income Electric Assistance Program (LI-EAP) are reviewed annually during their respective program audits. The interest expense related to the External Delivery Charges, Stranded Costs, and Default Service are included with the Company filings in each annual reconciling mechanism. The interest expense accounts that were related to the Renewable Portfolio Standard (RPS), is reviewed as part of an annual audit of the Renewable Energy Fund. As a result, detailed review was not conducted of these accounts as part of this audit.

The general ledger balance for account 10-20-08-00-431-02-00, Interest Expense – Cash Pool, totaled $208,027 for the test-year 2020. Monthly transactions on the account were for the UES portion of the interest expense that accrued each month on the Company's short-term borrowings through a cash pooling agreement. Audit reviewed the monthly interest expense schedules provided by the Company, as well as the cash pool algorithm used in determining the cash pool interest. The Company explained that they have been using the algorithm since November 2003 and that it is based on 360 days for the calculation. Audit verified the interest calculated on the monthly interest expense schedules to the general ledger. Offsetting credit entries for the monthly interest expense were verified to account 10-20-00-00-233-00-00, Note Payable-Cash Pool, without exception. Refer to the *Current and Accrued Liabilities* section of this report for details regarding the Company's short-term borrowings through a cash pooling and loan agreement between Unitil Corporation and its subsidiaries.

Audit reviewed the general ledger activity for account 10-20-10-00-431-09-00, Interest Expense – Other, noting a year-end balance of $81. The $81 debit transaction was recorded on 11/30/2020 and offset to account 10-20-00-00-134-00-00, Other Special Deposits for the interest income on the Independent System Operator (ISO) deposit. Refer to the *Cash and Other Special Deposits* section of this report for further details regarding the Special Deposits account #134 and the ISO agreement.

Account 10-20-21-00-431-04-00, Interest on Customer Deposits, reported a year-end balance of $17,026 for the total amount of interest on customer deposits paid during the test-year 2020. Transactions on the account were for the monthly interest accruals and offset to account 10-20-00-00-235-01-00, Customer Deposits. Refer to the *Customer Deposit* and *Revenue* sections of this report for details regarding the calculation of the interest on customer deposits.

Deferred Credits

The FERC Form 1 reported a balance of $(108,687,512) for the test-year 2020 total Deferred Credits. Audit verified the total to schedule 2A of the filing, as well as to the following general ledger accounts:

252	Customer Advances for Constructions (see *Plant* section)	$ (554,217)
253	Other Deferred Credits	(65,121,369)
254	Other Regulatory Liabilities	(16,601,346)
282	Accumulated Deferred Income Taxes Other Property (see *Taxes* section)	(40,133,816)
283	Accumulated Deferred Income Taxes Other (see *Taxes* section)	13,723,236
	Total Deferred Credits	**$ (108,687,512)**

Customer Advances for Construction – Account #252 $554,217

The combined Customer Advances for Construction total of $554,217 was reported on the filing schedule 2A, as well as the FERC Form 1. Audit verified the total to the following general ledger account balances:

10-20-50-00-252-00-00	Customer Advances for Construction (see *Plant* section)	$ 254,486
10-20-60-00-252-00-00	Customer Advances for Construction (see *Plant* section)	299,731
	Total Customer Advances for Construction	$ 554,217

Refer to the *Plant* section of this report for details regarding the #252 accounts.

Other Deferred Credits – Account #253 $65,121,369

Audit reviewed the general ledger and noted that Account #253, Other Deferred Credits, included twenty-five accounts. Of those twenty-five accounts, there were eighteen accounts that maintained a zero balance and had no activity reported during the 2020 test-year. Audit verified that the remaining seven accounts had year-end balances comprising the total of $65,121,369 for Other Deferred Credits:

10-20-00-00-253-00-10	Regulatory Liability Purchased Power Contracts	$ -
10-20-00-00-253-02-00	System Benefit Charge -LIEAP Reserve (see *EAP Audit*)	57,323
10-20-00-00-253-04-03	Accrued SFAS 106 Liability (see *Payroll* and *Expense* sections)	11,508,150
10-20-00-00-253-04-11	FAS 158 ADJ-Pension (see *Payroll* and *Expense* sections)	30,801,806
10-20-00-00-253-04-13	FAS 158 ADJ-PBOP (see *Payroll* and *Expense* sections)	15,900,568
10-20-00-00-253-04-14	FAS 158 ADJ-SERP (see *Payroll* and *Expense* sections)	6,848,931
10-20-60-00-253-01-03	State of NH Escrow Account-SEA	4,591
	Total Other Deferred Credits	**$ 65,121,369**

The general ledger for account 10-20-00-00-253-00-10, Regulatory Liability – Purchased Power Contracts, was reviewed by Audit, noting a beginning balance of $270,014. There were twelve monthly debit entries to record the amortization of stranded power costs. Offsetting credit entries were verified to account 10-20-00-00-182-04-00, Regulatory Asset – Purchased Power Contracts. No exceptions were noted.

The LI-EAP Reserve account 10-20-00-00-253-02-00 is reviewed annually as part of the Low Income Electric Assistance Program audit.

The Accrued SFAS 106 Liability activity reflected recurring credit entries, with offsetting debits to expense account 10-20-03-00-926-09-00, SFAS 106- PBOP – Service. Debits for vouchers to SEI Private Trust Company were also recorded, with offsetting credits made to accounts payable. Refer to the *Payroll and Expense* sections of this report for additional information.

Audit reviewed the general ledger for the three FAS 158 accounts. Transactions on the accounts were made quarterly, including the true-up for indirect overheads. The Company explained that transactions on the account reflect the following: *"The pension and PBOB liabilities [accounts 10-20-00-00-253-04-11, FAS 158 ADJ-Pension and 10-20-00-00-253-04-13, FAS 158 ADJ-PBOP] represents*

UES' funded status of those plans as well as UES' allocation of USC's funded status. The SERP liability [account 10-20-00-00-253-04-14, FAS 158 ADJ-SERP] is UES' allocation of USC's funded status of the SERP. These amounts are based upon the actuarial annual review." Refer to the *Payroll* and *Expense* portions of this report for further details including review of the expense offsets.

The general ledger for account 10-20-60-00-253-01-03, State of NH Escrow Account-SEA, was reviewed by Audit. There were twelve monthly credit transactions on the account, each in the amount of $331. The Company explained that the amounts were booked for *"the maintenance, replacement and excess cost of Municipal lights or customers with 4 or more lights. Governmental agencies sign agreement for a minimum of 10 years to pay additional percent of depending on the contract. Plant Accounting keeps track of it."* Audit confirmed the excess cost billings to the 3rd revised page 63A of the tariff. A copy of the detailed journal entry was also reviewed and Audit, verifying the offsetting debit was booked to account 10-20-00-00-142-01-00, A/R Electric. No exceptions were noted.

Other Regulatory Liabilities – Account #254 $16,601,346

The Other Regulatory Liabilities net debit balance of $16,601,346 was tied to both the FERC Form 1 balance sheet and schedule 2A of the filing. Account 10-20-00-00-254-05-01, Regulatory Liability – ASC 740 reported a year-end balance of $22,752,203 and Audit requested clarification for the FERC reporting of $16,601,346 for the Other Regulatory Liabilities. The Company explained that, "T*he balance of the UES regulatory liabilities is made up of the excess ADIT.*" Audit reviewed the general ledger and confirmed the Other Regulatory Liabilities total to the sum of the two general ledger accounts below:

10-20-00-00-254-05-01 Regulatory Liability – ASC 740	$ 22,752,203
10-20-00-00-282-05-01 Accumulated Deferred Income Taxes (ASC 740) Gross-Up	(6,150,857)
Total FERC Form 1 Other Regulatory Liabilities Total	**$ 16,601,346**

There were two other Regulatory Liabilities accounts #254 noted on the general ledger. One related to ASC 740, and the other related to SFAS 109. Both accounts reflected a zero balance at year-end and showed no activity during the test-year. Refer to the *Taxes* section of this report for further details regarding the accumulated deferred Income taxes, as well as the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740. Topic 740 deals with accounting for uncertainty in income taxes.

Audit noted that another 254 account, 10-20-00-00-254-04-00, Regulatory Liability Cost of Removal, reflects a year-end balance of $(22,936,866) which is included on the FERC Form 1 as part of the total Accumulated Depreciation. Reclassification entries during the test-year were reviewed and Audit confirmed the offsetting debits to account 10-20-00-00-108-04-00, Accumulated Depreciation Cost of Removal. Audit acknowledges the FERC Uniform System of Accounts requirement, stating that the Accumulated Depreciation for Cost of Removal (ADCOR) be included in Accumulated Depreciation (account #108) on the FERC Form 1. As such, Audit understands that the Regulatory Liability Cost of Removal (account #254) balance is not reported as a separate component on the FERC Form 1 and that the FERC Form 1 balance sheet reflects the total of the Accumulated Depreciation accounts #108, inclusive of the Regulatory Liability Cost of Removal:

108	Accumulated Depreciation	$ (106,575,702)
254	Regulatory Liability Cost of Removal	(22,936,866)
	Total FERC Form 1 Accumulated Depreciation	$ (129,512,568)

Refer to the *Depreciation* section of this report for additional information.

Unamortized Gain on Reacquired Debt – Account #257 $0

The FERC Form 1 reported a $0 balance for the Unamortized Gain on Reacquired Debt. Audit reviewed the general ledger and verified that there was no activity on the account since at least the prior rate case in 2015.

Account #282, Accumulated Deferred Income Taxes – Other Property and account #283, Accumulated Deferred Income Taxes – Other, represented the combined Deferred Income Tax total of $26,410,580, as reported on schedule 2A of the filing. Audit verified the total to the following account balances, as reported on the FERC Form 1 and the general ledger:

282	Accumulated Deferred Income Taxes Other Property (see *Tax* section)	$ (40,133,816)
283	Accumulated Deferred Income Taxes Other (see *Tax* section)	13,723,236
	Total Deferred Income Taxes	$ (26,410,580)

Refer to the *Taxes* section of this report for details regarding the Deferred Income Tax accounts and transactions.

REVENUE

Total Operating Revenue for the test year noted in the Schedule RevReq-2, page 1 of 2, Bates page 000153 agreed with the 2020 annual report and the general ledger accounts shown below:

10-20-08-00-440-00-02 Elec Rev Residential - Customer Charge	$ 89,662,319
10-20-08-00-442-01-02 Elec Rev Reg - General Customer Charge	$ 63,811,083
10-20-08-00-444-01-00 Electric Revenue Unmetered Sales	$ 2,422,298
10-20-08-00-445-01-02 Municiple Reg - General Customer Charge	$ 7,545
10-29-13-23-447-05-00 Cogeneration revenues - QF (Energy)	$ 1,521,144
10-20-10-00-449-00-00 Unbilled Revenue	$ (597,808)
Total Electric Service Revenue	$156,826,580
10-20-08-00-450-00-00 Late Payment Charges	$ 94,600
10-20-08-00-451-00-00 Miscellaneous Service Revenues	$ 194,996
10-20-08-00-454-00-00 Rent Electrical Proppery	$ 585,200
10-20-08-00-456-00-00 Other Electric Revenues	$ 1,222,080
Other Operating Revenue	$ 2,096,875
Total Operating Revenue	$158,923,455

Audit was reviewed the detailed general ledger accounts that sum to the Flow-through revenue, by customer class. A sample of the Flow-through revenue accounts include the following: Storm Recovery, Stranded Costs, System Benefits Charges (Low Income Electric Assistance Program, Energy Efficiency), as well as Grant Funding and Loan Payback activity associated with RGGI funds.

Billing Test

Audit requested invoices for twenty randomly selected customers from both divisions to review for compliance with the applicable tariff rates. The sample included several customer classes from both the Capital and Seacoast divisions. The invoices cover a variety of different tariff charges comprising five Electric Service charges, Electrical Supplier Service charges and Out Door Lighting charges.

The following list summarizes the results for the Domestic Delivery Service, Class D, and the General Delivery Service, Classes G1 and G2:

- The Customer Charge of $16.22 per meter for Class D Service agreed with the tariff, Forty-Fourth Revised Page 4. This Customer Charge was authorized by order no. 26,236 in docket DE 19-043, dated April 22, 2019 and effective August 1, 2020.

- The Demand Charge of $7.54 was correctly reflected on all the Class G1 customers' bills and the rate of $10.46 was shown correctly on all Class G2 customer's bills. These rates agreed with the tariff Twenty-Fourth Revised Page 4 and authorized by Order no. 26,236 in docket DE 19-043 dated April 22, 2019 and were effective on August 1, 2020.

- The External Delivery Charge shown on the customers' bills of $0.03697 for Class G1 and G2 customers agree with the tariff Total Delivery Charge, excluding the System Benefits Charge and Stranded Cost charge. The Twenty-Fourth Revised Page 4 shows the rates were authorized by Order no. 26,388 in docket DE 20-098 dated July 31, 2020.

- The Stranded Cost Charge of ($0.00025) was correctly reflected on all the class D and class G2 customer bills and ($0.00006) on the class G1 customer's bill. The rates agreed with the tariff Twenty-Fourth Revised Page 4 and authorized by order no. 26,388 in docket DE 20-098 dated July 31, 2020. The rates were effective on August 1, 2020 and appear correctly on these December, 2020 bill samples.

- The System Benefits Charge is currently at $0.00752 per kWh sold. The rate was displayed correctly on all the customer bills reviewed. The rate went into effect on January 1, 2020 and authorized by Order No. 26,323 in docket DE 17-136 dated December 31, 2019.

In the prior rate case, there was an issue with the billing system in that if only one rate component changed, all rates would undergo a proration calculation during that billing period which led to rounding differences. Audit requested an update on any changes to the billing system that would eliminates the issue of prorating customer bills. The Company explained that *"The enQuesta system went live in July 2017, and the rate change process was implemented as described in italics below. However, in 2020, the company changed its procedure. Currently, in a month where at least one rate component changes within a service (Delivery or Supply), all rate components are calculated on a pro-*

rated basis. This was done to streamline and make more efficient our daily reconciliation process. The company estimates that the only time a rounding difference would occur is when the prorated monthly usage is very small, and the rate component is so small (usually a fifth-decimal rate, i.e. $0.00005 per kwh) that the calculated amount would be less than one-half on one cent. This might (again in the rare occasion) make the customer's bill one cent too high or one cent too low (depending if the rate was a positive or negative rate). Bill presentment will show blended rates in rate change months for the areas of the bill in which components are changed."

Special Rate Contracts

UES has indicated that there were no special rate contracts in effect during the test-year 2020.

Other Operating Revenue

10-20-08-00-450-00-00 Late Payment Charges	$	94,600
10-20-08-00-451-00-00 Miscellaneous Service Revenues	$	194,996
10-20-08-00-454-00-00 Rent Electrical Proppperty	$	585,200
10-20-08-00-456-00-00 Other Electric Revenues	$	1,222,080
Other Operating Revenue	$	2,096,875

Audit notes that Other Operating revenue total of $2,096,875 is classified as Flow-through revenue on the filing schedule RevReq-2, page 1 of 2, Bates page 000153, and is not counted in the rate base mechanisms.

Late Payment Charges

General ledger account 450 totaled $94,600 and agreed with the filing schedule 3, 1604.01(a) - 01, Attachment 1, page 1 of 3, bates page 000005. This represents a 66% decrease in late payment charges over the prior period ending 12/31/2019 which was $275,537.

Miscellaneous Service Revenues

General ledger account 451 totaled $194,996 and is comprised of disconnect / reconnect fees found in UES account 10-20-08-00-451-00-00 in the amount of $175,310 and account 10-20-08-00-451-02-00 – Interval Data in the amount of $19,965. The total agrees with the filing schedule 3, 1604.01(a) - 01, Attachment 1, page 1 of 3, bates page 000005. This represents a 30% decrease in late payment charges over the prior period ending 12/31/2019 which was $280,998.

Other-account 456

Account 456 is primarily used to record revenue associated with multiple non-base rate mechanisms, such as various RGGI monies, loan payments and write-offs associated with the CORE Energy Efficiency programs.

Other - Account 456	
10-20-08-00-456-00-00 Other Electric Revenues	$ 93,780
10-20-08-00-456-10-00 Revenue From Trans of Electric of Others	$ 49,952
10-29-02-21-456-21-00 Other Electric Revenue-Grant Funding-R	$ 48,341
10-29-02-21-456-22-00 Other Electric Revenue-Grant Funding-LRI	$ 229,322
10-29-02-21-456-80-00 Other Electric Revenue ISO - ODR	$ 669,506
10-29-02-44-456-00-01 Loan Payback - RGGI - Res	$ 31,530
10-29-02-44-456-02-01 Loan Payback - RGGI - CI	$ 97,364
10-29-02-48-456-00-01 Loan Paybeck - EEBB - Res	$ 2,286
10-29-02-48-456-20-00 EEBB Grant Funding Reimbursement-CDFA	$ (12,836)
Other Operating Revenue	$ 1,209,246

Operations and Maintenance Expenses

The following accounts sum to the total 2020 Operations and Maintenance (O&M) expense amount of $119,330,155, as noted within the Revenue Requirement Workpaper WP FLTH provided in the filing, which also reflected the "Flow-thru" elimination from rate base of those expense accounts that are recovered through different annual mechanisms:

	Total	Flow-thru	Net
Purchased Power accounts 555-557	$ 53,020,521	$(52,736,269)	$ 284,252
Transmission accounts 560-579	$ 35,468,734	$(35,400,175)	$ 68,559
Distribution accounts 580-599	$ 9,476,199	$ -0-	$ 9,476,199
Customer Accounting accounts 901-905	$ 4,286,916	$ (321,671)	$ 3,965,244
Customer Service accounts 907-910	$ 7,326,955	$ (7,298,180)	$ 28,775
Administrative and General accounts 920-935	$ 9,750,830	$ (852,374)	$ 8,925,457
Total Operations and Maintenance expenses	$119,330,155	$(96,581,669)	$22,748,486

Audit verified the overall total to the general ledger and to the FERC Form 1 for 2020.

Purchased Power - $53,020,521

Audit reviewed each account that comprises the Purchased Power total:

	12/31/2020	12/31/2019
92 accounts related to FERC 555	$52,721,268.84	$65,071,041.43
10-29-13-32-556-00-00 Data & Info Services-EDC	$ 15,000.00	$ 15,000.00
2 accounts related to FERC 557	$ 284,251.90	$ 299,842.41
Totals	$53,020,520.74	$65,385,883.54

The 2020 total Purchased Power expense reflects a 19% decrease over the 2019 expenses. Each account total was verified to the 2020 FERC Form 1, page 321, lines 76, 77, and 78.

Accounts 555 Purchased Power and 556 System Control and Load Dispatching were identified on the Revenue Requirement Workpapers as flow through items:

Co-gen Qualifying Facility	$ 1,496,876	05 general ledger accounts, 1 with balance
External Delivery	$ (1,500,014)	26 general ledger accounts, 6 with balances
Stranded Cost	$ (344,033)	general ledger #10-29-13-33-555-01-00
Default Service- Non G1	$45,346,245	23 general ledger accounts, 4 with balances
Default Service-G1	$ 2,969,642	27 general ledger accounts, 5 with balances
RPS Non G1	$ 4,427,065	05 general ledger accounts, 4 with balances
RPS G1	$ 340,488	05 general ledger accounts, 4 with balances
Total Flow-through	$52,736,269	these types of expenses are included within the Annual

Stranded Cost Recovery and External Delivery Charge Reconciliation and Rate Filing (current docket DE 21-121)

The Co-gen expense of $1,496,876 is offset in the Revenue Requirement with the net Revenue of $(1,496,876). Refer to the *Revenue* section of this report.

Activity in all flow-through accounts was reviewed but not audited in the context of this rate case. For accounts with zero balances, Audit also reviewed the activity to ensure there was truly no activity in the account. One, account 10-20-13-36-555-10-00, GIS Cost Common began and ended the year with a zero balance, but there was activity that summed to $5,565.82 debited then credited during the year. The activity was reclassified to accounts 10-29-13-36-555-10-00 and 10-29-13-37-555-10-00.

Only account 557, Other Expenses is included in base rates. Audit reviewed the activity in the following accounts:

	12/31/2020	12/31/2019
10-20-10-00-557-01-00 USC Elect Production Admin	$284,251.90	$299,842.41
10-20-13-00-557-01-00 USC Elect Production Admin	$ -0-	$ -0-
	$284,251.90	$299,842.41

The activity in the 10-20-10- account was USC Service billing. Audit verified that the zero balance in account 10-20-13- accurately represents that there was no activity in the account during 2020. The overall balance of $284,251.90 represents a reduction of 5.2% from the 2019 balance.

Transmission - $35,468,734

Audit verified the reported $35,468,734 as seen in the filing Revenue Requirement Workpapers to the following general ledger accounts:

	as of 12/31/2020		as of 12/31/2019		percentage change
560*	5 accounts	$ 15,702.70	5 accounts	$ 15,859.06	-1%
561	6 accounts	$ 418,775.32	6 accounts	$ 410,349.67	+2%
562*	4 accounts	$ 12,635.33	4 accounts	$ 15,179.79	-17%
563*	6 accounts	$ 11,160.95	6 accounts	$ 18,326.51	-40%
565	5 accounts	$34,965,017.16	5 accounts	$27,791,300.00	+26%
567*	2 accounts	$ 1,450.00	2 accounts	$ 1,450.00	0%
568*	4 accounts	$ 27,533.60	4 accounts	$ 27,597.09	-0.3%
569	8 accounts	$ -0-	8 accounts	$ -0-	0%
570	8 accounts	$ -0-	8 accounts	$ -0-	0%

571*	8 accounts	$ 76.72	8 accounts	$ 435.19	-82%
575	1 account	$ 16,382.39	1 account	$ 27,707.14	-41%
	57 accounts	$35,468,733.57	57 accounts	$28,308,204.45	+25%

Accounts identified with * were included within the Distribution accounts on the FERC Form 1. The filing Transmission total exceeds the FERC Form 1 total by $68,559.30. Audit requested clarification of those accounts rolled into the Distribution section of the Operations and Maintenance portion of the FERC Form 1 and was told that the identification of the accounts as Transmission has been ongoing at UES for decades and is used as an internal budgeting and accounting function for work primarily at the substation level, but related to similar distribution accounts. For example, the five #560 accounts relate to supervision at substations, and is combined on the annual report with account #580. The sixteen #580 accounts relate to electric distribution and supervision.

The Revenue Requirement workpapers of the filing show a Transmission total of $35,468,734 with a flow-through total of $35,400,174.87. That total was verified to:

Accounts 561	$ 418,775.32
Relating to Load Dispatch, Reliability Planning and Standards Development	
Account 575	$ 16,382.39
Relating to Regional Market Operation expenses	
Accounts 565	$34,965,017.16
Relating to RTO EDC	
External Delivery flow-through total	$35,400,174.87

There are six general ledger accounts that comprise the 561 total, one account that represents the 575 balance, and five accounts that sum to the 565 total. It is within this 565 account total that the majority of the overall Operations and Maintenance increase in 2020 over 2019 was noted.

The remainder of the accounts are included in Base Rates summing to $68,559.77

Accounts 10-20-X0-00-560-0X-0X, Operation Supervision and Engineering, $15,702.70 reflected a change year-over year of -1%. The accounts represent Transmission Operations Engineering or Generation Supervision. Three of the five accounts that comprise the total had no activity during the test year, per a review of the detailed general ledger. Two accounts reflected payroll and related transportation entries. Audit sampled a Transportation entry which represented a portion of the Suspense Clearing for Light Trucks and Heavy Trucks, accounts 10-20-50-00-184-01-02 and -03 respectively. Refer to the *Operating Lease* portion of this report for an overview of the monthly clearing entries. The balance is included within the overall account 580 Operation Supervision and Engineering total on the FERC Form 1.

Accounts 10-20-X0-562-0X-0X Station Expenses, that sum to $12,635.33 for 2020 represent a decrease of 17% from the 2019 balance. Two of the four general ledger accounts reflected no activity or balance during the test year. The journal entries within the two accounts that did have activity reflected items such as snow plowing, payroll for switch station, and landscape management. The balance is included within the overall account 582 Station Expense total on the FERC Form 1.

Accounts 10-20-X0-563-0X-0X Overhead Lines Expense $11,160.95 for 2020 represent a decrease of 40% from the 2019 balance. The balance is included within the total of account 583 on the FERC Form 1. Activity within the accounts reflected payroll, small tools, and transportation. One entry in account 10-20-50-00-563-01-00 Sub Trans Oper Patrol Lines-Sea, in the amount of $2,490.75 was paid to JBI Helicopter Services, booked 7/14/2020. This entry appears to be non-recurring. However, Audit did review the detailed 2019 general ledger activity, and noted one entry dated 6/21/2019 for $2,204.00 for JBI Helicopter Services. Therefore, the line inspection expense does appear to be one that is incurred each year.

Accounts 10-20-X0-567-0X-0X, Rents sum to a $1,450.00 balance at the end of 2020, which is identical to the 2019 balance. Both were verified to:

10-20-50-00-567-00-00 Sub Trans Oper Rents-Cap	$1,050.00
10-20-60-00-567-00-00 Sub Trans Oper Rents	$ 400.00
	$1,450.00

Vouchers in both accounts were paid to Boston & Maine Corp., and one $50 payment to the State of NH-DOT was seen in the 10-20-50 account.

Accounts 10-20-X0-568-0X-0X Maintenance Supervision and Engineering $27,533.60 for 2020 represent a slight decrease of 0.3% from the 2019 balance and is the sum of four specific 568 general ledger accounts, two of which reflected zero balances and no activity. For the FERC Form 1, this balance is rolled into the line item total for account 590. Activity in the accounts was the sum of transportation journal entries (tested during the review of the *Operating Leases*), small tools, and payroll.

Accounts 10-20-X0-569-0X-0X Maintenance of Structures, and Accounts 10-20-X0-570-0X-0X Maintenance of Station Equipment, all reflected zero balances in both 2020 and 2019. Audit verified the lack of activity and balances to the detailed general ledger.

Account 10-20-50-571-01-00 Maintenance Overhead Lines Unscheduled-Capital 2020 balance of $76.72 represents a decrease of 82% over the prior year. Activity in the account was payroll related. An account for the Seacoast had no activity.

Distribution - $9,476,199

Audit verified the reported $9,476,199 per the filing Revenue Requirement workpapers to the following general ledger accounts:

		as of 12/31/2020	as of 12/31/2019	Percent change
580	16 accounts	$1,138,408.46	$1,270,689.43	-10%
581	4 accounts	$ 126,223.03	$ 94,982.13	+33%
582	14 accounts	$ 123,633.17	$ 167,068.23	-26%
583	16 accounts	$ 398,972.57	$ 380,418.13	+5%
584	8 accounts	$ 191,508.24	$ 167,866.00	+14%
585	4 accounts	$ 123,131.08	$ 154,075.52	-20%
586	17 accounts	$ 640,264.46	$ 563,078.38	+14%
587	6 accounts	$ 13,385.68	$ 13,793.34	-3%
588	31 accounts	$ 57,515.59	$ 67,066.95	-14%

589	3 accounts	$ 500.00	$ 500.00	no change
590	34 accounts	$ 206,925.44	$ 120,839.32	+71%
591	2 accounts	$ -0-	$ -0-	no change
592	10 accounts	$ 221,138.91	$ 128,411.26	+72%
593	49 accounts	$6,217,324.03	$5,993,969.22	+4%
594	2 accounts	$ 894.44	$ 497.82	+80%
595	2 accounts	$ 627.87	$ 4,101.52	-85%
596	2 accounts	$ 5,176.77	$ 1,571.96	+229%
597	4 accounts	$ 2,095.58	$ 2.912.37	+28%
598	9 accounts	$ 8,474.15	$ 7,966.87	+6%
	233 accounts	$9,476,199.47	$9,139,808.45	+4%

The 2020 Distribution total in the filing is $68,559.77 less than the FERC Form 1. As discussed in the Transmission portion of this report, the Transmission related accounts identified above, 560, 562, 563, 567, 568, and 571, which sum to $68,559.77, are included in the Distribution total on the FERC Form 1.
There were no flow-through figures deducted from the $9,476,199 in the filing.

Account 580, Operation Supervision and Engineering $1,138,408.46 is the 2020 total of sixteen specific 580 general ledger accounts. The 580 specific account total for 2020 represents a 10% decrease from the 2019 year-end balance of $1,270,689.43. The FERC Form 1 also includes five specific 560 Transmission accounts that sum to $15,702.70, included within the account 580 balance for the reasons outlined earlier. Audit reviewed each 580 account. Four of the 580 accounts reflected zero balances, and each was reviewed to determine that there was no activity during the test year. The remaining twelve accounts were also reviewed. Activity included payroll, small tools, and transportation. The August transportation entries were reviewed as part of the *Operating Leases* section of this report.

Account 581, Load Dispatching, $126,223.03 is the 2020 total of four specific 581 accounts, two of which did not have activity during the test year. The total represents a 33% increase over the 2019 balance. Activity within one account was primarily payroll, with minor dollar entries noted for small tools. The other account, 10-20-28-00-581-00-00, Communication System Exp UES reflected payments to:

	# of entries	Total $
TOTAL CONSOLIDATED COMMUNICATIONS	167	$ 67,281.87
TOTAL CTI TOWERS	4	$ 10,424.00
TOTAL TDS TELECOM	10	$ 493.69
TOTAL COMCAST	11	$ 12,014.46
TOTAL VERIZON	24	$ 2,058.67
TOTAL AMERICAN TOWER	1	$ 2,200.00
TOTAL AMERICAN TELESIS	12	$ 9,145.22
TOTAL NORTHEAST TOWER	12	$ 21,600.00
TOTAL BANK OF AMERICA VISA	1	$ 16.48
TOTALS	242	$125,234.39

Audit requested clarification of the activity for the CTI Towers, which had only four entries during the year, two in August, and two in October. CTI Towers owns the tower site used by UES

(Seacoast) for a two-way radio system transmitter and receiver. The activity was summarized by the Company as:

"*The August $8,000 voucher is for 10 months of rent from 11/2019-8/2020*
The August $800 voucher is for rent for 9/2020
The October $800 voucher is for rent for 10/2020
The October voucher is for rent for 11/2020 (rent increased to $824)" The test year includes thirteen months of rent rather than twelve, thus overstating the test year by $800. **Audit Issue #8**

Regarding the Comcast expenses, Audit requested clarification regarding the eleven entries and was told that the overall Comcast charges are allocated among UES, Fitchburg, and Unitil Service, and represent Ethernet charges. The amounts included in the UES general ledger were identified by the Company to be those allocated to UES based on the CAM.

One entry for $2,200 paid to American Tower represents annual rent for the Plausawa Hill tower used by UES only.

Monthly rental payments of $1,800 paid to Northeast Tower represent monthly tower rent for UES Seacoast division only, and is used for a two-way radio system.

Account 582, Station Expenses, $123,633.17 is the sum of fourteen specific 582 general ledger accounts. The balance represents a decrease of 26% from the balance at the end of the year 2019. Four of the 582 accounts had no activity during the test year. For 2020 the FERC Form 1 also includes four specific 562 accounts that sum to $12,635.33. See the section for Accounts 562 above. Activity in the active 582 accounts reflected payments to service providers for snow clearing, grass mowing, and payroll.

Account 583, Overhead Line Expenses $398,972.57 is the sum of sixteen specific 583 general ledger accounts. The balance is 5% higher than the 2019 balance. On the FERC Form 1, the overall figure also includes six specific 563 accounts, as discussed earlier. Four of the sixteen 583 accounts had no balance or activity. The remaining twelve included entries relating to payroll, vouchers paid to Hi Volt Line Construction, New England Traffic Control, use of materials and supplies, small tools, transportation, G. Ray Colby & Sons LLC, Town of Hampton, M/S Salvage Operations, Newton NH Police Department, IC Reed & Sons Inc., South Hampton, Seabrook, Hampstead, Kingston Police Department, East Kingston, Exeter Police Department, Project Flagging Inc., Kensington, Rockingham County Sheriff, Plaistow Police Department, Atkinson, and Bossanova Systems, Inc.

Account 584, Underground Line Expenses $191,508.24 is the sum of eight specific 584 general ledger accounts, and is 14% higher than the 2019 year-end balance. One of the accounts reflected a zero balance at 12/31/2020 and was reviewed to ensure there had been no activity during the test year. Seven of the accounts reflected activity and year end balances. Activity, as above, included payroll, transportation, small tools and New England Traffic Control, and vouchers related to Blackburn Manufacturing Company, TMD Services, Dig Safe, IRTH Solutions LLC, Bossanova systems Inc., and Utilitroncis.

Account 585, Street Lighting and Signal System Expenses $123,131.08 is the sum of four specific 585 general ledger accounts. The balance is 20% lower than the total balance at the end of

2019. The 2020 activity was reviewed in each of the four accounts, which included, payroll, material and supplies expenses, transportation, small tools, vouchers from New England Traffic Control, Hi Volt Line Construction, Arjay Ace Hardware, Town of Hampstead, IC Reed & Sons, Town of Atkinson, Town of Seabrook, and the Exeter Police Department,

Account 586, Meter Expenses $640,264.46 is the sum of seventeen specific 586 general ledger accounts, eight of which reflected zero balances. Each account was reviewed to ensure there had been no activity during the year. The total for 2020 represents an increase of 14% over the balance at 2019. Of the nine accounts that did have activity, entries related to payroll, transportation, small tools, MDS payroll allocations, utility cycle billings, vouchers paid to Hi Line-Utility Supply Co LLC, Graybar Electric Co., Vision Metering, EJ Brooks Company, Betterforms & Printed Products, Radian Research, and Harris Computer System (which was reclassified to prepaid).

Account 587, Customer Installations Expenses $13,385.68 is the sum of six specific 587 general ledger accounts, two of which showed a zero balance at year-end. Audit noted that the total for 2020 is 3% less than the balance for the account at 12/31/2019. Activity during 2020 was principally payroll, but also included small tools, transportation, credits from utility cycle billing, and vouchers from IC Reed & Sons,

Account 588, Miscellaneous Expenses $57,515.59 is the 2020 sum of 31 specific 588 general ledger accounts, fifteen of which reflected zero balances and had no activity during the test year. The 2020 balance is 14% lower than the balance at the end of 2019. Audit reviewed all of the 588 accounts' activity during 2020, and noted that expenses related to costs such as credits capitalizing service center overheads, expenses relating to administrative office supplies, payroll, small tools, record retention, copier lease (refer to the *Operating Leases* portion of this report), custodial supplies, living greenery maintenance, system training, bottled water, HVAC maintenance, waste management services, #2 oil, security, pest services, and vouchers paid to Rock Crest Garden. That activity was noted generally in three expense accounts, 10-20-60-00-562-00-01, 10-20-60-00-582-02-01, 10-30-60-00-588-12-00.with payments noted in January, February, March and May. Each monthly entry summed to $11,124. Rock Crest Garden provides snowplowing services for the Seacoast DOC, Kensington facility, and all distribution and transmission substations. Audit noted one entry in account 10-20-60-00-588-01-00 for Liberty Lane Catering $535.75 12/21/2020. While other catering expenses were noted in other expense accounts, those related to storm coverage, and were deemed appropriate. The December 31 payment appears to have been for employee morale. These types of expenses should be booked to an account below the line, and the cost borne by shareholders. Refer to **Audit Issue #8**

Account 589, Rents $500 is the sum of three specific 567 general ledger accounts. The FERC Form 1 includes the balances of accounts 567, as noted earlier. The $500 is unchanged from the prior year and is immaterial.

Account 590, Maintenance Supervision and Engineering $206,925.44 is the sum of 34 general ledger accounts 590, with ten reflecting year-end balances of zero, which Audit verified to the detailed activity. The 2020 balance of account 590 represents a 71% increase over the 2019 balance of $120,839.32. On the FERC Form 1, the total also includes accounts 568, as noted earlier. The chart below, excluding those zero balance accounts, demonstrates the change from 2019 to 2020 accounting for the increase overall:

Account Number	Account Title	2019	2020	$ Change	%
10-20-10-00-590-06-00	UNPROD TIME/CAPITALIZED	$ (514,799.23)	$ (474,027.86)	$ 40,771	-8%
10-20-10-00-590-06-01	STATION UNPROD TIME CAPITALIZED	$ (88,626.46)	$ (145,053.51)	$ (56,427)	64%
10-20-50-00-590-00-00	DIST MAINT GENERAL SUPERVISION-CAP	$ 22,913.58	$ 24,234.51	$ 1,321	6%
10-20-50-00-590-00-01	DIST MAINT GENERAL SUPV SUBSTN	$ 53.11	$ -	$ (53)	-100%
10-20-50-00-590-01-00	UNPROD TIME/SICKNESS-CAP	$ 35,739.49	$ 16,300.31	$ (19,439)	-54%
10-20-50-00-590-01-01	*STATION UNPROD TIME SICK*	*$ 764.00*	*$ 1,849.76*	*$ 1,086*	*142%*
10-20-50-00-590-02-00	UNPROD TIME/WEATHER-CAP	$ 59,538.37	$ 61,293.92	$ 1,756	3%
10-20-50-00-590-02-01	*STATION UNPROD TIME WEATHER*	*$ 3,785.40*	*$ 6,261.97*	*$ 2,477*	*65%*
10-20-50-00-590-03-00	UNPROD TIME/HOLIDAYS-CAP	$ 48,286.14	$ 43,650.16	$ (4,636)	-10%
10-20-50-00-590-03-01	*STATION UNPROD TIME HOLIDAY*	*$ 6,343.14*	*$ 8,774.75*	*$ 2,432*	*38%*
10-20-50-00-590-04-00	UNPROD TIME/VACATION-CAP	$ 51,880.43	$ 47,244.95	$ (4,635)	-9%
10-20-50-00-590-04-01	STATION UNPROD TIME VACATION	$ 22,602.54	$ 7,630.80	$ (14,972)	-66%
10-20-50-00-590-05-00	*UNPROD TIME/OTHER-CAP*	*$ 63,041.14*	*$ 77,904.29*	*$ 14,863*	*24%*
10-20-50-00-590-05-01	*STATION UNPROD TIME OTHER*	*$ 14,224.23*	*$ 78,716.21*	*$ 64,492*	*453%*
10-20-60-00-590-00-00	DIST MAINT GENERAL SUPERVISION-SEA	$ 23,439.58	$ 22,959.65	$ (480)	-2%
10-20-60-00-590-01-00	UNPROD TIME/SICKNESS-SEA	$ 42,467.11	$ 60,016.56	$ 17,549	41%
10-20-60-00-590-01-01	*STATION UNPROD TIME SICK*	*$ 6,664.72*	*$ 18,676.39*	*$ 12,012*	*180%*
10-20-60-00-590-02-00	UNPROD TIME/WEATHER-SEA	$ 45,923.18	$ 45,108.77	$ (814)	-2%
10-20-60-00-590-02-01	STATION UNPROD TIME WEATHER	$ 3,711.10	$ 2,731.76	$ (979)	-26%
10-20-60-00-590-03-00	UNPROD TIME/HOLIDAY-SEA	$ 43,344.98	$ 42,338.61	$ (1,006)	-2%
10-20-60-00-590-03-01	*STATION UNPRODUCTIVE TIME HOLIDAY*	*$ 7,051.68*	*$ 10,147.31*	*$ 3,096*	*44%*
10-20-60-00-590-04-00	UNPROD TIME/VACATION-SEA	$ 86,461.42	$ 63,409.56	$ (23,052)	-27%
10-20-60-00-590-04-01	STATION UNPROD TIME VACATION	$ 16,536.47	$ 16,282.53	$ (254)	-2%
10-20-60-00-590-05-00	*UNPROD TIME/OTHER-SEA*	*$ 93,641.00*	*$ 144,424.64*	*$ 50,784*	*54%*
10-20-60-00-590-05-01	STATION UNPROD TIME OTHER	$ 25,852.20	$ 26,049.40	$ 197	1%
	TOTAL Account 590	**$ 120,839.32**	**$ 206,925.44**	**$ 86,086**	**71%**

The activity in each relates to *Payroll,* which is discussed specifically within this report. The COVID-19 pandemic, which closed much of the globe for the year 2020, had an impact on the costs incurred related to Unproductive Time.

Account 591, Maintenance of Structures $-0- represents the 2020 balance of two specific 591 general ledger accounts. There was no balance at the end of 2019. Audit reviewed the 591 detailed general ledger to ensure that the $-0- balance reflected no activity during the year.

Account 592, Maintenance of Station Equipment $221,138.91 is the sum of ten specific 592 general ledger accounts, four of which had zero year-end balances and no activity during the test year. The 2020 balance is 72% higher than the 2019 balance. The majority of the $92,728 increase was noted in account 10-20-50-00-592-02-00, Dist Maint Sta Equip Annual Cap, which increased from a 2019 figure of $43,617 to a 2020 figure of $95,598. The increase of $51,981 represents 119% for that particular account, and that account's increase represents 56% of the overall increase. Activity that appears to be non-recurring, and represents $46,762 of the $51,981, based on a review of both 2019 and 2020 detailed general ledgers is:

10/31/2020	$11,417.50	Miscellaneous Plant Adjustment entry CPA865-849967
11/30/2020	$31,017.75	Miscellaneous Plant Adjustment entry CPA865-854398
12/28/2020	$ 4,327.14	Miscellaneous Plant Adjustment entry CPA 865-859230
	$46,762.39	Refer to **Audit Issue #8**

Account 593, Maintenance of Overhead Lines $6,217,324.03 is the sum of 49 specific 593 accounts, and represents a 4% increase over the prior year. On the FERC Form 1, the total also includes the balances of accounts 571, discussed earlier. 24 of the 593 accounts reflected a zero balance and no activity during the test year. Audit did review the activity in all 49 accounts and noted accounts related to vegetation management, Fairpoint and TDS billing (reflecting a credit balance), forestry, VMP storm hardening, Police flagger costs, scheduled and unscheduled maintenance, and distribution system storm troubles. Audit requested clarification of why the costs associated with Storm Troubles, VMP Storm Hardening, and billings to Fairpoint and TDS are not part of the filing flow-through items. The Company responded that:

"*Pursuant to the provisions of the Settlement Agreement in DE 10-055, Order No. 25,656 in DE 14-063, and Order No. 26,007 which approved the Settlement Agreement in Docket No. DE 16-384, the Company has an amount of $4,858,739 that is collected in base distribution rates currently.*

Pursuant to the Orders above the Company makes an annual VMP/REP filing and any over/under collection above the amount reflected in base rates is recovered or credited to rate payers via the External Delivery Charge.

In Docket DE 20-183, for calendar year 2020, the Company spent $5,515,822 in VMP expense and $152,803 of REP expenses related to VMP for a grand total of $5,668,625. In calendar year 2020, the Company collected $989,500 from Consolidated Communications, providing for a net total expenditure of $4,697,125. The net expenditure of $4,697,125 is subtracted from the $4,858,739 for a total over collection of $179,614 which will be credited to the Company's External Delivery Charge mechanism on May 1, 2021. In the instant proceeding in Docket DE 21-030, Exhibit CGDN-1 pages 14-15 (Bates 84-85) the Company describes its proposal to adjust the total VMP and REP expense recovery through base distribution rates to $6,265,166. This amount equals the revised amount of program costs that the Company filed for in the 2021 VMP in DE 20-183 on April 15, 2021. The Company is proposing to continue to reconcile annually the actual VMP and REP expense to the amount included for recovery in base distribution rates and refund or recover the difference as part of the EDC. The only difference from the current process and this proposal is that the Company is proposing to update the amount of recovery in base distribution rates in order to reduce the amount of VMP and REP cost recovered via the EDC.

The remaining accounts that are outside of the explanation above are provided below. These accounts relate to "business as usual" maintenance of overhead lines as well as storm trouble costs that relate to "blue-sky" events that do not qualify for the recovery via the Company's Major Storm Cost Reserve (MSCR). As such they're included in the Company's test year and not included in any VMP/REP or MSCR report."

10-20-50-00-593-01-00	DIST MAINT UNSCHEDULED-CAP	$	443,204.07
10-20-50-00-593-02-00	DIST MAINT SCHEDULED-CAP	$	11,533.88
10-20-50-00-593-05-00	DIST STORM TROUBLE-CAP	$	3,371.99
10-20-60-00-593-01-00	DIST MAINT UNSCHEDULED-SEA	$	739,975.32
10-20-60-00-593-02-00	DIST MAINT SCHEDULED-SEA	$	14,502.92
10-20-60-00-593-05-00	DIST STORM TROUBLE-SEA	$	145,996.85
		$	1,358,585.03

Audit reviewed the 24 accounts that netted to the referenced $4,858,739, and verified that figure to the (Revised) Settlement Agreement, page 13 of 19, in docket DE 16-384. Audit does not express an opinion regarding the proposed change to the annual amount of recovery in base distribution rates. Rather, for the test year 2020, the expenses for VMP/REP appear to be less than the authorized $4,858,739 by $179,614, as noted in the Company's response.

Audit reviewed the Table 1 reported 2020 Actual Cost on page 4 of 9 of the Annual Report filed in docket DE 20-183, which showed, through the $5,515,822:

Cycle Prune	$1,487,245	GL #10-20-28-00-593-04-00
Hazard Tree Mitigation	$ 934,543	GL #10-20-28-00-593-04-11
Forestry Reliability Work	$ 18,168	GL #10-20-28-00-593-04-13
Mid-Cycle Review	$ 31,791	GL #10-20-28-00-593-04-12
Police/Flagger	$ 676,997	GL #10-20-28-00-593-04-15
Core Work	$ 176,578	GL #10-20-28-00-593-14-20 through 24
VMP Planning	$ -0-	
Distribution Total	*$3,325,322*	
Sub-T	$ 363,327	GL #10-20-28-00-593-04-16
Substation Spraying	$ 10,798	GL #10-20-28-00-593-04-40
VM Staff	$ 376,758	**Note**
Program Total	*$4,076,205*	
Storm Resiliency Program	$1,439,617	GL #10-20-28-00-593-04-18
Grand Total	***$5,515,822***	
REP Forestry Expenses	$ 152,803	GL #10-20-28-00-593-04-17
Combined Total	***$5,668,625***	
Less Fairpoint/TDS Billing	$ (989,500)	GL #10-20-10-00-593-04-02
NET	**$4,679,125**	

Note the VM Staff figure of $376,758 per the DE 20-183 is $20,344.00 lower than the two accounts that comprise the actual general ledger total. The detailed general ledger 10-20-28-00-593-04-00 includes a prior period adjustment that is not included in the DE 20-183 filing:

10-20-10-00-593-04-00 USC Vegetation Management	$245,205.58
10-20-28-00-593-04-00 VMP Field Staff NH	$151,896.78
	$397,102.36
Less prior period adjustment	$ (20,344.00)
Expense per DE 20-183	$376,758.36

The prior period adjustment noted above was booked on 2/20/2020 to:

10-20-28-00-593-04-00 VMP Field Staff NH	$20,344.00	
10-20-50-00-582-02-04 Dist Ops Station Spraying-Cap		$ (7,618.00)
10-20-60-00-582-02-04 Dist Ops Station Spraying-Sea		$(12,726.00)

The Company's response includes a transposition, indicating that the NET is $4,697,125. The actual net of $4,679,125 does calculate to the response over-collection of $179,614. Audit requested clarification of the adjustment, and was provided with:

"*The Company agrees that there should be an adjustment of $20,344 but it should be a credit to the 592 expense not a debit to the 593 account as recommended. The $20,344 prior period adjustment was a reclass of expenses between the 59304-00 account and the 58202-04 account.*

There should have been no impact to the test year. But as part of the Settlement in DE 16-384, Vegetation Management Program ("VMP") cost are reconciled to a base funding amount of $4,858,739 with any over or (under) recovery being deferred for recovery or for refund as part of the following years External Delivery Charge. Without the reclass entry, the 593 VMP expenses in the 593 account were $4,679,125 and the amount deferred for refund for the year to the 17311-00 accrued revenue account was $179,614 for a total expense of $4,858,739. Including the reclass entry, the 593 VMP expenses in the 593 account were $4,699,469 and the amount deferred for refund for the year to the 17311-00 accrued revenue account was $159,270 for a total expense of $4,858,739. The reconciling of VMP expenses to the approved funding level resulted in the 593 VMP cost being correct in the test year but resulted in the 592 O&M expense being understated by $20,344. An adjustment to increase the test year expense is necessary to remove the prior period adjustment reclass between the expense accounts. The table below shows the impact of the reclass entry on the three accounts identified above:"

Vegetation Management Program	**No Reclass**	**Reclass**	**With Reclass**
10-20-10-00-5930201 RELIABILITY ENHANCEMENT PROGRAM - ACCRUAL	220,000.00		220,000.00
10-20-10-00-5930400 USC-VEGETATION MANAGEMENT	245,205.58		245,205.58
10-20-10-00-5930401 DIST VEG CONTROL - ACCRUAL	(40,386.36)	(20,344.00)	(60,730.36)
10-20-10-00-5930402 FAIRPOINT/TDS BILLING	(989,499.71)		(989,499.71)
10-20-28-00-5930400 VMP FIELD STAFF NH	131,552.78	20,344.00	151,896.78
10-20-28-00-5930410 MAINTENANCE CIRCUIT PRUNING	1,487,244.76		1,487,244.76
10-20-28-00-5930411 HAZARD TREE MITIGATION	934,543.55		934,543.55
10-20-28-00-5930412 MID-CYCLE REVIEW	31,790.82		31,790.82
10-20-28-00-5930413 FORESTRY RELIABILITY ASSESSMENT	18,167.65		18,167.65
10-20-28-00-5930415 POLICE FLAGGER COSTS	676,996.57		676,996.57
10-20-28-00-5930416 SUB TRANSMISSION VEGETATION CONTROL	363,326.54		363,326.54
10-20-28-00-5930417 UES REP FORESTRY	152,802.95		152,802.95
10-20-28-00-5930418 VMP STORM HARDENING	1,439,617.37		1,439,617.37
10-20-28-00-5930420 CORE WORK - CUSTOMER REQUESTS	114,616.04		114,616.04
10-20-28-00-5930421 CORE WORK - STORM EMERGENCY REQUESTS	42,175.97		42,175.97
10-20-28-00-5930422 CORE WORK - HOT SPOTTING	9,466.47		9,466.47
10-20-28-00-5930423 CORE WORK - MAKE SAFE	6,852.25		6,852.25
10-20-28-00-5930424 CORE WORK - TREE PLANTING	3,467.77		3,467.77
10-20-28-00-5930440 SUBSTATION SPRAYING	10,798.00		10,798.00
Total 593 Vegetation Management	**4,858,739.00**	**0.00**	**4,858,739.00**
Other Expense Account Impacted by the Reclass			
10-20-50-00-5820204 DIST OPS STATION SPRAYING-CAP	0.00	-7,618.00	-7,618.00
10-20-60-00-5820204 DIST OPS STATION /SPRAYING - SEA	0.00	-12,726.00	-12,726.00
Total 58202-04	**0.00**	**-20,344.00**	**-20,344.00**
Balance Sheet Account Impacted by the Reclass			
10-20-00-00-1731100 ACCRUED REVENUE - VMP	**159,269.18**	**20,344.00**	**179,613.18**
Beginning Balance 12/31/2019 (17311-00)	316,944.54	-	316,944.54
Transfer to External Delivery Charge	(337,289.00)	-	(337,289.00)
2020 Vegetation Mgmt Over/(Under) Recovery	179,613.64	20,344.00	199,957.64
Ending Balance 12/31/2020 (17311-00)	**159,269.18**	**20,344.00**	**179,613.18**

Account 594, Maintenance of Underground Lines $894.44 is the sum of two specific 594 general ledger accounts, and represents an 80% increase over the 2019 ending balance. In 2019, the activity only posted to the Capital division, and in 2020, the activity related only to the Seacoast division. Detailed review of the accounts for both years showed that in 2019 there were three entries on 11/22/2019 related to WESCO Receivables Corp that summed to $497.82. In 2020, the only entry in account 10-20-60-00-594-00-00, $894.44, was part of a Miscellaneous Plant Adjustment entry CPA865-854398, that appears to be non-recurring. Refer to **Audit Issue #8**

Account 595, Maintenance of Line Transformers $627.87 is the sum of two specific 595 general ledger accounts, and is 85% lower than the 2019 ending balance. Activity was noted to be payroll, small tools, and immaterial vouchers from a local hardware store.

Account 596, Maintenance of Street Lighting and Signal Systems $5,176.77 is the sum of two specific 596 general ledger accounts, representing an increase of 229% over the 2019 balance of $1,571.96.

Account	2020	2019	% change
10-20-50-00-596-00-00	$1,878.25	$1,113.11	+69%
10-20-60-00-596-00-00	$ 3,298.52	$ 458.85	+619%
	$5,176.77	$1,571.96	+229%

The Capital region account 10-20-50-00-596-00-00 included entries for payroll, small tools, transportation, vouchers for Hi Volt Line Construction, and an immaterial miscellaneous plant adjustment entry of $64.43.

The Seacoast region account 10-20-60-00-596-00-00 Dist Maint St Light Repair-SEA demonstrated two entries from Graybar Electric for a total of $612.08, and Miscellaneous Plant Adjustment entries in September and November that sum to $2,686.44.

Account 597, Maintenance of Meters $2,095.58 is the sum of four specific 597 general ledger accounts, two of which reflected zero balances and no activity during the test year. The balance at 12/31/2020 is a decrease of 28% from the 2019 balance. Activity in the Capital division's account reflected entries for payroll, small tools, and transportation allocations. Activity in the Seacoast division's account reflected payroll and small tool allocations.

Account 598, Maintenance of Miscellaneous Distribution Plant $8,474.15 is the sum of nine specific 598 general ledger accounts, four of which were zero at year-end and had no activity during the test year. The 2020 balance is 6% higher than the balance at 12/31/2019. Capital division activity reflected entries for vouchers paid to IML North America, Batavia Services, Greenlands Equipment Corp, payroll, transportation, and small tools. Seacoast activity showed only two entries, one for TCS Communications in August and one for Seacoast Power Equipment in October 2020.

Customer Accounting - $4,286,916

Audit verified the reported $4,286,916 as seen on Schedule RevReq-2, Page 1 of 2, to the following general ledger accounts:

901	Supervision (3 Accounts)	0
902	Meter Reading Expenses (20 Accounts)	63,751
903	Customer Records and Collection Expenses (35 Accounts)	3,226,861
904	Uncollectible Accounts (22 Accounts)	996,304
905	Miscellaneous Customer Accounts Expense (2 Accounts)	0
		$4,286,916

The Revenue Requirements Schedule in the filing show a flow-through total of $321,671, which Audit verified to the following four 904 accounts:

10-29-21-36-904-00-02	BD EXP CIS G-2 NON-DIST	$ 20,893.66
10-29-21-36-904-00-05	BD EXP CIS D-RES-NON-DIST	$ 298,555.25
10-29-21-36-904-00-30	BD EXP CIS OL-NON-DIST	$ 193.76
10-29-21-37-904-00-01	AFDA G-1 - NON-DIST	$ 2,028.62
	Default Service Flow-Through	$ 321,671.29

The remainder of the accounts are included in Base Rates.

Account 901, Supervision, included three general ledger accounts with zero balance at year end. Audit reviewed the detail general ledger and noted that there was no activity in the accounts during the test year.

Account 902, Meter Reading Expense, which totaled $63,751 is made up of twenty 902 GL accounts. Only four of those accounts had a balance at the year end. The sixteen other accounts had no activity for the year. Activity in the accounts included monthly invoices and a larger invoice that audit selected for review as noted below.

Audit reviewed an invoice from Landis & Gyr Technologies in the amount of $51,670 booked to account 10-20-09-00-902-00-00 Cust Acct Meter Read Exp. The invoice was for the annual software and support agreement. The allocation was 62%, or $32,036, UES; 13% or $6,717 to FGE – G; and 25%, or $12,918, FGE - E. Unitil previously provided the following statement regarding the allocation percentages used for the Landis & Gyr invoices; "*The allocation was based on the quantity of meters for each DOC in the Landis & Gyr metering system.*"

Account 903, Customer Records and Collection Expenses, year-end balance was $3,226,861. There was a total of thirty-five 903 accounts with twenty-four of them containing no activity for the year. The majority, $2,603,306, of the $3,226,861 account balance was for the monthly service company billing. Audit selected the January invoice to review in detail as noted below. Other activity included payments to Kubra for postage, receivable management payments, and payroll.

Audit reviewed the full January USC bill in detail. The invoice included the journal entry for all companies charged and the support behind the totals. A total of $260,434 was booked to account 10-20-10-00-903-06-00, Customer Accounting. The support shows the total hours charged and the total of labor and overhead associated with those hours. The overhead charges that is being used is 100% of the labor cost. Per the Company's CAM, the overhead factor is taken from the Month Control table. The supporting documentation provided supports the charges booked to account 903.

Audit reviewed an invoice for Kubra Data Transfer. The invoice total is $31,978 which was charged to three 903 accounts. During the last rate case Audit, in Docket 16-383, the Kubra invoice reviewed included tax in the invoice total. At that time Unitil noted that the Tax Manager was in the process of providing Kubra with an exemption certificate. The tax issue was rectified as the invoice reviewed from June 30, 2020 did not include a tax charge. No exceptions were noted in the review of the Kubra invoice.

Included in the activity of account 903 were several payments to Stevens Business Services. Unitil has previously noted that *"this is one of 3 Collection Agencies that we send accounts to after they have gone Final but the customer has not paid their final balance, despite our internal collection efforts. Collection agencies refer customers to the Credit Bureaus if balances remain unpaid, so they have more leverage and are able to successfully collect on some unpaid balances."*

<u>Account 904, Uncollectible Accounts</u> totaled $996,304 and was comprised of twenty-two accounts. Ten of those accounts had no activity during the year and the remaining twelve made up the year-end total as noted below:

10-20-10-00-904-00-00	PROVISION FOR DOUBTFUL ACCTS	$ 147,969.73	*
10-20-10-00-904-00-27	PROVISION FOR DOUBTFUL ACCCTS-NON-DIST	$ 143,622.87	
10-20-21-00-904-00-00	PROVISION FOR DOUBTFUL ACCTS	$ 32,179.00	*
10-20-21-00-904-00-01	BD EXP CIS G-1 - DIST	$ 4,788.33	*
10-20-21-00-904-00-02	BD EXP CIS G-2 - DIST	$ 37,357.50	*
10-20-21-00-904-00-05	BD EXP CIS D-RES-DIST	$ 302,782.20	*
10-20-21-00-904-00-30	BD EXP CIS OL-DIST	$ 1,175.10	*
10-20-21-00-904-01-00	PROVISION FOR DOUBTFUL ACCTS-SUNDRY	$ 4,757.60	
10-29-21-36-904-00-02	BD EXP CIS G-2 NON-DIST	$ 20,893.66	
10-29-21-36-904-00-05	BD EXP CIS D-RES-NON-DIST	$ 298,555.25	
10-29-21-36-904-00-30	BD EXP CIS OL-NON-DIST	$ 193.76	
10-29-21-37-904-00-01	AFDA G-1 - NON-DIST	$ 2,028.62	
		$ 996,303.62	

The filing schedule RevReq 3-13 shows the bad debt expense (for distribution) to be $526,252. The figure is the combination of the six account totals identified with an asterisk *.

Activity in the accounts included accruals and CIS Utility billing transactions. No exceptions were noted.

Audit reviewed the detail general ledger for <u>Account 905, Miscellaneous Customer Accounts Expenses,</u> which did not contain any activity for the year.

<u>Customer Service - $7,326,955</u>

907	Supervision (3 Accounts)	0
908	Customer Assistance Expenses (857 Accounts)	7,298,180
909	Informational and Instructional Expenses (12 Accounts)	28,775
910	Miscellaneous Customer Service and Informational Expenses (3 Accounts)	0
		$7,326,955

The Revenue Requirements Schedule in the filing show a flow-through total of $7,298,180 which Audit verified to the 908 accounts. The 908, Customer Assistance Expenses, accounts are reviewed on a yearly basis as part of the CORE program and Electric Assistance Program. Please see those individual reports for more information regarding these programs.

Account 907, Supervision contained three accounts with a year-end total of $0.00. A review of the detail general ledger shows there was no activity in these accounts during the test year.

The 909 Account, Informational and Instructional Expenses year-end balance totaled $28,775. Of the twelve 909 accounts, only three had balance as of year-end. Audit reviewed the detail general ledger for the remaining nine accounts, and none of them had activity for the year. Activity in the three accounts contained expenses for Neighbor Helping Neighbor, Bank of America charges, and other expenses. Audit selected three invoices to review in detail.

The Culver Company invoice, totaling $49,742.50 was reviewed. A total of $11,623 was booked to account 10-20-24-00-909-52-00, Outreach and Education. The $11,623 booked to account 909 is 40% of the account total. The remaining invoice amount was charged to NU and FGE. The batch requisition provided to Audit notes the charges are for the 2020 School Program E-Smart Kids website and materials. The invoice from Culver notes $49,000 for "Unitil K-12" and two video requests at $383 and $360 each. The FERC definition of account 909, Informational and Instructional Advertising Expenses (Major Only), is *"This account shall include the cost of labor, materials used and expenses incurred in activities which primarily convey information as to what the utility urges or suggest customer should do in utilizing electric service to protect health and safety, to encourage environmental protection, to utilize their electric equipment safely and economically, or to conserve electric".* No exception was noted with regards to the $11,623 charge booked to account 909.

Audit reviewed a payment to Neighbor Helping Neighbor (NHN) in which $2,464 was charged to account 10-20-21-00-909-01-00, Neighbor Helping Neighbor. The invoice totaled $3,520 for utility match for the 2020 NHN Fiscal Budget. The remaining balance of $1,056 was booked to Northern Utilities. The invoice was allocated using the 70/30 split. No exception was noted.

Audit reviewed an invoice totaling $6,000 for 2020 Annual MUST Training Seminar Donations. $1,000 of the invoice was booked to account 10-20-24-00-909-52-00, Outreach and Education. $3,000 was booked to NU and $2,000 was booked to FGE. Audit notes that this appears to be a donation rather than registration for the seminar. Due to it being a donation, Audit recommends this charge of $1,000 be booked below the line. **Audit Issue #8**

Account 910, Miscellaneous Customer Service and Information Expenses had a zero balance at year-end. The detail general ledger did not show any activity for any of the three 910 accounts during the test year.

Administrative and General - $9,750,830

913	Advertising Expenses (3 Accounts)	92,237
920	Administrative and General Salaries (13 Accounts)	25,496
921	Office Supplies and Expenses (47 Accounts)	686,847
923	Outside Services Employeed (122 Accounts)	4,986,994
924	Property Insurance (8 Accounts)	69,365
925	Injuries and Damages (24 Accounts)	198,148
926	Employee Pensions and Benefits (121 Accounts)	2,609,405
927	Franchise Requirements (3 Accounts)	102
928	Regularoty Commission Expenses (26 Accounts)	793,736
929	Duplicate Charges - Credit (1 Account)	0
930	General Advertising and Miscellaneous General Expenses (51 Accounts)	75,560
931	Rents (6 Accounts)	30,800
935	Maintenance of General Plant (9 Accounts)	182,140
		$9,750,830

The Revenue Requirements Schedule in the filing shows a flow-through total of $825,374 which Audit verified to the following fourteen accounts:

10-29-01-22-923-00-00	NH LIEAP COSTS	$ 214,455.26
10-29-01-22-923-03-00	NH LIEAP ADMIN PRINTING/MARKETING COSTS	$ 185.00
10-29-13-32-923-06-00	UPC BILL-ADMIN SERVICE CHG-EDC	$ 6,571.12
10-29-13-32-923-11-00	CONSULTING OUTSIDE SERVICES - EDC	$ 62,178.56
10-29-13-32-923-12-00	LOAD ALLOCATION AND EDI-EDC	$ 311,410.83
10-29-01-32-928-01-00	PUC REG COMM ASSESSMENT AMORT - EDC	$ 113,048.01
10-29-01-32-928-01-01	TRANS BASED ASSESS/FEES - EDC	$ 12,480.00
10-29-01-32-928-03-00	REG COMM EXP - EDC	$ 4,824.49
10-29-01-36-928-01-00	REG COMM - PUC ASSESSMENT - PS NONG1	$ 9,224.03
10-29-01-37-928-01-00	REG COMM - PUC ASSESSMENT - PS G1	$ 775.93
10-29-13-36-928-03-00	REG COMM EXP-LEGAL-DS-NON-G1	$ 462.78
10-29-13-37-928-03-00	REG COMM EXP-LEGAL-DS-G1	$ 43.22
10-29-01-36-930-00-99	PS ADMIN SERVICE COST - NON G1	$ 35,200.72
10-29-01-37-930-00-99	PS ADMIN SERVICE COST - G1	$ 54,513.72
		$ 825,373.67

Account 913, Advertising Expense had a year-end total of $92,237. There are three 913 accounts with one of those account containing no activity for the year. The other two accounts contained mostly printing fees. Audit selected one invoice from pixel and pulp to review in detail.

The Pixel and Pulp invoice selected for review was for a total of $3,770. A total of $1,168.70 was charged to account 10-20-24-00-913-53-00, Customer Communication. $942.50 was charged to FGE and $1,658.80 was charged to Northern Utilities. The actual invoice noted the charges were for the January and February Newsletters and stock photos. The invoice was dated 12/18/2020 and due

1/17/2021. Audit recommends this charge be removed from the rate case expense total as the charges are for 2021 and not 2020. **Audit Issue #8**

Account 920, Administrative and General Salaries totaled $25,495 for the year. There were a total of thirteen 920 accounts with only four of them containing activity. Account 10-20-03-00-920-05-00, Incentive Compensation, contained monthly accrual expense amounts for incentive compensation of approximately $8,673, plus an adjusting entry bringing the year-end total to $104,247. Account 10-20-10-00-920-05-00, Incentive Compensation Capitalized contained a year-end balance of ($86,252). A total of $7,774 was A&G Salaries for capital and seacoast combined.

Account 921, Office Supplies and Expenses had a year-end balance of $686,847. There was a total of forty-seven accounts with only eighteen of those accounts having activity in them during the year.

Account 10-20-21-00-921-01-09 Credit Card Fees, contained a balance of $375,325 or 55% of the account 921 total of $686,847. Account 10-20-08-00-92-01-08 Bank Fees & Commitments Fees had an account balance of $201,100. These two accounts combined accounted for 84% of the account year-end balance.

The Credit Card Fees account is used to record credit card fees related to customer payments. Other activity in the 921 accounts include telephone services, amortization of prepaid dues and subscriptions, active shooter training, and other.

Also included in the account 921 activity are $35 payment to employees for telephone reimbursements. Regarding these payments, Unitil previously noted, *"ON CALL Supervisors at the DOC receive a monthly amount of $35.00 towards their land line in their homes. They do not submit back up for these reimbursements. We create a PO each year and $35.00 a month is "received" against it for the month per employee*".

Audit reviewed an invoice from TM Squared totaling $6,975 for CPR, AED, and First Aid training. A total of $1,162.50 was booked to account 10-20-22-00-921-24-00, Safety - Shared Services. The remaining invoice total was allocated to FGE, electric and gas; NU, New Hampshire and Maine; and Granite State Gas Transmission in the amount of $1,162.50 each. No exception was noted.

Account 923, Outside Services Employed, has a year-end balance of $4,986,993. There are one hundred twenty-two 923 accounts. Five of them, totaling $594,801, are noted below as flow-through:

10-29-01-22-923-00-00	NH LIEAP COSTS	$	214,455.26
10-29-01-22-923-03-00	NH LIEAP ADMIN PRINTING/MARKETING COSTS	$	185.00
10-29-13-32-923-06-00	UPC BILL-ADMIN SERVICE CHG-EDC	$	6,571.12
10-29-13-32-923-11-00	CONSULTING OUTSIDE SERVICES - EDC	$	62,178.56
10-29-13-32-923-12-00	LOAD ALLOCATION AND EDI-EDC	$	311,410.83
		$	594,800.77

Only fifteen accounts, not including the ones noted as flow-through, contained activity during the year. Three of those with activity contained only accruals and had zero balance at year-end. The majority of the account balance is for Unitil Service Corp expenses, totaling $4,120,501, or 83%, of the account balance, which include the following accounts:

10-20-10-00-923-03-00	OS UNITIL SERVICE CORP	$ 7,149,899.54
10-20-10-00-923-03-01	OS UNITIL SERVICE CORP-CAP	$ (2,008,373.54)
10-20-10-00-923-03-05	USC OUTSIDE SERVICES-DIRECT CHGS	$ 314,627.43
10-20-10-00-923-03-07	DIRECT CHARGES CAPITALIZED	$ (49,735.49)
10-20-10-00-923-03-08	USC ALLOCATED PBOP EXPENSE	$ (300,276.00)
10-20-10-00-923-03-09	USC ALLOCATED SERP EXPENSE	$ (382,688.89)
10-20-10-00-923-03-10	USC ALLOCATED PENSION EXPENSE	$ (602,952.00)
		$ 4,120,501.05

Audit reviewed a $29,981 charged booked to account 10-20-10-00-923-03-05, USC Outside Services – Direct Charge. As noted in account 903 above, Audit received the full invoice from the January USC billing. The invoice noted hours charged to UES and the labor and overhead totals associated with the hours. Also included in the service billing is a direct charge amount. The total direct charge on the January billing was fully booked to the 923 account noted above. Support provided in the service billing included a sheet noting $28,776 was for Data Management Hardware Leases and Maintenance Costs and an additional $1,204 was for Expense Reports. No exception was noted.

One invoice was reviewed by Audit for Pierce Atwood LLP. The total invoice was $3,513.61 and was fully charged to account 10-20-10-00-923-04-00, OS Other. The invoice notes that the charges are for "Unitil Energy Systems Tax Appeals".

Audit reviewed an invoice from Perkins Thompson for "Professional services through 10/31/2019". The invoice notes that the amount of $3,936, which was booked to account 10-20-15-00-923-00-00, OS – Legal Claims and Litigations, was a past due amount from August and September 2019. As these expenses are for the prior year, 2019, Audit recommends the amount of $3,936 be removed from the filing total. **Audit Issue #8**

A third invoice from account 923 was reviewed in the amount of $6,925 from OnSolve. The invoice is the Emergency Alert System (EAS) and Mobile Services from March 5, 2020 through March 4, 2021. Per the OnSolve website, the EAS provides urgent notifications and instructions to citizens. $2,216 of the invoice was booked to account 10-20-22-00-923-15-00, OS-Emergency Management & Compliance. 32% of the invoice was booked to UES. Per the Cost Allocation Manual it appears that 31%, or $2,146.75, should have been booked to this account. Audit recommends removing $69.25 from the rate case expense. **Audit Issue #8**

An invoice in the amount of $57,500 was reviewed by Audit. A total of $39,100, or 68% of the total, was booked to account 10-20-22-00-923-15-00, OS-Emergency Management & Compliance. The remaining 32% was booked to FGE. There was no issue with the allocation amount as it was accurately verified to the CAM. The invoice was for a one year license and service of the First Responder app. The invoice was dated 11/16/2020 and notes the license duration is the effective date plus 365 days. As the majority of this subscription timeframe is for calendar year 2021, Audit recommends moving this invoice to a prepaid account. **Audit Issue #8**

<u>Account 924, Property Insurance</u>, contained a total of eight accounts, of which only two had activity during the year and year-end account balances. The account total of $69,365 was tied the following two general ledger accounts:

10-20-08-00-924-00-00	PROPERTY INSURANCE	$	77,957.30
10-20-10-00-924-00-01	PROPERTY INS CAPITALIZED	$	(8,592.00)
		$	69,365.30

Account 10-20-08-00-924-00-00 contained monthly amortization amounts for the prepaid property insurance. Account 10-20-10-00-924-00-01 contains monthly recurring journal entries of $716 to capitalize property insurance expense.

Audit received copies of the property insurance binders that were in effect during calendar year 2020. This particular policy was renewed in May 2020. Audit received both the 2019 and the 2020 policy binders with the premium totals. UES provided Audit with a spreadsheet showing the allocation of the premiums to each company. Audit verified the premium amounts allocated to UES in 2019 and 2020 were accurately booked to the Prepaid Property Insurance account 10-20-00-00-165-01-00 without exception.

Account 925, Injuries and Damages contained a total of twenty-four general ledger accounts. Audit reviewed the detail general ledger and confirmed that only eight accounts contained activity for the year resulting in a year-end total or $198,148.

10-20-08-00-925-00-00	D & O AND FIDUCIARY	$	56,469.96
10-20-08-00-925-02-00	GENERAL LIABILITY	$	387,530.42
10-20-08-00-925-02-02	GENERAL LIABILITY CLAIMS	$	5,510.00
10-20-08-00-925-04-00	WORKERS COMPENSATION EXP	$	76,391.35
10-20-10-00-925-02-01	GEN LIAB CAPITALIZED	$	(285,588.00)
10-20-10-00-925-04-01	WORKERS COMP CAPITALIZED	$	(46,133.38)
10-20-50-00-925-01-00	INJURIES & DAMAGES SAFETY-CAP	$	1,581.41
10-20-60-00-925-01-00	INJURIES & DAMAGES SAFETY-SEA	$	2,385.98
		$	198,147.74

Activity in the accounts include amortization of prepaid insurance expense, monthly insurance claim accruals, and vouchers for Cintas, which Audit selected one to review.

The Cintas invoice reviewed totaled $1,301 with the full amount charged to account 10-20-60-00-925-01-00, Injuries & Damages Safety-Seacoast. The invoice noted the expense was for AED pads and a service charge. No exception was noted.

Audit reviewed the insurance policy binders for Directors and Officers Insurance, Fiduciary Liability Insurance, Crime Insurance, and Cyber Insurance. The policy periods were for a twelve month period that did not coincide with the calendar year. Due to this, Audit reviewed both the 2019 and 2020 general ledger activity for these policies. Audit was able to verify the premium amounts for each policy, as UES provided an allocation spreadsheet for each, to the prepaid injuries and damages account 10-20-00-00-165-01-01. On a monthly basis the premium amounts are amortized to expense account 10-20-08-00-925-00-00, D&O and Fiduciary.

Audit reviewed the Excess Liability Insurance policy that was in effect from 12/31/2019 through 12/31/2020. The total charges for the policy include the premium, broker fee and surplus tax fee. Please see the Tax section for information regarding the surplus tax. UES provided the premium and broker fee allocation amount for each company. Audit verified these amounts to the Prepaid Injuries and Damages account 10-20-00-00-165-01-01. The monthly amounts are then amortized to general ledger account 10-20-08-00-925-02-00 General Liability.

During Audit's review of the prepaid Injuries & Damages account it was noticed that the broker fee amount of $16,498.13 was booked to the general ledger account in January 2020 and December 2020. As the policy dates run from December 31 to December 31 it is understandable that these fees may be paid in either December or January; however, as we are looking at expenses for the test year, it is noted that the broker fee should only be booked once in 2020. Audit recommends removing the January payment of the $16,498.13 broker fee as it is for the policy period, as it should have been booked to the prepaid account in December 2019. **Audit Issue #8**

Audit reviewed the Worker's Comp insurance policy binder and allocation spreadsheet provided by Unitil. The policy period was from October through October so Audit reviewed both the 2019 and 2020 journal entries. The spreadsheet provided the annual premium and monthly payment amount for each Capital and Seacoast regions. The monthly premium amount is booked to the prepaid account 10-20-50 (60)-00-165-01-04, Prepaid Workers Comp – Capital (Seacoast) on a monthly basis. The amounts are then amortized to the Worker's Comp expense account 10-20-08-00-925-04-00.

Account 926, Employee Pensions and Benefits year-end account totaled $2,609,405. There are a total of 121 accounts with only thirty-eight including activity during the year and a year-end balance. Activity in the accounts include weekly 401k deposits to John Hancock, monthly pension expense transactions, health insurance reserve accruals, drug subsidy accrual and payments, life insurance premiums, monthly PBOP, SERP. Other employee benefits includes expenses for employee coffee station such as coffee, creamer, etc.

Audit reviewed a charge of $1,189 booked to account 10-20-03-00-926-06-00, Employee Benefits Other. The invoice total was $9,515 for the Employee Assistance Program for 1/1/20-5/31/20. Audit requested additional information from UES regarding the allocation. They noted that the allocations is per person and UES' portion was 11%. Audit recalculated the allocation and noted 11% of the invoice is $1,047. Audit recommends removing the difference of $142 from the expense total as the charge is over stated. **Audit Issue #8**

Two charges, for $849 and $654 each, were booked to account 10-20-03-00-926-06-00, Employee Benefits Other, for Breakfast Catering for the Quarterly Employee Meeting. Audit recommends booking these expenses below the line. **Audit Issue #8**

Audit reviewed one other invoice booked to the Employee Benefits account 10-20-50-00-926-06-00. The invoice total was $10,136.28 with $1,535.85 booked to the Employee Benefits Other – Capital account. $613.95 was booked to the Employee Benefits Other – Seacoast account 10-20-60-00-926-06-00. The expenses were for fire retardant clothing.

Audit reviewed the Pension Actuarial Report and the Postretirement Benefits Other than Pension (PBOP) funding report. Audit tied the net periodic benefit cost of $1,258,030 for Pension from the Actuarial report supporting documentation to the following general ledger accounts:

10-20-03-00-926-02-01 FASB 87 – Pension - Service	$ 403,512
10-20-03-00-926-02-20 FASB 87 – Pension – Other	$ 854,520
	$1,258,032

There is an immaterial difference between the actuarial report and the general ledger accounts of $2.00. The Pension expenses of $1,258,030, per the Actuarial Report, was also verified to filing Workpaper 4.1

Audit was able to verify the net periodic benefit cost of UES Union and UES non-union from the Actuarial Report supporting documentation to the following two general ledger accounts:

10-20-03-00-926-09-00 SFAS 106- PBOP – Service	$ 322,536
10-20-03-00-926-09-19 SFAS 106- PBOP – Other	$1,303,680
	$1,626,216

There is an immaterial difference between the GL accounts and the actuarial report of $6.00. The Actuarial Report expense amount of $1,626,222 was verified to filing Workpaper 4.2

Audit reviewed two T&Es for boot reimbursement for $270 and $290 each. The Union contract notes that an employee may receive a $250 reimbursement per year for safety boots. The employees are allowed to have a one year carry over to have a maximum reimbursement amount of $500. UES provided supporting documentation showing both individuals who received the reimbursement had the funds carried over from 2019. Both reimbursements were booked to account 10-20-50-00-926-06-00, Employee Benefits Other, Capital.

Account 927, Franchise Requirements had a balance of $102 in account 10-20-10-00-927-00-00, Franchise Fee. There are three general ledger 927 accounts; however, two of them have no activity during the test year per the detail GL. There was one transaction for the full amount to Bank of America. Audit selected the expense to review in detail. The payment was made to the NH Secretary of State. No exception noted.

Regulatory Commission Expense, Account 928 contained a year-end balance of $793,736. There are a total of twenty-six 928 accounts with fifteen of the accounts having no activity during the year, and one account had an entry that was reclassified resulting in a zero balance. Seven accounts totaling $140,858 are noted as Flow-through, as noted below:

10-29-01-32-928-01-00	PUC REG COMM ASSESSMENT AMORT - EDC	$	113,048.01
10-29-01-32-928-01-01	TRANS BASED ASSESS/FEES - EDC	$	12,480.00
10-29-01-32-928-03-00	REG COMM EXP - EDC	$	4,824.49
10-29-01-36-928-01-00	REG COMM - PUC ASSESSMENT - PS NONG1	$	9,224.03
10-29-01-37-928-01-00	REG COMM - PUC ASSESSMENT - PS G1	$	775.93
10-29-13-36-928-03-00	REG COMM EXP-LEGAL-DS-NON-G1	$	462.78
10-29-13-37-928-03-00	REG COMM EXP-LEGAL-DS-G1	$	43.22
		$	140,858.46

The remaining balance in the account is $652,877 comprised of the following three general ledger accounts:

10-20-01-00-928-01-00	REG COMM ASSESSMENT/FEES	$ 632,501.04
10-20-01-00-928-02-00	REG COMM EXP-MISC	$ 20,176.25
10-20-01-00-928-03-00	REG COMM EXP - LEGAL	$ 200.00
		$ 652,877.29

Account 928-01 contained amortization of the prepaid PUC assessment. Account 928-02 had two transactions for the same vendor which totaled $17,870 or 89% of the account total. Audit selected the larger transaction to review in detail. Account 928-03 contained monthly legal fee accruals of $1,666.67 and adjusting entries.

Audit reviewed an invoice in the amount of $9,765 from Black & Veatch. The invoice was for professional services for the month of July 2020 and was booked to account 10-20-01-00-928-02-00, Regulatory Commission Expense – Miscellaneous. The batch requisition sheet notes it was for the NH electric vehicle investigation.

Audit noted the PUC Assessment fees for 2020, as noted in the Assessment Booklet from the PUC's website, as the following:

Assessment Due	Electric	IESR	Total
January 2020	$ 154,077	$ 41,451	
April 2020	$ 154,077	$ 41,451	
July 2020	$ 132,624	$ 31,398	
October 2020	$ 161,345	$ 39,126	
Total 2020	$ 602,123	$ 153,426	$ 755,549

IESR as noted in the above graph represents the initials for Imputed Energy Service Revenue.

Audit verified the quarterly payment amounts to the prepaid account 10-20-00-00-165-02-02, Prepaid PUC Assessment without exception. The payments are then amortized to the following 928 accounts:

10-20-01-00-928-01-00 Reg Comm Assessment/Fees	$632,501
10-29-01-36-928-01-00 Reg Comm – PUC Assessment– PS NonG1	$ 9,224
10-29-01-37-928-01-00 Reg Comm – PUC Assessment – PS G1	$ 776
10-29-01-32-928-01-00 PUC Reg Comm Assessment Amort – EDC	$113,048
	$755,549

Filing Schedule RevReq-3-8 shows the total test year Regulatory Assessment to be $632,501 which is the total in the Regulatory Commission Assessment and Fees account. The other three accounts to which the prepaid account is amortized are noted as flow-through in the filing.

Audit noted that the assessment spread is documented in the 2020 CAM as follows:
Regulatory Assessments – Regulatory directives from the NHPUC have changed how UES accounts for and recovers regulatory assessments. Per the 2016 Rate Case directive, $632,501 (annually) of the

NHPUC regulatory assessment payment is assigned to distribution. An additional $10,000 (annually) is assigned to the G1 and Non G1 Power Supply reconciling mechanisms. These amounts are based on the 2016 Fiscal Year assessment bills. The remainder is assigned to the EDC reconciling mechanism. This allocation method will be used until the next base rate proceeding is settled.

Account 929, Duplicate Charges – Credit contained one account, 10-20-10-00-929-00-00 with no activity for the year.

Account 930, General Advertising and Miscellaneous General Expenses had a year-end total $75,560. Account 931, Rents has a year-end account balance of $30,800. The total of $106,360 is noted in the FERC Form 1, page 323, line 192.

Two accounts totaling $89,714 were noted as Flow-Through on the revenue requirement schedules as follows:

10-29-01-36-930-00-99	PS ADMIN SERVICE COST - NON G1	$35,200.72
10-29-01-37-930-00-99	PS ADMIN SERVICE COST - G1	$54,513.72
		$89,714.44

Schedule RevReq-3-10 contains a pandemic cost adjuster. This schedule shows a total of $39,857 being removed from the test year for pandemic related costs. This total of $39,857 includes $30,250 from the following three 930 accounts:

10-20-10-00-930-10-00	MISC EXP - PANDEMIC COSTS	$18,834.42
10-20-50-00-930-10-00	MISC EXP - PANDEMIC COSTS - CAPITAL	$ 5,188.79
10-20-60-00-930-10-00	MISC EXP - PANDEMIC COSTS - SEACOAST	$ 6,227.01
		$30,250.22

The remaining $9,607 of the pandemic costs being removed is $13,611 of Unitil Service expenses allocated to UES, less UES capitalization of $4,004,

Audit reviewed and invoice in the amount of $3,630 paid to US Bank and booked to account 10-20-08-00-930-02-00, Trustee/Registrar Expense. The batch requisition sheets notes it was for "Unitil Series I&J". Audit questioned the charges and received the following response:

"These are Administrative charges from our Trustee Bank (US Bank) for our UES Mortgage Bonds Series I and J. The Fees are for Trustee charges of $2,200 and Agent Fees of $1,430 for a total fee of $3,630."

Audit reviewed an invoice from Matter Communications in the amount of $5,092.48 booked to account 10-20-24-00-930-54-00, Media Services. The invoice notes it is "For professional services rendered in connection with the media and public relations retainer for the State of New Hampshire". The invoice is allocated between UES and NU 50/50. Audit questioned why the allocation was 50/50 and not 70/30 and their response was as follows:

"…it's one of our typical monthly PR retainer bills. The reason it is charged 50/50 is that our proactive PR work attempts to provide a balance of proactive PR stories supporting our electric and gas

business. So the work isn't divided up 70/30 based on our customer base, but instead on a 50/50 balance of gas and electric PR."

The final invoice reviewed by Audit from account 930 was for $9,250. A total of $ 1,850 was booked to account 10-20-24-00-930-54-00, Media Services. FGE gas, FGE electric, NU New Hampshire and NU Maine all received allocations in the amount of $1,850. The invoice noted it was invoice 1 of 2 for a journey mapping study.

Account 931, Rents, contained one transaction in the amount of $30,800 to adjust year-end miscellaneous accounts payable accrual. Audit selected the transaction to review the supporting documentation. An email provided noted that the accrual was due to *"the AP group receiving invoices at a slower pace than normal due to post office delays in December".*

Account 935, Maintenance of General Plant contained a year-end total of $182,140. There are a total of nine 935 accounts with Account 10-20-28-00-935-06-01, Maintenance Software Dispatch, contained amortization for prepaid software expenses totaling $156,494 or 86% of account 935's total. Other activity in the accounts were for oil, landscaping, and payments to ATC Group which Audit selected one transaction to review supporting detail for.

The invoice from ATC that Audit reviewed in detail was in the amount of $7,900 with the whole invoice amount booked to account 10-20-60-00-935-01-02, Maintenance of General Structure – Build Environmental. The invoice noted it was for PFAS investigation and testing of drinking water samples. Audit questioned this charge and received the following response:

"The State of New Hampshire mandates that any community water supply (i.e., serving more than 25 people) is tested for PFAS. ATC Group is our contractor to collect water quality samples at the Kensington office."

Payroll

There are six different sources of payroll: USC Salary, USC Hourly, UES Capital Salary, UES Capital Hourly, UES Seacoast Salary, and UES Seacoast Hourly. The USC payroll is allocated to UES through the monthly service billing.

The Cost Allocation Manual provides a detailed overview of the process of USC employees entering their time worked into the database to how the timesheets are turned into the Service Bills. Audit reviewed the January 2020 Service Bill as discussed in the Expense section above. Details can be found under account 903 and 923.

UES employees are either salary or hourly employees. Salary employees are paid on a semi-monthly or monthly basis while hourly employees are paid weekly.

UES salary employees do not complete timesheets. Fixed allocations for each employee are provided to payroll at the beginning of the year. Payroll enters the allocation into ADP and that data is used to post the expenses to the appropriate general ledger account.

UES hourly employees complete their timesheets manually on a daily basis. The timesheets are provided to Operations Support Associates who key them into TED, also on a daily basis. The supervisor reviews and signs the timesheets. Once all timesheets for the prior week are entered into TED and approved by supervisor, they are imported into the ADP system.

Payroll Review

Audit reviewed, in detail, the International Brotherhood of Electrical Workers (IBEW) Union Contract for UES Capital and Seacoast divisions. The Contract has been in effect since June 1, 2018 and expires May 31, 2023. All of the payroll selections made were verified to the Union Contract.

Audit reviewed the payroll data for the final pay period of 2020. Both salary and hourly final pay period ended 12/26/20 and was paid 12/31/20.

From the final pay period Audit selected twenty employees' timesheets and paystubs to review in detail. Fifteen of the selected employees were Union employees while the remaining five were non-union.

All fifteen of the Union employees' hourly rates were verified to the Union contract without exception.

The hourly employees' time consisted of vacation pay, holiday pay, regular pay, meal allowance, double time, shift differential, temporary upgrading pay, rest time, and others. Audit verified the holiday pay rate, stand by hours and meal allowances to the Union contract. Audit also recalculated double time pay rates without exception.

Of the five non-union employees' payroll reviewed, four of those were salary employees paid monthly and one employee was hourly. For the capital and seacoast salary employees the paystubs were the only item reviewed by Audit. Pay included regular pay, standby pay and other. Salary employees, which are part of management, are required to be on call and are compensated for their time.

Payroll Taxes

Audit requested and reviewed the W-3 Transmittal of Wage and Tax Statements; Form 940, Employer's Annual Federal Unemployment Tax (FUTA); Form 941, Employer's Quarterly Federal Tax Return, State Unemployment Insurance (SUI).

Audit verified the end of year payroll summary for UES to the W-3 and 941. Total FICA payroll taxes in the amount of $305,791 were tied to GL account 10-20-03-00-408-03-10, Taxes FICA. FUTA taxes were tied to GL account 10-20-03-00-408-04-10, Taxes Federal Unemployment in the amount of $1,863. SUI, in the amount of $963, was tied to GL account 10-20-03-00-408-06-10.

Payroll Accruals

($146,491) was booked to account 10-20-00-00-242-30-00, Accrued Vacation. Unitil provided a detailed spreadsheet noting each UES employee and how much accrual was associated with each.

($65,700) was the 10-20-00-0-242-03-20, Accrued Health Insurance – Non-Union, account balance at the end of the year. The account contained monthly accruals for health insurance and payments to the insurance companies.

($11,200) was the year-end account balance for account 10-20-00-00-242-03-25, Accrued Dental Insurance. Like the accrued health insurance, the dental insurance is accrued monthly and the account also contained payments to Delta Dental.

Management Incentive Plan

The purpose of the incentive plan is to provide executives with significant incentives related to performance which in turn helps maximize profits for shareholders. Executives receive a cash award if the quantitative goals that are set by the Compensation Committee are met. Each Officer's target award is established as a percentage of base salary.

Awards may be more or less than the target award depending in the results achieved. The Compensation Committee has the authority to increase or decrease the incentive plans, including cash and stock, or can pay no incentive when an incentive should have been paid. In 2020, the Committee amended the earnings per share metric due to COVID-19 which had no effect on the payout made in February of 2020.

Incentives are accrued monthly to account 10-20-00-242-26-00, Accrued Incentive Compensation. The ending balance of the account was $(104,079) Incentives are paid in February for the prior calendar year. On 2/29/2020 $142,168 in incentives payments was charged to UES.

Pension, Supplemental Executive Retirement Plan (SERP) and Post-retirement Benefits Other than Pension (PBOP)

Per the Direct Testimony of Closson Conneely, beginning on bates page 00258, Unitil Service sponsors the Unitil Corporation Retirement Plan (Pension Plan). The Pension Plan retirement benefits are based on the employee's level of compensation and the length of service. It was noted that at the end of 202, the Pension Plan covered approximately 700 people with 225 of those currently receiving benefits. The retirement plan was closed to non-union new hires on January 1, 2010 and to UES union employees hired following April 1, 2012. The new hired are eligible for the 401(k) plan.

Unitil Service also maintains a SERP, a non-qualified defined benefit plan which is self-funded. The SERP is designed to encourage the participating executives to continue service until retirement. It also provides retirement benefits comparable to other utilities once added to other retirement income on the executive.

The SERP was closed to new participants in 2018 and currently provides benefits to four retired executives and two active employees are eligible.

A PBOP is also sponsored by Unitil Service. The PBOP provides health and insurance benefits for retirees and their spouses under the age 65 and a Medicare Supplement insurance plan for retirees and their spouses over 65. Also included are partial reimbursement of Medicare premiums and a paid-up life insurance benefit for retirees. Through the end of the test year, the PBOP provided health and welfare benefits to approximately 270 employees and 327 retirees and their beneficiaries.

The PBOP was modified as on January 1, 2010 to include a contribution of 20% of the cost of retiree medical benefits and no partial reimbursement toward Medicare premiums for employees retiring after 1/1/10. Employees hired after 1/1/10 will receive subsidized medical insurance until age 65 and not will be eligible to receive a Medicare supplement plan after age 65.

The Pension and PBOP plans cover both union and non-union employees equally and the provisions of the plans and benefits provided apply to management and non-management with few exceptions.

Audit received and reviewed the Actuarial Reports for the Pension Plan, SERP, and PBOP. UES also provided a spreadsheet to audit which took the data from the Actuarial Reports and put them in an easy to read format that tied to the General Ledger.

Audit reviewed account 10-20-00-00-182-04-10, Regulatory Asset – Pension FAS 158 which had an ending balance of $23,480,870.79. Via the spreadsheets, Audit was able to tie the balance to the Actuarial Report. The spreadsheets noted that $13,725,115 of the balance was UES direct and $9,755,756 was USC Attributed. The spreadsheet notes the $4,260,497 in the Prepaid Pension account 10-20-00-00-165-04-01 in the Pension total.

Account 10-20-00-00-182-04-09, Regulatory Asset – PBOP FAS 158 had an ending balance of $8,621,946.87. The account balance at year end was verified to the Actuarial Report through the reconciliation spreadsheet provided by UES. The spreadsheet noted that at year-end $6,576,154 of the balance was UES direct and $2,045,793 was USC Attributed.

Account 10-20-00-00-182-04-11, Reg Asset – SERP, contained a year-end balance of $2,320,033.78. Audit was able to verify the ending account balance to the Actuarial Reports via the spreadsheet provided by UES. As the SERP is for executives the full year-end balance is USC attributed. Refer to **Audit Issue #1**

There are three additional 182 accounts for PBOP, Pension and SERP. Audit received the following response regarding these account:

The Company is required to follow ASU 2017-07 ("ACCOUNTING STANDARDS UPDATE 2017-07—COMPENSATION—RETIREMENT BENEFITS (TOPIC 715): IMPROVING THE PRESENTATION OF NET PERIODIC PENSION COST AND NET PERIODIC POSTRETIREMENT BENEFIT COST") for GAAP purposes and external reporting requirements. These accounts were created, and tracking of the activity for those accounts was implemented, to comply with GAAP. The Company has not changed how it accounts for these costs for FERC and ratemaking purposes. As shown below, there is a net zero impact.

10-20-00-00-182-04-19	*Regulatory Asset – Other PBOP*	*$2,531,709.65*
10-20-00-00-182-04-20	*Regulatory Asset – Other Pension*	*1,935,162.87*
10-20-00-00-182-04-21	*Regulatory Asset – Other SERP*	*303,186.89*
	Total	*$4,770,059.41*
10-20-00-00-101-90-00	*Elec Plant in Service (GA Contra)*	*($4,916,505.68)*
10-20-00-00-108-90-00	*Accum Depr General Plant (GA Contra)*	*146,446.27*
	Total	*($4,770,059.41)*

Severance Pay

There was a total of $40,395 of severance pay was booked to UES in 2020. The level of severance expense was normalized through the proforma adjustments on Schedule RevReq-3-12.

Taxes

Prepaid Property Taxes $1,503,814

Audit verified the reported Property Tax Prepayments on the FERC Form 1 to the following general ledger account:

10-20-00-00-165-11-00 Prepaid Property Tax	$1,503,814

Audit reviewed the general ledger for prepaid property taxes to account #10-20-00-00-165-11-00 which reflected a beginning balance of $1,696,776, test year debits of $8,191,592, and credits of $8,384,555 and an ending balance of $1,503,814. The general ledger details the accrual for each month and the true up of prior estimated prepaid property taxes. The Company indicated the monthly accrual during 2020 is 1/12th of the most current property tax bills' total liability. In October-December 2020 an additional expense was required in the accrual to get the 2020 annual amount of property tax expense to equal the 2020 second half property tax liability for the year. The Company indicated the $1,503,814 prepaid balance was calculated as follows.

Description	Amount
1/1/2020 Beginning Balance	$1,696,776
Monthly Accrual Entries	($7,247,169)
PY Accrual Reversal	($12,231)
Taxes Paid	$7,066,437
Total	$1,503,814

The Company indicated the ($12,231) property tax expense reduction was from 2019. In 2019 the property tax expense accrual entry was $12,231 too high; therefore, a journal entry was recorded to reduce the property tax expense to the correct amount. The January 2020 accrual entry was then $12,231 too low so the entry was reversed to increase the property tax expense for the period to the correct amount.

Accumulated Deferred Income Taxes – Account #190 $150,098

FERC Form 1 Accumulated Deferred Income Tax was verified to the deferred federal and deferred state income tax accounts related to Customer Contributions. There were nine total GL accounts and seven had a zero account balances and no activity. The two accounts that reflect the total are listed below.

10-20-00-00-190-01-30 DEF FIT-CIAC	$107,424
10-20-00-00-190-02-30 DEF SIT-CIAC	$ 42,674
	$150,098

The $150,098 was noted in the Filing Requirement Schedules-Schedule 2 page 6 of 12 as part of the total Other Deferred Debits $41,008,223. The $150,098 was also verified to the filing schedule 3 page 12 of 12.

Activity within the Accumulated Deferred Federal Income Tax CIAC account was offset to the Deferred Federal Income Tax Expense account 10-20-10-00-410-01-36, which reflected debits of 21,577 and credits of ($27,160) for net activity for the year of ($5,582). The net debit Deferred State Income Tax activity of $42,674 was offset to the Deferred State Income Tax expense account 10-20-10-00-410-02-36 without exception.

Taxes Accrued – Account #236 $113,873

The filing schedule 2A reflects $113,873. There were 42 accounts. There were 32 gl accounts that did not have any activity/zero balance during the test year. There were 10 accounts that had activity during the test year of which two ended the test year with a zero account balance. The total was verified to the FERC Form 1 and to the 8 general ledger accounts below:

10-20-00-00-236-01-30 Fed Income Tax-Current	$	171,711
10-20-00-00-236-02-30 State BPT-Current	$	(205,794)
10-20-00-00-236-02-40 State Tax-Current	$	(78,000)
10-20-00-00-236-02-42 NH Consumption Tax	$	318
10-20-00-00-236-02-43 NH Consumption Tax Write-off	$	1,687
10-20-00-00-236-04-00 Accrued Taxes FICA	$	$3,795
10-20-00-00-236-04-10 Taxes-Fed. Unemployment	$	(0.03)
10-20-00-00-236-06-10 Taxes-State Unemployment	$	0.37
	$	(113,873)

Audit verified the Federal Income Tax Current account began the test year with a zero balance. Activity within the account reflected debits of $4,307,645 and credits of $4,135,935 resulting in a $171,711 debit balance. Offsets to the activity were noted in the Federal Income Tax Current account 10-20-10-00-409-01-30.

The Federal Tax-Prior accounts activity netted to zero during the test year. The federal tax prior accounts included the accrued FIT-Prior, and Federal Income Tax prior account. Audit verified the estimates/accruals prepared by the Company were correctly done.

Audit verified that the State BPT account and State Tax Current account began the test year with a zero balance. Activity within the BPT account reflected debits of $834,759 and credits of $1,040,553, resulting in a credit balance of ($205,794). Offsets to the activity were noted in the State Inc Tax-Crnt-BPT expense account 10-20-10-00-409-02-30.

Activity within the State Tax Current accrued account was the result of monthly entries of $6,500 each, which were offset to the NH BET Tax Expense account 10-20-10-00-408-02-18. The expense total was verified to the Schedule 28 Tax worksheet provided to Audit by the Company, as well as to the Filing Schedule RevReq 3-21, page 3 of 4. The Company indicated the 2020 tax worksheets/returns were to be filed on November 15, 2021.

The State Tax-Prior account activity netted to zero during the test year. The State Income Tax prior accounts included state income taxes, business profits tax, and the state income tax liability accounts. Audit verified the estimates/accruals prepared by the Company were correctly done.

The NH Consumption Tax Accrual account began the year with a balance of $318, that did not reflect any changes in the net amount but there were customer billing adjustments as well as customer cancel/rebills. The Company was trying to recover billed revenue from customers. The Electricity Consumption Tax was repealed as of January 1, 2019.

The Consumption Tax Write-off account reflected a beginning balance of $1,394 and net debit activity during the year of $292 to end the year with a $1,687 balance. The account activity relates to written off accounts and also cash recoveries received from customers.

Refer to the Tax portion of this report for additional detail. See the payroll portion for the FICA and Unemployment Taxes.

Accumulated Deferred Income Taxes-Other Property– Account #282 $26,410,580

The combined Accumulated Deferred Income Tax total of $26,410,580, noted on the filing schedule 2A page 7 of 12, represents the net of the $(40,133,816), and the $13,723,236 below after first 282 GL accounts that sum to ($20,259,723).

Account #	Account Description		Amount
10-20-00-00-282-01-31	DEF FIT - Accel Dep.	$	(29,286,001.31)
10-20-00-00-282-01-34	DEF FIT - SFAS 106-OPEB	$	2,230,624.95
10-20-00-00-282-01-35	DEF FIT - Pension FAS 87	$	(1,038,655.50)
10-20-00-00-282-01-36	DEF FIT - Debt Discount Exp.	$	(1,320.21)
10-20-00-00-282-01-42	DEF FIT - DEFD Rate Case Exp.	$	(1,133.20)
10-20-00-00-282-01-47	DEF FIT - Pension FAS 87 Reg. Asset	$	(0.49)
10-20-00-00-282-01-49	DEF FIT - SFAS 106 OPEB Reg Asset	$	(0.02)
10-20-00-00-282-01-50	DEF FIT - Bad Debt Reg Asset	$	(42,209.50)
10-20-00-00-282-01-55	DEF FIT - DER Invest Amort.	$	(18,327.53)
10-20-00-00-282-01-59	DEF FIT- FAS 158 PBOP	$	2,291,909.53
10-20-00-00-282-01-60	DEF FIT- Pension FAS 158	$	6,241,749.99
10-20-00-00-282-01-61	DEF FIT - Merger Costs	$	5.81
10-20-00-00-282-01-62	DEF FIT - Indenture Costs	$	(55,958.15)
10-20-00-00-282-01-63	DEF FIT- SERP FAS 158	$	616,718.04
10-20-00-00-282-01-64	DEF FIT- SFAS 109 Reg. Asset	$	60,289.07
10-20-00-00-282-01-67	DEF FIT- Storm Restoration	$	(808,078.36)
10-20-00-00-282-02-31	DEF SIT - Accel Dep.	$	(10,847,814.34)
10-20-00-00-282-02-33	DEF SIT - Retirement Loss	$	0.31
10-20-00-00-282-02-34	DEF SIT - SFAS 106 -OPEB	$	886,127.74
10-20-00-00-282-02-35	DEF SIT - Pension FAS 87	$	(412,611.88)
10-20-00-00-282-02-36	DEF SIT - Debt Discount Exp.	$	(525.02)
10-20-00-00-282-02-42	DEF SIT - DEFD Rate Case	$	(450.34)
10-20-00-00-282-02-47	DEF SIT - Pension FAS87 Reg. Asset	$	0.05

10-20-00-00-282-02-49	DEF SIT - SFAS 106 OPEB Reg. Asset	$	(0.43)
10-20-00-00-282-02-50	DEF SIT - Bad Debt Reg. Asset	$	(16,768.10)
10-20-00-00-282-02-55	DEF SIT - DER Invest. Amort.	$	(7,281.52)
10-20-00-00-282-02-59	DEF SIT- FAS 158 PBOP	$	910,473.90
10-20-00-00-282-02-60	DEF SIT- Pension FAS 158	$	2,479,567.91
10-20-00-00-282-02-61	DEF SIT - Merger Costs	$	(2.43)
10-20-00-00-282-02-62	DEF SIT - Indenture Costs	$	(22,230.21)
10-20-00-00-282-02-63	DEF SIT- SERP FAS 158	$	244,994.63
10-20-00-00-282-02-64	DEF SIT- SFAS 109 Reg. Asset	$	24,332.55
10-20-00-00-282-02-67	DEF SIT- Storm Restoration	$	(321,013.68)
10-20-00-00-282-05-01	ACCUM DEF (ASC 740) Gross UP	$	6,150,856.82
10-20-00-00-282-11-38	DEF FIT - Bad Debt	$	107,840.67
10-20-00-00-282-11-39	DEF FIT - Accrued Rev.	$	(696,867.11)
10-20-00-00-282-11-41	DEF FIT - Prepaid Property Tax	$	(291,484.31)
10-20-00-00-282-12-38	DEF SIT - Bad Debt	$	42,841.05
10-20-00-00-282-12-39	DEF SIT - Accrued Rev.	$	(276,834.92)
10-20-00-00-282-12-41	DEF SIT - Prepaid Property Tax	$	(115,793.64)
10-20-00-00-282-91-59	DEF FIT - SFAS 158 PBOP	$	787,395.03
10-20-00-00-282-91-60	DEF FIT - Pension FAS 158	$	(315,154.00)
10-20-00-00-282-91-63	DEF FIT - SFAS 158 SERP	$	753,952.99
10-20-00-00-282-92-59	DEF SIT - SFAS 158 PBOP	$	312,796.74
10-20-00-00-282-92-60	DEF SIT - Pension FAS 158	$	(125,196.64)
10-20-00-00-282-92-63	DEF SIT - SFAS 158 SERP	$	299,511.91
	Total	$	(20,259,723.15)

Summary of 282 accounts

Audit identified general ledger accounts which sum to the FERC Form 1 reported account 282 and 254.

10-20-00-00-282-xx-xx DEF Fed and State Taxes	$(20,259,723)
10-20-00-00-254-05-03 Regulatory Liability ASC 740	$(22,752,203)
Total	$(43,011,926)

Audit verified a total of 111 account 282 ADIT general ledger accounts. There were 65 accounts that did not have any activity, and reflected a zero balance during the test year. There were 46 accounts that had activity and a ($20,259,723) ending balance. 16 of the accounts related to Deferred Federal Income Taxes while 30 related to Deferred State Income Tax. The Deferred Federal Income Tax accounts consist of pension costs, merger costs, bad debt, debt discount, retirement, indenture costs, accelerated depreciation, and deferred rate case expenses. The Deferred State Income Tax accounts consisted of pensions, retirement, bad debt, accelerated depreciation, accrued revenue, ASC 740 tax gross up, merger costs, and indenture costs. All of the accounts reviewed were identified with FERC account #282, not FERC account #283.

282 ADIT per FERC Form 1 Page 113	($40,133,816)
283 ADIT per FERC Form 1 Page 113	$13,723,236
Total per FERC Form 1	($26,410,580)

282 Accounts for ($40,133,816) per GL

10-20-00-00-282-01-31	Def FIT-Accel. Deprec.	$	(29,286,001)
10-20-00-00-282-02-31	Def SIT-Accel. Deprec.	$	(10,847,814)
		$	(40,133,814)

Accumulated Deferred Income Taxes-Other – Account #283 $13,723,236

On the FERC Form 1 the Company reflected $13,723,236 to the 283 ADIT account. There were no 283 accounts on the GL. The Company indicated they do not booked charges to the 283 account on the GL because they have never updated the numbers because it would be a big undertaking in PowerPlan with the new account numbers. They would have to make sure it interfaces with the general ledger correctly. They instead manually track the accounts for 282 and 283 by account name.

Account	Description		Amount
10-20-00-00-282-01-34	Def FIT SFAS 106	$	2,230,625
10-20-00-00-282-01-35	Def FIT Pension	$	(1,038,656)
10-20-00-00-282-01-36	Def FIT-Debt Discount Expense	$	(1,320)
10-20-00-00-282-11-38	Def FIT- Bad Debt	$	107,841
10-20-00-00-282-11-39	Def FIT-Accrued Revenue	$	(696,867)
10-20-00-00-282-11-41	Def FIT-Prepaid Property Taxes	$	(291,484)
10-20-00-00-282-01-42	Def FIT-Rate Case and Reset	$	(1,133)
10-20-00-00-282-01-50	Deft FIT- Bad Debt Reg. Asset	$	(42,210)
10-20-00-00-282-01-55	Def FIT- DER Investment Amort.	$	(18,328)
10-20-00-00-282-01-59	Def FIT- FAS 158 PBOP	$	2,291,910
10-20-00-00-282-91-59	Def FIT- FAS 158 PBOP	$	787,395
10-20-00-00-282-01-60	Def FIT-Pension FAS 158	$	6,241,750
10-20-00-00-282-91-60	Def FIT-Pension FAS 158	$	(315,154)
10-20-00-00-282-01-61	Def FIT-Merger Costs	$	6
10-20-00-00-282-01-62	Def FIT-Indenture Costs	$	(55,958)
10-20-00-00-282-01-63	Def FIT-SERP FAS 158	$	616,718
10-20-00-00-282-91-63	Def FIT-SERP FAS 158	$	753,953
10-20-00-00-282-01-64	Def FIT-SFAS 109 Reg. Asset Update	$	60,289
10-20-00-00-282-01-67	Def FIT-Storm Restoration	$	(808,078)

10-20-00-00-282-02-34	Def SIT SFAS 106	$	886,128
10-20-00-00-282-02-35	Def SIT Pension	$	(412,612)
10-20-00-00-282-02-36	Def SIT-Debt Discount Expense	$	(525)
10-20-00-00-282-12-38	Def SIT- Bad Debt	$	42,841
10-20-00-00-282-12-39	Def SIT-Accrued Revenue	$	(276,835)
10-20-00-00-282-12-41	Def SIT-Prepaid Property Taxes	$	(115,794)
10-20-00-00-282-02-42	Def SIT-Rate Case and Reset	$	(450)
10-20-00-00-282-02-50	Deft SIT- Bad Debt Reg. Asset	$	(16,768)
10-20-00-00-282-02-55	Def SIT- DER Investment Amort.	$	(7,282)
10-20-00-00-282-02-59	Def SIT- FAS 158 PBOP	$	910,474
10-20-00-00-282-92-59	Def SIT- FAS 158 PBOP	$	312,797
10-20-00-00-282-02-60	Def SIT-Pension FAS 158	$	2,479,568
10-20-00-00-282-92-60	Def SIT-Pension FAS 158	$	(125,197)
10-20-00-00-282-02-61	Def SIT-Merger Costs	$	(2)
10-20-00-00-282-02-62	Def SIT-Indenture Costs	$	(22,230)
10-20-00-00-282-02-63	Def SIT-SERP FAS 158	$	244,995
10-20-00-00-282-92-63	Def FIT-SERP FAS 158	$	299,512
10-20-00-00-282-02-64	Def FIT-SFAS 109 Reg. Asset Update	$	24,333
10-20-00-00-282-02-67	Def FIT-Storm Restoration	$	(321,014)
Total		**$**	**13,723,236**

Other Regulatory Liabilities 254 ADIT $16,601,346

Audit verified the net debit balance on FERC Form 1 of $16,601,346 for the 254 account. Audit reviewed the calculations the Company provided as part of Staff Data Request 4-48 Attachment 2. The Company indicated the $16,601,346 is the Excess Deferred Income Tax Calculations from the Tax Cuts and Jobs Act passed in December 2017 using the ARAM method approved by FERC and the IRS in 2018. The Company is proposing to amortize the excess deferral balance back to ratepayers over a 22 year time period. There were three total 254 GL accounts of which two accounts did not have any activity and showed zero balance during the test year. The 254 ASC 740 account did not have any activity during the test year. The 282 ASC 740 Accumulated Deferred Income Tax account did not have any activity during the test year. Both tax accounts were deferred in 2018 to be in compliance with IRS and FERC accounting policies for accounting the difference between permanent and temporary income tax rates.

10-20-00-00-254-05-01 Regulatory Liability-Regulatory Liability-ASC 740	$22,752,203
10-20-00-00-282-05-01 Accum Def. (ASC 740) Gross-Up	($6,150,857)
Total	$16,601,346

Overview of Federal/State Income Tax Accounting Process

Each month the Company accrues taxes payable/refundable and the appropriate provision/benefit on the balance sheet and income statement. The Company utilizes the Power Plan IT system, which includes Power Plant as the plant in service component of the IT system. Power Tax is the tax calculating component of the IT system. The software is coded to recognize activity in accounts that have different book and tax treatment. Each begins with the book basis noted in the Company's general ledger, and each interfaces with the other. At the year-end UES examines the account maintenance log for new accounts that should be considered in the tax calculations. Adjustments made to figures for tax purposes such as payments made on behalf of OPEB were verified to Flexi screen shots. Flexi is the accounts payable system used by the Company, and is tied into the accounts payable general ledger accounts. At year end UES also performs calculations using current year actual results to true up estimates used during the prior 11 months. Such estimates include tax deprecation and repairs expense.

Tax Law Changes

In December 2017 the Tax Cuts and Jobs Act was signed into law lowering the federal statutory federal income tax rate from 35-21% effective January 1, 2018. In Accordance with GAAP ASC 740 the Company revaluation ADIT based on the new tax law. The Company recorded a net $16.6 million Regulatory Liability as a result of the ADIT revaluation. Based on regulatory guidance from FERC, IRS Normalization Rules, and State Regulators in the first quarter of 2018 the benefit of excess ADIT will be subject to follow back from customers using the Average Rate Assumption Method (ARAM). ARAM reconciles excess ADIT at the reversal rate of the underlying book/temporary differences. The Company indicated the estimated flow back period would approximately 22 years for the protected and unprotected excess ADIT. The NH liabilities will begin to flow back once the rate case proceedings have been finalized.

In March 2020 the CARES Act was signed into law. The funding package related to Coronavirus relief. The CARES Act made changes to the NOL carryback periods, increases in interest deducibility limitations, AMT Refunds, and employee retention credits. The ERC is a 50% credit on employee wages for employees that are retained and cannot perform their job duties at 100% capacity as a result of Coronavirus Pandemic restrictions. The ERC is taken as a credit on the 941 Tax Form. In the third quarter of 2020 the Company recorded a $32,500 reduction in employment tax expense that was recorded to the Taxes Other Than Income Taxes accounts.

In December 2020 the Consolidated Appropriations Act (CAA) was signed into law that provided additional funding for tax credits to be extended until December 2021. The Company indicated this new tax law did not affect the December 31, 2020 income tax expense totals.

Tax Sharing Agreement

As provided in the filing, a Tax Sharing Agreement among the Unitil corporate affiliates was signed on September 10, 1985. Each affiliate is responsible to the consolidated return for its portion of taxes for which it would be responsible, had the affiliate filed a stand- alone return.

Review of Federal Taxes

The Company provided the 2019 Federal Income tax returns. The internal tax schedule 27, supporting the calculations for the 2019 schedule M return was provided. Audit was provided with the 2019 NH Business tax returns. The Company indicated the 2020 federal returns were filed on October 15, 2021.

Review of 2019 Tax Return

Audit reviewed the 2019 federal tax return consolidated group Form 1120 for UES on a separate entity basis (information taken from consolidating income and deductions schedule). The 2019 Federal Return was prepared by Ernst and Young and filed in September 2020.

Audit verified that the consolidating schedules (which reflect the separate entity activity) and supporting schedules, tied to the consolidated return for 2019.

Review of 2019 Tax Worksheets

The income tax worksheets provided by the Company reflected a breakdown of the total taxable net income by division The worksheets provided the reclassifications done by NH, adjustments, the temporary and permanent differences and reconciled the book income to the taxable income. The Company also provided a reconciliation of the income and expenses reflected on the tax returns (which tied to the income statement) to the various general ledger accounts.

The timing differences of accelerated depreciation vs. book depreciation are expensed to the 410 tax expense accounts and offset to accounts 281, 282, and 283, deferral accounts. Based on review of the components of the tax worksheets, Audit concludes that the schedule M (of the 2019 return), internal tax walkthrough worksheet is based on the books and records of UES at 12/31/2019. The corporate tax returns are prepared by Ernst and Young in September of the following year. Once the returns are filed the Company performs a return to accrual analysis and records adjustments to the Accumulated Deferred Income Tax (281-283 accounts) and Current Tax Prior Periods account 236 for any amounts filed on the tax return that were not considered in the yearend tax provision.

Review of 2020 Federal Return and Tax Worksheets

The Company indicated the 2020 federal returns and supporting tax worksheets were filed on October 15, 2021, after the fieldwork of this audit.

State Business Tax Returns

Audit did not review the 2020 New Hampshire Business Tax returns the as they were to be completed and submitted in October 2021. UES filed its 2019 New Hampshire Business Tax returns as part of a combined (water's edge) return under Unitil Corporation. The return was prepared by Ernst and Young and filed in September 2020. The consolidated federal return reported a consolidated gain of $38,989,887 per line 28 on the 1120 however because NH is still using the IRC code of 1986 in effect on 12/31/2016 various adjustments totaling ($12,561,485) were made to the federal income to arrive at the NH combined net gain of $26,428,402 for 2019. The state used the IRC Code of 1986 in effect on 12/31/2018 for the 2020 return.

The combined NH return reflected an Adjusted Gross Business Profits of $27,412,005 (after an add back of taxes of $983,603) and NH taxable Water's Edge Taxable Business Profits of $15,972,256 after applying an apportionment factor of 0.0582692. For 2019, the combined group reflected a New Hampshire Business Profits tax (based on 7.7% tax rate) of $1,229,902.

Breakout of 2019 Business Tax Return

Audit reviewed all of the state tax returns, and summarized the Business Profits Tax, Business Enterprise Tax data for 2019 below:

Business Enterprise tax due	$467,220
Business Profits Tax Due net BET Credit	0
Total Tax Due	$467,220
Less: Tax Paid with Extension Application	(250,000)
Estimated tax payments	(250,000)
Credit carried from prior period	(169,873)
Total tax overpayment	(192,872)
Amount of Overpayment to credit next year	192,872
Amount to be refunded	0

Audit did not review state business tax returns prior to 2019. The 2019 return indicated that the Company had a Business Enterprise Tax Credit (BETCR) available for carry forward to 2020 and subsequent periods of $192,872.

Breakout of 2020 Business Tax Return

The Company indicated the 2020 state returns and supporting tax worksheets are due November 15, 2021.

Property Taxes

Municipal Property Tax

Municipal 2nd issue 2019@ 50%	$ 870,112	
Municipal 1st issue 2020 @ 100%	$ 1,700,565	
Municipal 2nd issue 2020 @ 50%	$ 1,179,887	
State Utility Tax	$ 1,495,354	
City of Concord	$ 1,827,614	
Calculated Tax Expense	$ 7,073,531	
GL expense and Filing Sch. 1	$ 7,073,110	per 408-09-01 account
Difference due to timing	$421	

Abatements	($35,930)	per GL account 408-09-02 account
Property Tax accrual Filing Sch. 1A	($12,231)	
Total PT. Exp. Filing Sch. 1A	$7,026,787	Line 40 of the filing
Total PT. Exp. Fil. Sch. 1A per Audit	$7,027,208	
Difference due to timing	$421	

Audit requested and was provided with the municipal property tax invoices from 35 municipalities for second half of 2019, and all of 2020. Audit reviewed the municipalities for compliance with the franchise area, with no exception noted. Audit also reviewed the municipal invoices to ensure the statewide school property tax was not included in the tax bills. Audit noted a few of the property tax bills had the statewide education tax on the physical bill. This includes the Town of Bow 2019 second half issuance and Town of Exeter parcel 46-3 for the 2019 second half issuance and both issuances for 2020. The Company indicated if a municipal bill includes a state education tax rate on the property tax bills the Company pays the total bill less the state portion of the rate. The Company indicated no journal entries were needed removing statewide education tax as the Company did not pay the state portion of the rate on those bills.

The Company indicated the Town of Hampton Corporate Head Quarters property tax expense is billed to Until Service Corp. (USC) as part of the rent to pay Unitil Realty Corp. (URC). URC is the title holder of the Hampton HQ property. The USC then bills each subsidiary its expense according to the Company's allocation in the USC cost allocation manual.

Audit recalculated the property tax figure using one half of the final 2019 property tax bills, plus the full first issue 2020 bills, plus one half of the final 2020 property tax bills. The City of Concord Bills quarterly with payments due in January, March, July, and October based on a July 1 to June 30 Calendar Year. Because the tax bills follow the Department of Revenue tax year, April 1 through March 31, the $7,073,110 is overstated by $618 that is largely the result of timing differences.

The Filing Schedule 1A lines 38-40 indicates the 2020 property tax for the test year is $7,026,787. The Filing Schedule 1A Note 5 explains an adjustment that was done. Note 5 indicates there was a ($12,231) accrual adjustment from January 2020. The Company indicated the ($12,231) property tax expense reduction was from 2019. In 2019 the property tax expense accrual entry was $12,231 too high; therefore, a journal entry was recorded to reduce the property tax expense to the correct amount. The January 2020 accrual entry was then $12,231 too low so the entry was reversed to increase the property tax expense for the period to the correct amount.

Review of Tax Abatements

In 2019 there was a $324,208 tax abatement with the Town of Seabrook to settlement a valuation dispute for the 2015-2018 tax years for UES. The abatement settlement agreement reduces the property valuation by 29.7% to $14,093,806. The abatement credits will be applied to the next six municipal property tax bills.

The Company received a refund check from the Town of Stratham for $8,120 for an abatement settlement approved in a prior year. The Company received a $16,807 refund from the Town of Epsom based on a reduction over the 2018 property valuation they had appealed. The Company received a $101,597 tax refund based on winning a Board of Taxation and Land Appeal over a 2017 property valuation from the Town of Hampton.

Seabrook	$324,208	
Stratham	$8,120	
Epsom	$16,807	
Hampton	$101,597	
Total 2019	450,732	per GL account 10-20-10-00-408-09-02

In 2020 there was a $2,334 refund check from the Town of Loudon based on an abatement settlement agreement over the value of the 2018 and 2019 property valuations. The 2018 property valuation was lowered by $68,700 and the 2019 valuation by $46,916. The Company reached a $16,141 tax abatement settlement with the Town of Chichester over the April 2019 property valuation that was lowered from a $6,300,400 property valuation to $5,550,000. The Company reached an abatement agreement with the Town of Hopkinton for $1,838 cash refund over 2018 and 2019 first half property valuation assessments. There was a $15,617 tax abatement in November 2020 with the Town of Salisbury. The abatement was to settle a 2019 property valuation that was lowered from $3,081,200 down to $2,338,935. This was a 24% reduction.

Town of Loudon	$2,334
Town of Hopkinton	$1,838
Town of Chichester	$16,141
Town of Salisbury	$15,617
Total 2020	$35,930 per GL account 10-20-10-00-408-09-02

State Utility Tax

Audit reviewed the State Utility Property Tax Bill 2019 and noted the Company paid $1,443,371 in tax based on a $211,841,500 property valuation assessment multiplied by the $6.60 tax rate per $1,000 in assessed value. The Company made three quarterly estimated tax payments on the 2019 DP-255 of $384,925 in April, June, and September. The Company in December 2019 paid $289,896 as a final true up payment.

Audit reviewed the State Utility Property Tax Bill 2020 and noted the Company paid $1,495,354 in tax based on a $218,692,600 property valuation assessment multiplied by the $6.60 tax rate per $1,000 in assessed value. The Company made three quarterly estimated tax payments on the 2020 DP-255 of $396,927 in April, June, and September. The Company in December 2020 paid $304,573 as a final true up payment.

The Utility Property Tax is due annually on or before January 15. Estimates based on the tax for the preceding year are due on April 15, June 15, September 15 and December 15. Audit reviewed the Utility Property Tax Return (Form DP-255) for tax year 2019 and 2020.

Taxes Other Than Income

FERC Form 1 page 114, line 14, reflects total tax expenses of $7,166,678. The total was verified to the following general ledger accounts and the FERC Form 1 and Filing Schedule 1. There were 48 total accounts of which 40 accounts did not have any activity/zero balance. There were 8 GL accounts with activity during the test year.

FICA	10-20-03-00-408-03-10	$ 305,791
Federal Unemployment	10-20-03-00-408-04-10	$ 1,863
State Unemployment	10-20-03-00-408-06-10	$ 963
NH Surplus Lines Tax	10-20-10-00-408-02-10	$ 12,845

NH Business Enterprise	10-20-10-00-408-02-18	$ 78,000
Local Property Taxes	10-20-10-00-408-09-01	$7,073,110
Local Property Abatements	10-20-10-00-408-09-02	$ (34,093)
Payroll Taxes Capitalized	10-20-10-00-408-10-00	$ (271,803)
Total Tax Other Than Income, FERC p. 114 Line 14		**$7,166,678 per Filing Sch. 1**

For the FICA, Federal Unemployment, State Unemployment and Payroll Taxes please see the *Payroll* section of the Audit Report.

The Company booked $12,845 to the NH Surplus Lines Tax. This is a tax on the Company's Cyber Insurance, Director and Officer, and Excess Liability insurance premium policies. The Company used Lockton as the insurance broker to purchase the policies through AEGIS Insurance Services Inc. The 10-20-10-00-408-02-10 account had a zero beginning balance and a net debit activity of $12,845 during the test year. The surplus lines tax was allocated 23.57% of the surplus lines tax compared to Northern NH and ME, Fitchburg Gas and Electric, Realty Business, and the Service Company.

The Company booked $78,000 to the 10-20-10-00-408-02-18 NH Business Enterprise Tax account. The account had a zero beginning balance and twelve monthly credit entries of $6,500 per month to end the year with a $78,000 ending balance.

The Company booked $7,073,110 to the 10-20-10-00-408-09-01 Local Property Taxes account. This account consists of municipal and statewide property tax expense for the test year. The account had a zero beginning balance. The account activity had $8,384,555 in debits for the year and $1,311,444 in credits to end the year with a $7,073,110 test year ending balance. See the review of the property tax invoices for further details.

The Company booked ($34,093) to the 10-20-10-00-408-09-02 Local Property Tax Abatements account that had a zero beginning balance. The account activity had $46,169 in debits for the year and $80,261 in credits to end the year with a ($34,093) test year ending balance. See the review of the abatements details for further details.

The Company booked ($271,803) in capitalized payroll taxes to the 10-20-10-00-408-10-00 account. The account had a zero beginning balance. The account activity had $58,532 in debits for the year and $330,335 in credits to end the year with a $($271,803) test year ending balance. The activity related to capitalized payroll taxes on employee labor for plant projects.

Each account balance was individually verified to FERC page 262, Taxes Charged and Adjustments, during the year.

Federal and State Income Taxes

FERC Form 1 page 114, line 15, reflects total tax expenses of ($2,276,856). The total was verified to the following general ledger accounts and the FERC Form 1 and Filing Schedule 1. There were 22 GL accounts of which 18 of them did not have any activity/zero balance. Below is a review of the four accounts that had any activity during the test year.

Federal Income Tax Current	10-20-10-00-409-01-30	$(1,180,388)
State Income Tax-Curr BPT	10-20-10-00-409-02-31	$(1,096,468)
Total Federal Income Tax FERC p. 114 Line 15		**$(2,276,856 per Filing Sch. 1**
Fed Income Tax Non-oper	10-20-10-00-409-01-32	$ 19,008 proforma
State Income Tax-Non-oper	10-20-10-00-409-02-32	$ 7,551 proforma
Total Taxes Charged per FERC page 262		$(**2,250,297)**

The two non-operating tax accounts were noted on FERC form 1 page 117 lines 53 and 54, Income Statement, below the line.

The total $2,250,297 was noted on the Filing Requirements, Schedule RevReq 3-21 page 3 of 4. Included in the total is the Non-operating account total $26,559. The pro forma noted in the RevReq 3-21 represents the Federal/State Income Tax Non-Operating identified above.

The Company booked ($1,180,388) in Federal Income Tax Expense to the 10-20-10-00-409-01-30 account. The account had a zero beginning balance. The account activity had $4,761,783 in debits for the year and $5,942,171 in credits to end the year with a $($1,180,388) test year ending balance. The Company indicated that the 2020 federal tax returns and worksheets were filed on October 15, 2021.

The Company booked ($1,096,468) in NH Business Profits tax to the 10-20-10-00-409-02-32 account. The account had a zero beginning balance. The account activity had $1,296,237 in debits for the year and $2,392,705 in credits to end the year with a $($1,096,468) test year ending balance. The Company indicated the state tax returns and worksheets were going to be filed with the NHDRA on November 15, 2021.

The Company booked $19,008 in federal non-operating plant federal tax adjustments to the 10-20-10-00-409-01-32 account. The account had a zero beginning balance. The account activity had $36,709 in debits for the year and $17,701 in credits to end the year with a $19,008 test year ending balance. These are the taxes on the below the line activity on the non-operating activity on the income statement. These tax adjustments are accrued at a 21% rate on the activity.

The Company booked $7,551 in federal non-operating plant state tax adjustments to the 10-20-10-00-409-02-32 account. The account had a zero beginning balance. The account activity had $14,583 in debits for the year and $7,032 in credits to end the year with a $7,551 test year ending balance. These are the taxes on the below the line activity on the non-operating activity on the income statement. These tax adjustments are accrued at a 7.7% rate on the activity.

Deferred Income Taxes

FERC Form 1 page 114, line 17, reflects total deferred income taxes of $5,203,294. The total was verified to the following general ledger accounts and the FERC Form 1 and Filing Schedule 1. There were 83 GL accounts of which 53 did not have any activity, and reflected a zero balance. Below is a review of the 30 accounts that had any activity during the test year.

Account #	Account Description		Amount
10-20-10-00-410-01-30	DEF FIT EXP - Accel. Depreicaiton	$	2,485,275.37
10-20-10-00-410-01-34	DEF FIT EXP - SFAS 106 OPEB	$	470.61
10-20-10-00-410-01-35	DEF FIT EXP - Pension FAS 87	$	30,125.78
10-20-10-00-410-01-36	DEF FIT EXP - CIAC	$	(5,582.42)
10-20-10-00-410-01-38	DEF FIT EXP - Bad Debt	$	(76,464.75)
10-20-10-00-410-01-39	DEF FIT EXP - Accrued Revenue	$	1,198,292.72
10-20-10-00-410-01-41	DEF FIT EXP - Prepaid Property Tax	$	(37,401.94)
10-20-10-00-410-01-42	DEF FIT EXP - Rate Case and Rest.	$	1,133.91
10-20-10-00-410-01-47	DEF FIT EXP-PENSION FAS 87 Reg. Asset	$	(0.23)
10-20-10-00-410-01-49	DEF FIT EXP-SFAS 106 OPEB Reg. Asset	$	(0.75)
10-20-10-00-410-01-50	DEF FIT-Bad Debt-Reg Asset	$	27,838.42
10-20-10-00-410-01-54	DEF FIT EXP - Debt Discount	$	(372.15)
10-20-10-00-410-01-55	DEF FIT EXP - DER Invest. Amort.	$	(2,136.02)
10-20-10-00-410-01-62	DEF FIT EXP-Merger Costs	$	(5,563.69)
10-20-10-00-410-01-67	DEF FIT EXP-Storm Restoration	$	(284,984.39)
10-20-10-00-410-02-30	DEF SIT EXP-Accel Depreciaton	$	635,281.64
10-20-10-00-410-02-34	DEF SIT EXP-SFAS 106 OPEB	$	901,745.88
10-20-10-00-410-02-35	DEF SIT EXP-Pension FAS 87	$	11,968.17
10-20-10-00-410-02-36	DEF SIT EXP-CIAC	$	(2,217.64)
10-20-10-00-410-02-38	DEF SIT EXP-Bad Debt	$	(30,376.04)
10-20-10-00-410-02-39	DEF SIT EXP-Accrued Revenue	$	476,028.32
10-20-10-00-410-02-41	DEF SIT EXP-Prepaid Property Tax.	$	(14,858.12)
10-20-10-00-410-02-42	DEF SIT EXP- Rate Case Exp. And Rest.	$	450.45
10-20-10-00-410-02-47	DEF SIT EXP-Pension FAS87 Reg Asset	$	0.08
10-20-10-00-410-02-49	DEF SIT EXP-SFAS 106 OPEB Reg. Asset	$	(0.38)
10-20-10-00-410-02-50	DEF SIT-Bade Debt-Reg Asset	$	11,058.96
10-20-10-00-410-02-54	DEF SIT EXP- Debt Discount	$	(147.84)
10-20-10-00-410-02-55	DEF SIT EXP - DER Amortization	$	(848.54)
10-20-10-00-410-02-62	DEF SIT EXP-Merger Costs	$	(2,210.20)
10-20-10-00-410-02-67	DEF SIT EXP-Storm Restoration	$	(113,211.57)
	TOTAL Account 410	**$**	**5,203,293.64**

Audit verified the Deferred Income Tax totals to 30 general ledger deferred tax related accounts, 10-20-00-00-410-xx-xx, without exception. 15 of the accounts related to deferred federal income taxes and 15 to deferred state income taxes. The account activity was similar for both accounts such as bad debt, debt discount, property taxes, pensions, accrued revenue, merger costs, accelerated depreciation, and CIAC costs.

Audit verified the net changes to the balance sheet accounts were included in the calculation using the Power Tax software, to prepare the schedule M of the Federal income tax form, as well as the state tax forms.

Deferred Taxes on the Balance Sheet were noted on page 113 lines 62 and 63:
Accumulated Deferred Income Taxes-Other Property (282) $(40,133,816)

Accumulated Deferred Income Taxes-Other (283)	$ 13,723,236
Total Accumulated Deferred Income Taxes per FERC	$(26,410,580)

Electricity Consumption Tax

RSA 83-E that previously required a consumption tax of $.00055 per kilowatt hour be collected by each electric utility (with certain municipal exclusions), and remitted to the Department of Revenue was repealed, effective as of January 1, 2019

Audit Issue #1
Supplemental Executive Retirement Plan

Background

Unitil Service Company provides a non-qualified defined benefit plan for certain executives selected by the Board of Directors. The plan was closed to new participants in 2018, and currently provides benefits to four retired executives, with two active executives currently eligible.

Issue

A total of $1,395,035 from 2016 through 2020 relating to the Supplemental Executive Retirement Plant (SERP) has been capitalized to CWIP.

As noted in the direct testimony of Closson and Conneely at Bates 000258 – 000259 "*Unitil Service also maintains a Supplemental Executive Retirement Plan ("SERP"), a non-qualified defined benefit plan which is self-funded. The SERP is designed to encourage service by the participating executives until retirement and to then provide a retirement benefit which, when added to other retirement income of the executive, will ensure a competitive level of retirement income when compared to other utilities. The SERP is a component of executive compensation that was evaluated in the Towers Watson 2019 compensation study and determined to be competitive with the peer group. Eligibility for participation in the Plan was limited to executives selected by the Board of Directors; the SERP was closed to new participants in 2018. Currently, the SERP provides benefits to four retired executives while two active employees are currently eligible.*" (underline added).

Recommendation

Audit believes that the shareholders and not the ratepayers should bear the burden of this incentive plan. The closure of the plan confirms that the plan is, indeed, supplemental, thus should not be capitalized, and paid, by ratepayers.

Company Response

The Company disagrees and disputes that the closure of the plan confirms it is supplemental. The SERP was offered to select executives to ensure competitive payment of retirement income in order to attract, retain and motivate these employees designated by the Board of Directors. Beginning in 2019, a Non-Qualified Deferred Compensation Plan (NQDC Plan) was opened for qualifying employees and is a mutually exclusive plan from the SERP. That is, the NQDC Plan is open to certain qualifying employees that do not participate in the SERP. The Company believes that it must be able to pay its employees reasonable market level compensation so that it can meet the Company's service obligation to customers and that the Company's overall compensation, including incentive and supplemental compensation through the SERP and NQDC Plan, is consistent with that objective.

Audit Response

Audit appreciates the input from the Company, and encourages the shareholders to bear the cost of these supplemental executive benefit plans.

Audit Issue #2
Revenue Requirement Workpaper 5.6

Background

The allocation of the 2020 Operating leases was noted, by month, in the Revenue Requirement workpaper 5.6 that summed to $1,172,004 to represent the vehicle clearing account activity:

Expensed	$ 594,638
Capitalized	$ 577,366
Total Vehicle Clearing	$1,172,004

The activity demonstrated a capitalization rate of 49.26%

Issue

Audit reviewed the accounting entries noted for August 2020 that sum to $122,077.

	2020	August 2020		
Expensed	$ 594,638	$ 58,668	actual GL	$ 37,111.05
Capitalized	$ 577,366	$ 63,409	actual GL	$ 84,966.20
	$1,172,004	$122,077		$122,077.25

Audit requested clarification of the different identification noted in the workpaper, and was informed that each of the monthly representations in workpaper 5.6 is incorrect.

The Company forwarded a revised spreadsheet to Audit reflecting different monthly splits of Expenses and Capitalizations:

Expensed	$ 393,256
Capitalized	$ 706,436
Total Vehicle Clearing	$1,099,691

The activity demonstrated a capitalization rate of 64.24%

Recommendation

The Company must refile the revised workpaper, and update all filing schedules impacted by the adjusted allocation.

Company Response

The Company agrees and will refile the revised workpaper and update all filing schedules impacted by the adjusted allocation.

Audit Response

Audit appreciates that the filing will be revised, and encourages the identification of all schedules impacted. Further review of the updated schedules will not be conducted by the Audit Staff.

Audit Issue #3
Unitized to Plant in Service after 2020 Test Year

Background

Audit reviewed the new Exeter Distribution Operations Center assets in place as of 12/31/2020.

Issue

The Company through December 2020 unitized $17,019,119 to plant in service for the Exeter Distribution Operations Center. UES unitized an additional $577,144 in 2021 in additions that should not have been included on the filing schedule as the additions are after the test year. The additional 2021 Exeter DOC charges are profromed on Filing Schedule 1 Bates Page 138 line 51. The entire proformed Exeter DOC project was unitized to plant in service for $17,596,263.

Work Order	Plant Account	Date	Long Description		Posting Amount
E-191060-20192725	390 Structures	Dec-20	Move to 20 Cont. Blvd and Clean Out	$	2,719
E-191060-20192723	393 Stores Equipment	Dec-20	Warehouse, Ops, Equipment, and Furnishings	$	10,748
E-191060-20192720	390 Structures	Dec-20	Legal, Insurance, and Permitting	$	62,314
E-191060-20192721	390 Structures	Dec-20	Internal Project Management	$	151,849
E-191060-20192724	391 Office Furniture & Fixtures	Dec-20	IT/Data, Tel/ Travel/Misc.	$	213,760
E-191060-20192722	391 Office Furniture & Fixtures	Dec-20	Office: Furniture, Equipment, Appliances Etc.	$	622,086
E-191060-20192719	390 Structures	Dec-20	Engineering and Architechture Services	$	1,223,469
E-191060-20192718	390 Structures	Dec-20	Construction-New DOC Facility	$	13,387,498
Total				$	15,674,444
E-191035-20192714	389 General and Misc. Land	Dec-20	Acquisiton of New DOC	$	1,344,676
Total 2020 Costs				**$**	**17,019,120**

Work Order	Plant Account	Date	Long Description		Posting Amount
E-191060-20192718	390 Structures	Jan/Feb 2021	Construction-New DOC Facility	$	291,281
E-191060-20192719	390 Structures	Jan/Feb 2021	Engineering & Architecture Serv.	$	82,413
E-191060-20192720	390 Structures	Jan/Feb 2021	Legal, Insurance, & Permittting	$	6,794
E-191060-20192721	390 Structures	Jan/Feb 2021	Internal Project Management	$	32,720
E-191060-20192722	391 Office Equipment	Jan/Feb 2021	Office; Furniture/Equipment/etc.	$	76,308
E-191060-20192723	393 Stores Equipment	Jan/Feb 2021	Warehouse/Ops: Equip/Furnish.	$	4,535
E-191060-20192725	390 Structures	Jan/Feb 2021	Move to 20 Cont. Blvd and Clean Out	$	83,093
Total 2021				$	577,144
Total Entire Project				**$**	**17,596,263**

Recommendation

Audit recommends the Company reduce the rate base filing schedules by ($577,144) as the 2021 Exeter DOC asset additions were unitized after the 2020 test year.

Company Comment

The Company believes recovery in base rates is appropriate for a multitude of reasons.

First, in the Company's last base rate case in Docket DE 16-384, the Company included a post-test year rate base adjustment related to the Kingston Substation, which was incorporated into the agreed upon Settlement Agreement.

Second, the recovery of these plant additions will reconcile back to temporary rates, or June 1, 2021. As described in the direct testimony of Messrs. Goulding and Nawazelski (Bates 105), the post-test-year plant addition adjustment accounts for the carry-over work closed to Plant in Service during the two months ended February 28, 2021. These plant additions were used and useful three months prior to temporary rates going into effect.

In addition, the Company believes that recovery in base rates is appropriate and necessary for the Company to have a reasonable opportunity to earn its allowed return in the rate effective year. By including these post-test-year plant additions in base rates the Company's revenue requirement more closely represents, on a known and measurable basis, costs incurred by the Company.

As described in greater detail in the direct testimony of Mr. Robert Hevert (Bates 18-19), the Company is a capital-intensive business that requires continued ongoing investments in long-lived physical assets and incurs the fixed costs associated with these investments. This cost pressure leads to earnings attrition, which is the decline in returns that occurs when revenues do not keep pace with costs. The inclusion of the post-test-year adjustment will help alleviate the effect of earnings attrition, but will not completely mitigate the effect of the attrition and regulatory lag that is a part of the traditional rate making process.

Lastly, the Company believes there is a benefit to providing a more complete cost record in a single proceeding instead of broken apart between a base rate case and step adjustment proceeding.

Audit Comment

Audit cannot comment on confidential settlement discussions from the prior rate case, and simply identifies the assets that are used, useful, and in service at the end of the test year in this current docket. While the explanations above are understood and appreciated, Audit encourages the Energy Staff and the Company to determine the extent to which any plant additions booked in 2021 can or should be part of any settlement discussion in this current docket.

Audit Issue #4
Exeter DOC Did Not Go Out to Bid

Background

The Company does not have a formal bidding process for large capital projects.

Audit Issue

The Company does not have a formal bidding procedure and instead relies on Company employees to select vendors based on a variety of factors such as safety record, past performance, and cost/pricing information.

The Company chose PROCON, Inc. as a sole source provider for the new Exeter Distribution Operations Center to manage construction, project management, construction work, architecture, and engineering services.

Since, the Exeter DOC is large capital project that was nearly $17.6 million when unitized to plant in service, an RFP should have been conducted.

Audit Recommendation

The Company should consider developing a formal procurement procedure with regards to issuing an RFP for capital projects. The Company should have considered an RFP for the Exeter Distribution Operations Center to get pricing estimates from a variety of different vendors to ensure the best possible overall value for rate payers.

Company Response

The Company regularly issues Requests for Proposals (RFP) for large projects when the Company determines that an RFP process will deliver the best value to the Company and ratepayers.

In the case of the Exeter construction project, the Company believes that the approach taken, to negotiate with PROCON as a sole source partner, delivered Unitil with the best value due to several factors including: PROCON's years of experience in both design and construction of commercial properties; the fact that PROCON's design and construction teams work collaboratively under one roof; PROCON's organizational structure, which uniquely positions PROCON to generate construction estimates in tandem with design development instead of the traditional model of the design and construction firms being separate entities; and PROCON's integrated design/build project delivery system, which efficiently supports the ability to conduct value engineering as the project's design is developed versus at the end of the design development phase.

In addition, the Company's decision to enter into a sole source contract with PROCON is further justified by PROCON's willingness to agree to certain requests by the Company, including: that PROCON reduce its management fees for design (from 10% to 4.5%) and construction services (from 5 to 4.5%); that PROCON share the contingency allowance 50/50 with Unitil (originally this was 100%

PROCON); and that PROCON share any cost savings on the project (80% Unitil / 20% PROCON). PROCON also offered to reduce the Change Order fees another 1.5% (from 4.5% to 3%).

Audit Response

Audit appreciates the information provided, and restates the suggestion that a formal policy be developed.

Audit Issue #5
Artwork

Background

In response to the Department of Energy Staff Data Request 5-17, the Company indicated they included capitalized artwork expenses for the new Exeter DOC.

Audit Issue

The Company spent $38,082.59 on artwork for the new Exeter DOC. The Company capitalized the charges to the plant in service 101/106 accounts. The actual invoices from Advanced Reproduction were only for $34,973. The Company indicated they inadvertently included $3,110 in AFUDC charges that should have been charged to a different work order. The AFUDC charges should still not be capitalized to the Exeter DOC. The Exeter DOC was unitized to plant in service through February 2021 is $17,596,263. The theme of the artwork was history, art, and branding dubbed H/A/B by the Company. The artwork consisted of old photos from Company archives. The Company also took photos in the field. The artwork is displayed in the front lobby and throughout the Exeter DOC building. The Company indicated the goal of the artwork is to promote values, teamwork, morale, and sustainability. Artwork is not necessary for the delivery of electricity to customer's homes.

Audit Recommendation

The Company should not include $38,082.59 in artwork in the 101/106 plant in service accounts as it is not a necessary capital expenditure. The Company should reclassify the $3,110 that was charged to AFUDC that should have been capitalized to a different work order but should not be reclassified to the Exeter DOC. The artwork charges should be expensed below the line going forward. The Company should also make any adjustments to the deprecation expense.

Company Response

First, the Company revised the amount for artwork (a.k.a. H/A/B = History/Art/Branding) in response to Energy Tech Session 1-24 to $34,973.00, which excludes the total AFUDC financing costs in project authorization number 091060 and construction work order 2019 2722.

The Company has determined that these H/A/B costs for the new Exeter DOC are neither unusual nor extraordinary in amount or nature. The H/A/B/ costs include design, production and installation by the graphics vendor. H/A/B was an intentional component of the building's design, aligned with other design components such as lighting, thermal comfort and ergonomics. Some of the H/A/B walls were designed to provide employees with a sense of unity, place and purpose by incorporating Unitil's Vision, Mission, and Values in select locations. Most of the H/A/B installed were produced from photos in Unitil's archives. Historical photos were largely chosen for H/A/B in the conference rooms. Photos taken in the field were chosen to represent views of nature while still highlighting Unitil's electric operations. The H/A/B chosen complements the sustainability and wellness goals for the project. The H/A/B also includes a plaque, located in the lobby that describes the sustainability features of the building and also graphical sustainability signage that was installed throughout the building to highlight sustainability features and for a tool to educate employees and visitors. Artwork is an element of the of the building's interior design similar to other elements such as lighting, color and space. The Company believes the HAB installations should be capitalized because the artwork contributes to the efficient and effective delivery of electricity to customers' homes by promoting values, teamwork and morale among Unitil's employees, including those directly involved in ensuring the delivery of electricity to customers.

AFUDC in the amount of $3,110 was appropriately charged to the Exeter Building work order for Office: Furniture/Equipment/Appliances. This workorder included the artwork. The full amount of the AFUDC was inadvertently attributed to the art work only under the total Office: Furniture/Equipment/Appliances work order totaling approximately $729,000, which was not correct. It is correct to include the AFUDC in the overall project costs.

Finally, due to the Company's response above no adjustment to depreciation expense is required.

Audit Comment

Audit understands the appeal of the H/A/B, and believes that the shareholders rather than ratepayers should bear the cost of this aspect of the construction.

Audit Issue #6
Prepayments Overstated on Filing Requirement Schedule 2, Page 9

Background

The general ledger for account 10-20-00-00-165-14-00, Prepaid Revolver, reported an outstanding balance of $26,940. The balance was included within the Prepayments account #165 aggregate amount of $6,012,559, as reported on the Filing Requirement Schedule 2, Page 9.

The Company is currently operating under the Second Amended and Restated Credit Agreement dated July 25, 2018, which is a second amendment to the Amended and Restated Credit Agreement, originally dated October 4, 2013.

Issue

The Company stated that account 10-20-00-00-165-14-00, Prepaid Revolver *"should have been reduced to $11,914 at 12/31/20 due to the ending of the 2013 credit fees amortization and the continuation of the 2018 credit fees amortization (this was updated in 2021)."* For the 2020 test year, the prepayments amount of $6,012,559 is overstated by $15,026.

Recommendation

The Company should reduce the Prepayments amount of $6,012,559, as reported on the Filing Requirement Schedule 2, page 9, by $15,026.

Company Response

The Company agrees that Prepayments should be reduced, however, Other – Deferred Debits (Filing Requirement Schedule 2, page 9, line 21) should be increased by the same amount as the reduction to Prepayments resulting in a net zero dollar impact. As described in the Company's response to Staff 1-5, the Company's Rate Base in this case does not include either the Prepaid Revolver or Other- Deferred Debits account so there is no impact to the revenue requirement for this change. Due to both of these considerations the Company recommends not revising Filing Requirement Schedule 2 for this change as it is both immaterial and has no impact on the Company's requested rate increase.

Audit Response

Audit agrees that there is no rate base impact, but encourages the Company to post prepayments and deferrals as accurately as possible.

Audit Issue #7
Construction Work in Progress

Background

Audit reviewed each of the Operations and Maintenance expense accounts, and noted payments to catering services. Such payments for Storm coverage appear reasonable.

Issue

While searching the detailed general ledger for Liberty Lane Catering, it was noted that on August 20, 2020, an entry for $1,459.24 was posted to account 10-20-00-00-107-00-00, Construction Work in Progress.

Recommendation

It is recommended that the catering expense be removed from the CWIP account, as an item that should not be in Plant in Service. The amount should have been expensed below the line.

Company Response

These charges relate to catering costs for employees completing their storm roles during Tropical Storm Isaias. When these charges are incurred they get posted to account 10-20-00-00-107-00-00, Construction Work in Progress. After the storm is complete total costs are finalized and expensed or capitalized. The catering costs referenced above were appropriately expensed to the Company's Major Storm Cost Reserve for recovery and no capitalization on these charges was made.

Audit Response

Audit appreciates the clarification of the final costs' posting location and agrees that the catering costs incurred during the storm should be expensed to the Major Storm Cost Reserve.

Audit Issue #8
Operations and Maintenance Expenses

Background

Audit reviewed each of the Operations and Maintenance expense accounts.

Issue

Expenses Outside of the Test Year

A. Account 10-20-28-00-581-00-00, Communication System Exp UES — $ 800.00
Represents the thirteenth monthly entry that should have been posted in 2019-Refer to the section for account **581**

B. Account 10-20-24-00-913-53-00, Customer Communication — $ 1,658.80
Represents a payment to Pixels and Pulp for January and February 2021 newsletter that should have been posted in 2021-Refer to the section for account **913**

C. Account 10-20-15-00-923-00-00, OS – Legal Claims and Litigation — $ 3,936.00
Represents a payment to Perkins Thompson for professional services through 10/31/2019 that should have been posted in 2019-Refer to the section for account **923**

D. Account 10-20-00-00-165-01-01, Prepaid Injuries & Damages — $16,498.13
Represents a broker fee for the Excess Liability insurance for the Period of 12/31/2019-12/31/2020 that should have been posted in 2019-Refer to the section for account **926**

Total Outside of Test Year — $22,892.93

Non-recurring

E. Account 10-20-50-00-592-01-00, Dist Maint Sta Equip Annual Cap — $46,762.39
Represents the sum of October, November, December miscellaneous adjusting journal entries-Refer to the section for account **592**

F. Account 10-20-60-00-594-00-00 Dist Maint U/G Lines-SEA — $ 894.44
Represents a portion of one 11/30/2020 miscellaneous adjusting journal entry-Refer to the section for account **594**

Total Non-recurring — $47,656.83

Expense that Should Have Been Booked as a Prepaid

G. Account 10-20-22-00-923-15-00, OS – Emergency Mgt & Compliance — **$39,100.00**
Represents UES allocation percentage for a one year license and service of an app in which the majority of the agreement

takes place in 2021-Refer to the section for account **923**

Allocation Issue

H. Account 10-20-22-00-923-15-00, OS – Emergency Mgt & Compliance $ 69.25
Represents the amount overcharged to the account by allocating 32% of the charge to UES instead of the 31% noted in the CAM-Refer to the section for account **923**

I. Account 10-20-03-00-926-06-00, Employee Benefits Other $142.00
Represent the amount overcharged to the account as UES noted the allocation should be 11%-Refer to the section for account **926**

Total Allocation Issue $211.25

Expense that Should Have Been Booked Below-the-Line

J. Account 10-20-60-00-588-01-00, Administrative Expenses-SEA $ 535.75
Represents a payment to Liberty Lane Catering on 12/31/2020, which should have been booked below the line-Refer to section for account **588**

K. Account 10-20-24-00-909-52-00, Outreach and Education $1,000.00
Represents a payment to MUST Training Seminars for a donation, which should have been booked below the line-Refer to the section for account **909**

L. Account 10-20-03-00-926-06-00, Employee Benefits Other $ 849.11
Represents a payment to Liberty Lane Catering on 2/25/2020, which should have been booked below the line-Refer to the section for account **926**

M. Account 10-20-03-00-926-06-00, Employee Benefits Other $ 653.57
Represents a payment to The Newell Post on 3/3/2020, which should have been booked below the line-Refer to the section for account **926**

Total that Should Have Been Below-the-Line $3,038.43

Recommendation

The filing expenses should be reduced:

Expenses Outside of the Test Year	$ 22,892.12
Non-recurring Expenses	$ 47,656.83
Expenses that Should Have Been Booked as a Prepaid	$ 39,100.00
Reduction to Expense due to Error in Allocation Percentage	$ 211.25
Expenses that Should Have Been Booked Below-the-Line	$ 3,038.43
Total	$133,899.44

Company Response

A. The Company agrees that the test year includes thirteen months of rent rather than twelve and will reduce test year O&M by $800.

B. First, the Pixels and Pulp invoice should reflect an amount of $1,168.70 and not the $1,658.80 referenced above. Next, the Company does agree that the applicable invoice relates to January and February 2021 expense, however, the general ledger includes 12 months of related activity and should not be removed. If the Commission would like the cost of service to reflect 2020 invoices only, an adjustment increasing expense by $31.30 is necessary to reflect the invoice of $1,200.00 for January and February 2020 that was paid in December 2019.

C. The Company agrees to remove $3,936 as described above. Upon further review the Company determined that one other legal invoice was inadvertently charged to UES when it should have been charged to the Company's Northern Utilities, Inc. Maine Division. These invoice totals $3,663. These two items reflect a total reduction of O&M expense of $7,599 that the Company will remove from its revenue requirement schedules.

D. The Company disagrees with the recommendation. The Company's test year reflects twelve months of expense in general ledger account 10-20-08-00-925-02-00. The Company agrees that the Prepaid Injuries and Damages account 10-20-00-00-165-01-01 did include two years of a broker fee, but as this account is not included in the Company's rate base, as described in response to Staff 1-5, no adjustment is necessary.

E. There were a total of four (4) journal entries from Construction Work Orders to this expense account 592.02.00. Two of these, totaling $11,417.50, were in October 2020 and related to 2019 expenditures and should be removed. The other two journal entries were for 2020 charges. These costs should be included and relate to UES Seacoast crews that were working in the UES Capital territory. A billable CWO number was taken out at UES Seacoast in order to track the costs of $35,344.89, which were later transferred to the appropriate expense account.

F. The invoice from IC Reed July 6, 2020 was to dig around a splice box for drainage. This invoice was charged to a Construction Work Order in error and should have been charged to expense and this entry corrected for this. The costs were within the test year and should be included.

G. The Company has determined that the costs incurred in the test year are representative of activities that would typically be incurred by the Company in a normal course of business over a twelve month period. The Company receives invoices annually for this subscription and expenses them in the period the invoice is paid. The invoice received in 2019 is not reflected in the Company's 2020 test year O&M expense, which shows that the annual normal course of business level of expense is reflected in the Company's test year. Further, based on the average costs for the three years preceding the test year, the Company has determined that these costs are neither unusual nor extraordinary in amount.

Year		Total Costs
2018	$	17,159
2019	$	20,638
2020	$	16,204
3-Year Total	$	54,001
3-Year Average	$	18,000

H. The Company agrees with the inadvertent allocation issue described above and will reduce test year O&M by $69.25

I. Company agrees with the inadvertent allocation issue described above and will reduce test year O&M by $142.00

J. This catering expense was in preparation of a Nor'easter that began on December 15, 2020. According to the forecasts available at the time, as much as 8-12 inches of snow were possible in the Company's service area, with wind gusts expected to approach 30-35 mph. The Company opened and began staffing its Emergency Operations Center (EOC) in Exeter and as is typical with all storm event EOC, catering is provided to employees and contractors in an effort to keep people safe and positions actively staffed. Fortunately, the Nor'easter did not materialize into a Major Storm Cost Reserve qualifying event and the Company charged to an expense account accordingly. As such, the Company believes that the $535.75 are normal and customary operating expenses.

K. The Company does not agree with Audit's recommendation. These costs relate to informational and instructional costs to Managing Underground Safety Training (MUST) and are not a donation. A Company employee presents information as a part of the annual presentation of this training seminar to promote underground facility safety through training efforts in cooperation with Dig Safe®, underground facility owners, private locating companies, municipalities, excavators and regulatory agencies, and to continually evaluate the New England one-call laws and underground safety best practices.

L. This $849.11 expense is for company information and recognition meetings, which are attended by a member of senior management to review company operations and results, provide updates to the company's strategic plan, and recognize employment milestones within the company. The Company believes these are prudently incurred expenses.

M. This $653.57 expense is for company information and recognition meetings, which are attended by a member of senior management to review company operations and results, provide updates to the company's strategic plan, and recognize employment milestones within the company. The Company believes these are prudently incurred expenses.

Audit Response

Audit concurs with the Company regarding:

A. Reduce Account 10-20-28-00-581-00-00, Communication System Exp UES — $800.00

B. Reduce Account 10-20-24-00-913-53-00, Customer Communication — $1,168.70
Audit agrees that the $1,658.80 in the issue related to the portion of the invoice allocated to Northern. However, the prepayment of the invoice overall is restated.

C. Reduce Account 10-20-15-00-923-00-00, OS – Legal Claims and Litigation — $7,599.00
Audit appreciates the Company's further review and determination that one additional invoice had been allocated to UES but should have posted to NU-ME.

D. Account 10-20-00-00-165-01-01, Prepaid Injuries & Damages — $-0-
While the posting to the Prepaid account appears to overstate that account, Audit agrees that the Prepaid account is not included in rate base.

E. Reduce Account 10-20-50-00-592-01-00, Dist Maint Sta Equip Annual Cap — $46,762.39
Based on the Company response, and the review of the detailed general ledger, Audit restates the issue. The Company explanation of the CWO does not indicate that the costs were routine or recurring.

F. Account 10-20-60-00-594-00-00 Dist Maint U/G Lines-SEA — $-0-
Audit appreciates the explanation of the adjusting entry, and concurs that there should be no reduction to this account.

G. Reduce Account 10-20-22-00-923-15-00, OS – Emerg.Mgt & Compliance — $39,100.00
Audit restates the issue, and based on the Company response is unclear why the $39,100 would not be considered outside of the three year average.

H. Reduce Account 10-20-22-00-923-15-00, OS – Emergency Mgt & Compliance — $ 69.25

I. Reduce Account 10-20-03-00-926-06-00, Employee Benefits Other — $142.00

J. Account 10-20-60-00-588-01-00, Administrative Expenses-SEA — $-0-
Audit appreciates the explanation of the potential storm, and concurs with the Company.

K. Account 10-20-24-00-909-52-00, Outreach and Education — $-0-
Audit appreciates the Company comment and concurs with the prudency.

L. Account 10-20-03-00-926-06-00, Employee Benefits Other — $849.11
Audit understands the entry and believes these costs should be paid by shareholders rather than ratepayers.

M. Account 10-20-03-00-926-06-00, Employee Benefits Other $653.57
Audit understands the entry and believes these costs should be paid by shareholders rather than ratepayers.

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 5

Date Request Received: 09/02/2021 | Date of Response: 09/17/2021
Request No. DOE 5-7 | Witness: J. Closson / J. Conneely

REQUEST:

Wages and Salaries. Reference Closson/Conneely, Bates 249.

a. When will the projected January 1, 2022, and June 1, 2022, be approved and thus known?
b. Please provide the actual pay rate increases for the test year and the prior three years for each of the following employee groups:
    i. UES Non-Union
    ii. UES Union
    iii. Service Company

RESPONSE:

a. The January 1, 2022 salary increases for UES Non-Union and Service Company will be known by mid- December of 2021. The June 1, 2022 Union salary increase will be 3% per the union contract.

b. Please see DOE 5-7 Attachment 1.

Unitil Energy Systems, Inc.
Actual Pay Rate Increases 2017-2020

	2020	2019	2018	2017
UES Non-Union	3.30%	4.15%	3.51%	2.97%
UES Union	3.13%	3.10%	3.10%	3.04%
USC	4.70%	4.73%	5.28%	3.93%

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Tech Session Set 1

Date Request Received: 09/28/2021 Date of Response: 10/12/2021
Request No. Energy TS 1-9 Witness: J. Closson / J. Conneely

REQUEST:

Wages and Salaries: Reference DOE 5-6. The wages and salaries distribution between categories was corrected.

a. The Company's correction shows a Union increase of 13.4% from 2019 to 2020 for Overtime. Please provide the Excel file for DOE 5-6, Attachment 1. (My calculation results in a 15.5% increase from 2019 to 2020 vs the Company's PDF of 13.4%.)
b. Please explain why Union overtime increased by 13.4% (15.5%) from 2019 to 2020.
c. Provide the total Union Overtime for the Test Year and preceding three years.

RESPONSE:

A. Please see TS 1-09 Attachment 1 for the Excel version of DOE 5-6 Attachment 1. There was a calculation error in the submitted DOE 5-6 Attachment 1. The correct increase is 15.5%

B. The tables shown in TS 1-09 Attachment 1 show total wages and salaries for the employee groups presented. The 15.5% increase represents the increase in all Union salaries and wages from 2019 to 2020, not just overtime. The primary cause of the total increase in wages and salaries was an increase of 12.4% in overtime pay from the previous year. A large portion of the overtime pay relates to UES crews helping other utilities restoration efforts after weather events. This mutual assistance overtime costs is not charged to ratepayers as the Company receives reimbursement for this work from the host utility. The regular earnings total was an increase of 3.1%.

C. Please see Energy TS 1-9 Attachment 2.

DOE 5-6 Attachment 1				
	2020	**2019**	**2018**	**2017**
Exempt Non-Union	$1,457,783.28	$1,428,038.45	$1,441,909.09	$1,388,822.91
Non-Exempt Non-Union	$245,489.25	$236,433.49	$238,351.56	$295,438.95
Union	$4,727,265.72	$4,092,273.92	$4,255,963.17	$4,251,961.96
Service Company	$36,147,018.73	$36,802,964.59	$39,766,837.30	$32,915,548.63
Total	**$42,577,556.98**	**$42,559,710.45**	**$45,703,061.12**	**$38,851,772.45**

% Change from Prior Year			
	2020	**2019**	**2018**
Exempt Non-Union	2.1%	-1.0%	3.8%
Non-Exempt Non-Union	3.8%	-0.8%	-19.3%
Union	15.5%	-3.8%	0.1%
Service Company	-1.8%	-7.5%	20.8%
Total	0.0%	-6.9%	17.6%

Unitil Energy Systems, Inc.
Docket No. DE 21-030
Energy TS 1-9 Attachment 2

Total UES Union Overtime By Year

2020	2019	2018	2017
$ 1,455,242.29	$ 933,287.97	$ 1,114,629.62	$ 1,078,813.50

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 5

Date Request Received: 09/02/2021 Date of Response: 09/17/2021
Request No. DOE 5-10 Witness: J. Closson / J. Conneely

REQUEST:

Incentive Plans. Reference Puc 1604.01(a) Unitil Corporation Second Amended and Restated 2003 Stock Plan.

a. Who participates in the Stock Plan?
b. How much has the Company included in its rate request for the Stock Plan?

RESPONSE:

a. Key management employees of the Corporation are selected by the Compensation Committee of the Board of Directors of the Company to participate in the Stock Plan.

b. Please refer to Staff DOE 5-10 Attachment 1, which reflects $434,486 of Restricted Stock expense included in the Company's rate request. The Restricted Stock costs are not included in the test year payroll amounts. These costs have not been adjusted for annual payroll increases. These costs are charged to UES through the USC billing process.

Unitil Energy Systems, Inc.
Restricted Stock Compensation Costs
Billed to UES through the Service Bill in 2020

Line No.	Description	2020
1	Compensation Exp - Restr Stk Plan	$ 2,185,281
2	Percent Charged to UES through the USC Service Bill	28.17%
3	Expense Apportioned to UES	$ 615,594
4	Capitalization Rate	29.42%
5	UES Capitalization	$ 181,108
6	UES Net O&M Rent Expense	$ 434,486

Unitil Energy Systems, Inc.
Docket No. DE 21-030
NHPUC Staff Data Requests – Set 3

Date Request Received: 07/07/2021 Date of Response: 07/21/2021
Request No. DOE 3-13 Witness: J. Closson & J. Conneely

REQUEST:

Incentive Comp.

a. Please provide a copy of the bonus/incentive compensation plan documents that apply to (a) Officer, (b) Exempt Non-Union, (c) Non-Exempt, Non-Union, and (d) allocated Service Company employees. If any plan was changed in the last three years, provide a copy of the plan for each year.
b. Please provide a copy of the bonus/incentive compensation plan documents for each plan that is effective in 2021.
c. For each plan, please provide the amount awarded and amount paid in the test year and each of the three preceding calendar years for (a) Officer, (b) Exempt Non-Union, (c) Non-Exempt, Non-Union, and (d) allocated Service Company employees. Also provide the amount that is reflected in the Company's rate request for each plan, each group.
d. Please provide the scorecards/performance goals or calculations used to determine the achievement of goals and payouts under each incentive/bonus plans for 2020 and 2021.

RESPONSE:

a. Please see DOE 3-13 Attachment 1 (a) and DOE 3-13 Attachment 1 (b).

b. Please see response above in a.

c. Please see response to DOE 3-11.

d. Please see DOE 3-13 Attachment 2 (a) and DOE 3-13 Attachment 2 (b).

UNITIL CORPORATION MANAGEMENT INCENTIVE PLAN
(amended and restated as of June 5, 2013)

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

I. PARTICIPATION

Key management employees of the Corporation who are selected by the Compensation Committee (the "Committee") of the Corporation's Board of Directors (the "Board") for participation shall participate in the Plan (each such participating key management employee, a "Participant") for the applicable Performance Period(s) (as defined below). Each Participant in the Plan for a Performance Period shall be notified of such Participant's selection, such Participant's Target Incentive Award (as defined below) and the specific Performance Objectives and Performance Standards (each as defined below) upon which such Participant's Incentive Awards (as defined below), if any, shall be based. The Participants in the Plan for the applicable Performance Period shall be documented.

II. TARGET INCENTIVE AWARD

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

III. PERFORMANCE PERIOD

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

IV. PERFORMANCE OBJECTIVES

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

V. PERCENTAGE WEIGHTING

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

VI. PERFORMANCE STANDARDS

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

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

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

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

VII. CONTROLLING THRESHOLD(S)

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

VIII. DETERMINATION OF INCENTIVE AWARDS

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

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

IX. PLAN ADMINISTRATION

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

X. PAYMENT OF INCENTIVE AWARDS

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

XI. DISCIPLINARY ACTION

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

XII. TERMINATION OF EMPLOYMENT

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

XIII. FUNDING

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

XIV. NOT EXCLUSIVE METHOD OF INCENTIVE

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

XV. NO RIGHT TO CONTINUED PARTICIPATION

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

XVI. NO RIGHT TO CONTINUED EMPLOYMENT

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

XVII. NONTRANSFERABILITY OF AWARDS

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

XVIII. AMENDMENT AND TERMINATION

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

XIX. EFFECTIVE DATE

The Plan shall be effective June 5, 2013 and shall continue in effect until terminated by the Board.

Exhibit A
Participating Subsidiaries

Unitil Energy Systems, Inc.

Fitchburg Gas and Electric Light Company

Unitil Service Corp.

Usource LLC

Northern Utilities, Inc.

Granite State Gas Transmission, Inc.

UNITIL CORPORATION INCENTIVE PLAN
(amended and restated as of January 27, 2015)

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

I. PARTICIPATION

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

II. TARGET INCENTIVE AWARD

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

III. PERFORMANCE PERIOD

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

IV. PERFORMANCE OBJECTIVES

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

V. PERCENTAGE WEIGHTING

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

VI. PERFORMANCE STANDARDS

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

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

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

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

VII. CONTROLLING THRESHOLD(S)

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

VIII. DETERMINATION OF INCENTIVE AWARDS

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

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

IX. PLAN ADMINISTRATION

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

X. PAYMENT OF INCENTIVE AWARDS

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

XI. DISCIPLINARY ACTION

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

XII. TERMINATION OF EMPLOYMENT

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

XIII. FUNDING

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

XIV. NOT EXCLUSIVE METHOD OF INCENTIVE

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

XV. NO RIGHT TO CONTINUED PARTICIPATION

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

XVI. NO RIGHT TO CONTINUED EMPLOYMENT

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

XVII. NONTRANSFERABILITY OF AWARDS

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

XVIII. AMENDMENT AND TERMINATION

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

XIX. EFFECTIVE DATE

The Plan shall be effective January 27, 2015, and shall continue in effect until terminated by the Board.

Exhibit A
Participating Subsidiaries

Unitil Energy Systems, Inc.

Fitchburg Gas and Electric Light Company

Unitil Service Corp.

Usource LLC

Northern Utilities, Inc.

Granite State Gas Transmission, Inc.

2020 Incentive Plan Results

Measure	Goal	Result	Weight
Earnings Per Share [1]	Threshold – $2.19 Target – $2.31 Maximum – $2.43	$2.15 ($2.24 Adj.)	.40
Gas Safety – Response to Odor Calls [2]	84% – 86% – 88%	87.4%	.10
Electric Reliability – SAIDI Minutes [3]	150 – 118 – 85	124.5	.10
Customer Satisfaction [4]	Threshold – Target minus 5% Target – National benchmark Maximum – Target plus 5%	93% Target +6%	.10
O&M Cost Per Customer [5]	Threshold – Better Than Most Costly Third Target – Better Than Peer Average Maximum – In Least Cost Third	E - Target G - Below Threshold	.30

(1) – Target set at budget with min and max set at +/- 5%. Changed in 2020 to eliminate dead band and make the range symmetrical around the target.

(2) – Target set based on a best in class 30-minute response standard based on a three-year historical trend.

(3) – Target set at the rolling five-year average of the median of peer group reliability based on the national IEEE benchmarking survey.

(4) – Measured against same-year national benchmark for residential customer satisfaction.

(5) – Measured against same-year performance of selected peer companies in the Northeast; weighted 50% electric, 50% gas.

Unitil

2021 Incentive Plan Goals

Measure	Goal	Weight
Earnings Per Share [(1)]	Threshold – $2.21 Target – $2.33 Maximum – $2.45	.40
Gas Safety – Response to Odor Calls [(2)]	84% – 86% – 88%	.10
Electric Reliability – SAIDI Minutes [(3)]	158 – 122 – 85	.10
Customer Satisfaction [(4)]	Threshold – Target minus 5% Target – National benchmark Maximum – Target plus 5%	.10
O&M Cost Per Customer [(5)]	<u>Electric</u> $339 – $326 – $314 <u>Gas</u> $459 – $437 – $415	.30

(1) – Target set based on approved budget. Threshold and Maximum equal to +/- 5% of Target.

(2) – Target set based on a best in class 30-minute response standard based on a three-year historical trend.

(3) – Target set at the rolling 5-year average of the *median* of peer group reliability based on the national IEEE benchmarking survey.

(4) – Measured against same-year national benchmark for residential customer satisfaction

(5) – Measured against current-year performance to 2021 Company financial plan; weighted 50% electric, 50% gas

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 6

Date Request Received: 10/07/2021 Date of Response: 10/22/2021
Request No. Energy 6-1 Witness: J. Closson / J. Conneely

REQUEST:

SERP: Reference Follow up to DOE 5-9 and Schedule Rev-Req-3-5

a. Who participates in SERP?
b. Are the same individuals allowed to participate in SERP and the Non-Qualified Deferred Compensation Plan?
c. Please explain why SERP increased from $382,690 in the test year to $468,678
d. For each year 2016, 2017, 2018, and 2019, please provide SERP Expenses and a list of the employees with name and position that participated in SERP.

RESPONSE:

a. The Supplemental Executive Retirement Plan's (SERP) is offered to selected executives to ensure competitive payment of retirement income in order to attract, retain and motivate these employees designated by the Board of Directors.
b. No, the SERP is a compensation plan that is mutually exclusive of the Non-Qualified Deferred Compensation Plan.
c. The increase in total SERP expense was driven primarily by the drop in the discount rate from 3.15% to 2.30%, which increases the liability.
d. Please see Energy 6-1 Attachment 1 which is being filed as Confidential and Redacted.

Unitil Energy Systems, Inc.
SERP Expense
2016-2021 Actual Expense

NO.	DESCRIPTION (1)	(2) 2016	(3) 2017	(4) 2018	(5) 2019	(6) 2020	(7) 2021
A1	USC Labor & Overhead Charged to UES	28.32%	28.24%	27.46%	28.22%	28.17%	28.17%
A2	UES Capitalization Rates	62.98%	63.37%	63.57%	63.27%	63.68%	63.68%
A3	USC Labor & Overhead to Construction	28.58%	27.72%	26.47%	27.58%	29.42%	29.42%
A4	Total USC SERP Expense per Actuary	$ 1,112,151	$ 1,336,224	$ 1,566,259	$ 1,438,762	$ 1,924,767	$ 2,357,253
	Calculation of SERP Expense, net of Amounts Chargeable to Construction						
	A. UES SERP Expense, net:						
1	UES SERP Expense	$ -	$ -	$ -	$ -	$ -	$ -
2	Less: Amounts chargeable to construction	-	-	-	-	-	-
3	UES SERP Expense, net	$ -	$ -	$ -	$ -	$ -	$ -
	B. Unitil Service SERP Expense Allocated to UES, net:						
4	Unitil Service SERP Expense	$ 314,961	$ 377,350	$ 430,095	$ 406,019	$ 542,207	$ 664,038
5	Less: Amounts chargeable to construction	(90,016)	(104,601)	(113,846)	(111,980)	(159,517)	(195,360)
6	Unitil Service SERP Expense Allocated to UES, net	$ 224,945	$ 272,748	$ 316,249	$ 294,039	$ 382,690	$ 468,678
7	Total UES SERP Expense	$ 224,945	$ 272,748	$ 316,249	$ 294,039	$ 382,690	$ 468,678

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 5

Date Request Received: 09/02/2021 Date of Response: 09/17/2021
Request No. DOE 5-9 Witness: J. Closson / J. Conneely

REQUEST:

Retirement/Deferred Compensation. Reference Closson/Conneely, Bates 265, and RevReq Schedules W4.6.

a. Who participates in the Deferred Compensation plan?
b. Please provide a copy of the plan.
c. Please explain the difference between Deferred Compensation and SERP.
d. Please provide a complete description of the financial reporting and ratemaking treatment of the utility's deferred compensation.
e. Please provide the most recent actuarial report.
f. Please explain the increase in deferred compensation from the test year expense of $12,140 to the 2021 and 2022 forecasted expense of $77,097.

RESPONSE:

a. The Administrator of the Non-Qualified Deferred Compensation plan is the Company's Board of Directors. The Administrator determines which management employees and other employees of the Company shall be eligible to participate in the Plan. Current plan participants are employees with a salary grade 23 and above who are not already participating in the SERP benefit.

b. Please see DOE 5-9 Attachment 1.

c. Both the SERP and the Non-Qualified Deferred Compensation (NQDC) plan are designed to attract, retain and motivate selected executives. The SERP is a defined plan. With SERP, the employer determines how the plan will be established, how much it will contribute, and how distributions from the plan are paid out to participating employees.
The NQDC plan is a defined contribution vehicle that allows the employee to decide on contributions amounts and when they can begin receiving their distributions.

d. The NQDC plan is accounted for in accordance with U.S. GAAP. The participants in the NQDC Plan are primarily Unitil Service Corp. (USC) employees. Unitil Energy Systems, Inc. is allocated a portion of the

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 5

Date Request Received: 09/02/2021 Date of Response: 09/17/2021
Request No. DOE 5-9 Witness: J. Closson / J. Conneely

expense of the NQDC Plan through the USC service bill each month.

Participants in the NQDC Plan can elect to have a percentage of their salary deferred in the NQDC Plan and Unitil (the Company) may elect to make discretionary contributions on behalf of any participant in an amount determined by Unitil's Board of Directors. The deferred compensation obligation is reported as part of other noncurrent liabilities on the Company's consolidated balance sheet while changes in the liability balance are reported in operations and maintenance expenses on the Company's consolidated statements of earnings.

The Company established a trust to invest the funds associated with the NQDC Plan. The fair value of the assets in the trust is adjusted monthly in the general ledger based on the month-end fair value of the assets in the trust. Investment gains/losses are reported in other expense/ (income) on the Company's consolidated statements of earnings.

The Company discloses the NQDC Plan and the fair value of assets in the NQDC Plan in the notes to its annual and quarterly financial statements.

The ratemaking treatment of Deferred Compensation costs is that when the Company comes in for a base rate case a new level of Deferred Compensation expense is set and recovered through base rates. In this proceeding the Company has used the latest year-end 2020 actuarial report, which provides 2021 calendar year expense and is the basis for the Deferred Compensation expense adjustment included in the Company's Revenue Requirement Schedule RevReq-3-5 and supporting Workpaper 4.6. As provided in Revenue Requirement Schedule RevReq-3-5, Col 2, Line 5 (bates 161), the Company is proposing recovery of Deferred Compensation expense in base rates of $77,097. This amount includes only Unitil Service allocable expense charged to UES.

e. As this Deferred Compensation plan is a defined contribution, there are no actuarial reports.

f. The number of participants in this benefit was increased from two to six employees.

UNITIL CORPORATION DEFERRED COMPENSATION PLAN

WHEREAS, Unitil Corporation desires to establish an unfunded plan maintained for the purpose of providing deferred compensation for a select group of management or highly compensated employees within the meaning of sections 201(2), 301(a)(3) and 401(a)(1) of the Employee Retirement Income Security Act of 1974 as amended, and the regulations thereunder;

NOW, THEREFORE, effective January 1, 2019, the Unitil Corporation Deferred Compensation Plan is hereby established as follows:

SECTION 1. PURPOSE OF PLAN

The Plan is intended to be "a plan which is unfunded and is maintained by an employer primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" within the meaning of sections 201(2), 301(a)(3) and 401(a)(1) of ERISA, and shall be interpreted and administered in a manner consistent therewith. The provisions of the Plan are intended to comply with requirements of Code section 409A in form and operation and shall be interpreted in a manner consistent with such Code section and regulations promulgated pursuant thereto.

SECTION 2. DEFINITIONS

2.1 **"Administrator"** means the Board or the committee or subcommittee appointed pursuant to Section 16.1.

2.2 **"Beneficiary"** means the person or entity determined to be a Participant's beneficiary pursuant to Section 14.

2.3 **"Board"** means the board of directors of Unitil Corporation.

2.4 **"Change in Control"** shall mean the occurrence of any of the following:

(a) Unitil Corporation receives a report on Schedule 13D filed with the Securities and Exchange Commission pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (hereinafter referred to as the "Exchange Act"), disclosing that any person, group, corporation or other entity is the beneficial owner, directly or indirectly, of twenty-five (25%) percent or more of the outstanding common stock of Unitil Corporation;

(b) any person (as such term is defined in Section 13(d) of the Exchange Act), group, corporation or other entity other than Unitil Corporation or a wholly-owned subsidiary of Unitil Corporation, purchases shares pursuant to a tender offer or exchange offer to acquire any common stock of Unitil Corporation (or securities convertible into common stock) for cash, securities or any other consideration, provided that after consummation of the offer, the person, group, corporation or other entity in question is the beneficial owner (as such term is defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of twenty-five (25%) percent or more of the outstanding common stock of Unitil Corporation (calculated as provided in paragraph (d) of Rule 13d-3 under the Exchange Act in the case of rights to acquire common stock);

(c) the stockholders of Unitil Corporation approve (i) any consolidation or merger of Unitil Corporation in which Unitil Corporation is not the continuing or surviving corporation or pursuant to which shares of common stock of Unitil Corporation would be converted into cash, securities or other property (except where Unitil Corporation shareholders before such transaction will be the owners of more than seventy-five (75%) percent of all classes of voting stock of the surviving entity), or (ii) any sale, lease, exchange or other transfer (in one transaction or a series of related transactions) of all or substantially all the assets of Unitil Corporation; or

(d) there shall have been a change in a majority of the members of the Board of Directors within a twenty-five (25) month period unless the election or nomination for election by the Unitil Corporation stockholders of each new director was approved by the vote of two-thirds of the directors then still in office who were in office at the beginning of the twenty-five (25) month period.

Should the Change in Control by stockholder approval under Section 2.4(c) and if the Board determines the approved transaction will not be completed and is abandoned prior to any termination of the Participant's employment, a Change in Control shall no longer be in effect and the provisions of the Plan shall continue in effect as if a Change in Control had not occurred.

2.5 **"Code"** means the Internal Revenue Code of 1986, as amended from time to time.

2.6 **"Company"** means Unitil Corporation and any wholly-owned subsidiary of Unitil Corporation and any successor company which may continue the Plan.

2.7 **"Compensation"** means the base salary paid to, and any cash incentive compensation earned by, a Participant for the Plan Year.

2.8 **"Disability"** means a condition in which the Participant:

(a) is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which, in the opinion of the Administrator, can be expected to result in death or can be expected to last for a continuous period of not less than 12 months; or

(b) is, by reason of any medically determinable physical or mental impairment which, in the opinion of the Administrator, can be expected to result in death or can be expected to last for a continuous period of not less than 12 months, receiving income replacement benefits for a period of not less than three months under an accident and health plan covering employees of the Company; or

(c) is determined to be totally disabled by the Social Security Administration.

2.9 **"ERISA"** means the Employee Retirement Income Security Act of 1974, all amendments thereto and all federal regulations promulgated pursuant thereto.

2.10 **"401(k) Plan"** means the Unitil Corporation Tax Deferred Savings and Investment Plan, as amended from time to time.

2.11 **"Normal Retirement Age"** means the earlier of (i) age sixty-five (65), or (ii) age fifty-five (55) with fifteen (15) years of service. For this purpose, a Participant shall be credited with a year of service for each Plan Year in which he is credited with at least one thousand (1,000) hours of service.

2.12 **"Participant"** means an employee of the Company who is eligible to participate in the Plan pursuant to Section 3.

2.13 **"Plan"** means the Unitil Deferred Compensation Plan, as set forth herein and as amended from time to time.

2.14 **"Plan Year"** means the calendar year.

SECTION 3. ELIGIBLE EMPLOYEES

The Administrator shall determine which management employees and other employees of the Company shall be eligible to participate in the Plan from time to time, the eligibility waiting period and such other conditions as may be applicable from time to time.

SECTION 4. ELECTION TO DEFER COMPENSATION

A Participant may elect to defer a specified percentage of his Compensation (from one percent (1%) to eighty-five percent (85%)) for a Plan Year by filing an election with the Administrator (pursuant to Section 5) on or prior to such date that the Administrator may specify (but no later than the last day of the preceding Plan Year). A separate election may be made with respect to any cash incentive compensation to be earned for the Plan Year. Any election so made shall not be binding for any following Plan Year, and accordingly, a new election must be filed for any following Plan Year to effect any deferral for such Plan Year on such date that the Administrator may specify (but no later than the last day of the preceding Plan Year), provided, however, that, subject to the provisions of section 409A of the Code, a Participant who first becomes eligible to participate in the Plan after the beginning of a Plan Year shall be entitled to make a deferral election (with respect to Compensation and/or any cash incentive compensation to be earned after the date of the election) within thirty (30) days of becoming eligible.

In addition, each Participant may elect to establish one or more separate "in-service withdrawal accounts", to which shall be credited such portion of his deferrals and any Company contributions made on his behalf under Section 7 as the Participant may designate, and subject to the provisions of Section 11, which shall be distributed as of a date selected by the Participant on the election form used to make his deferral election for the applicable year.

Notwithstanding the foregoing, if a Participant receives a distribution under the Plan as a result of an unforeseeable emergency pursuant to Section 12, or receives a hardship distribution under the 401(k) Plan, the Participant's deferral election under the Plan shall be cancelled for the balance of the Plan Year in which such distribution is received.

SECTION 5. MANNER OF ELECTION

Any election made by a Participant pursuant to the Plan shall be made in accordance with rules and procedures and on such forms as may from time to time be prescribed by the Administrator.

SECTION 6. ACCOUNTS

The Company shall establish and maintain on its books with respect to each Participant a separate account which shall record (a) any Compensation deferred by the Participant under the Plan pursuant to the Participant's election, (b) any Company contributions made on behalf of the Participant pursuant to Section 7 below, and (c) the allocation of any hypothetical investment experience.

If a Participant elects to establish one or more "in-service withdrawal accounts" under Section 4, such accounts shall be established and maintained on the Company's books and shall record (a) any Compensation deferred by the Participant under the Plan, and any Company contributions made on his behalf, which the Participant has elected to be credited to the applicable account, and (b) the allocation of any hypothetical investment experience relating thereto. There shall also be established for each Participant a separate "retirement account" which shall record (a) any Compensation deferred by the Participant, and any Company contributions made on his behalf, under the Plan which the Participant has not elected to be credited to an "in-service withdrawal account" and (b) the allocation of any hypothetical investment experience relating thereto.

SECTION 7. COMPANY CONTRIBUTIONS

For any Plan Year, the Company may elect to credit to the account of each Participant, or any Participant designated by the Board, an amount equal to a specified percentage of such Participant's Compensation, a flat dollar amount and/or an amount equal to a specified percentage of any Compensation deferred under Section 4. Any such credit shall be made entirely at the discretion of the Administrator and the amount of any such credit may be different for different Participants.

SECTION 8. ADJUSTMENTS TO ACCOUNTS

Each Participant's accounts shall be reduced by the amount of any distributions to the Participant from the applicable account, by any federal, state and/or local tax withholding and any social security withholding tax as may be required by law, and by any applicable administrative expenses. Pursuant to procedures established by the Administrator, each Participant's accounts shall be adjusted as of each business day the New York Stock Exchange is open to reflect the earnings or losses of any hypothetical investment media as may be designated by the Administrator and, if applicable, elected by the Participant.

SECTION 9. INVESTMENT OF ACCOUNTS

For purposes of determining the amount of earnings and appreciation and losses and depreciation to be credited to a Participant's accounts, each Participant's accounts shall be deemed invested in the investment options (designated by the Administrator as available under the Plan) as the Participant may elect, from time to time, in accordance with such rules and procedures as the Administrator may establish, provided, however, that no provision of the Plan shall require the Company to actually invest any amounts in any fund or in any other investment vehicle.

SECTION 10. VESTED STATUS

Subject to the provisions of Section 21, each Participant shall have a nonforfeitable (vested) right to the fair market value of the Participant's accounts.

SECTION 11. TIME AND MANNER OF DISTRIBUTION

Distribution of a Participant's "retirement account" (within the meaning of Section 6) shall be made or commence on or around July 1 following the close of the Plan Year in which the Participant "separates from service" with the Company (within the meaning of section 409A of the Code), provided, however, that payment may be delayed under any of the circumstances permitted under said section 409A, and, provided, further, that, if any amounts credited to a Participant's accounts become subject to tax under section 409A of the Code, such amounts shall be immediately distributed to the Participant.

Each Participant shall elect, on the election form used to make his deferral election for the year, either of the following modes of distribution for his retirement account:

(a) a single lump sum payment; or

(b) annual installments over a period of up to fifteen (15) years, the amount of each installment to equal the balance of the Participant's retirement account immediately prior to the installment divided by the number of installments remaining to be paid. The first installment shall be made on or around July 1 following the close of the Plan Year in which the Participant separates from service with the Company, with each subsequent installment being made on the first day of the calendar month coinciding with or following the one (1) year anniversary of the prior payment.

A Participant may subsequently elect to change the mode of distribution of his retirement account, or to delay the date on which distribution of the Participant's retirement account is to be made or commence, subject to the following conditions: (i) any such election may not take effect until twelve (12) months after the date on which the election is made; (ii) payment with respect to such election must be deferred for a period of at least five (5) years from the date on which payment would otherwise have been made or commence; and (iii) if the subsequent election relates to a payment that was scheduled to be made on a specified date, the subsequent election must be made at least twelve (12) months prior to the date the first amount was scheduled to be paid.

Any "in-service" withdrawal account established for a Participant under Section 6 shall be distributed in a lump-sum cash payment, as of the dates previously designated by the Participant, provided, however, that a Participant may subsequently elect to delay the date on which distribution of an in-service withdrawal account is to be made, subject to the following conditions: (i) the subsequent election must be made at least twelve (12) months prior to the date the in-service withdrawal account was scheduled to be paid, and (ii) payment must be deferred for a period of at least five (5) years from the date on which payment was initially to have been made, and provided, further, that if a Participant separates from service prior to the scheduled payment date of any in-service withdrawal accounts, such accounts shall be distributed to the Participant at the same time and in the same manner as the Participant's retirement account.

Notwithstanding the foregoing, each Participant may elect, on the election form used to make his initial deferral election, to have his accounts distributed, in the form of a single sum payment, on or around July 1 following the close of the Plan Year in which a Change in Control occurs.

Notwithstanding the foregoing provisions of this Section 11, except as otherwise provided under section 409A of the Code, if a Participant fails to make a distribution election, or if the total fair market value of a Participant's accounts does not exceed the amount in effect for the applicable year under Code section 402(g)(1)(B) as of the date of the Participant's separation from service, the Participant's accounts shall be distributed to the Participant in a single lump-sum payment on or around July 1 following the Participant's separation from service.

Payment shall be treated as made upon the date specified under the Plan if payment is made on such date or a later date within the same taxable year of the Participant or, if later, by the 15th day of the third calendar month following the date specified under the Plan, provided the Participant is not permitted, directly or indirectly, to designate the taxable year of the payment.

SECTION 12. DISTRIBUTION IN THE EVENT OF UNFORESEEABLE EMERGENCY

In the event of an "unforeseeable emergency" (within the meaning of section 409A of the Code), a Participant may, by filing an election with the Administrator (in such form and manner as may be prescribed by the Administrator), request to receive a distribution from the Plan in an amount not to exceed the lesser of (i) the fair market value of the Participant's accounts or (ii) the amount necessary to satisfy the unforeseeable emergency. Any such distribution request shall be granted at the sole discretion of the Administrator, in accordance with the rules and procedures established by the Administrator, and subject to the provisions of section 409A of the Code.

SECTION 13. DEATH BENEFIT

In the event of the death of a Participant while in the employ of the Company, the fair market value of the Participant's accounts shall be distributed to the Participant's Beneficiary, in a single lump sum payment, on or around July 1 following the close of the Plan Year in which the Participant's death occurs.

In the event a Participant dies after distribution has commenced under the Plan, the balance of the Participant's accounts, if any, shall be distributed to the Participant's Beneficiary, in a single lump sum payment, within ninety (90) days following the Participant's death.

Payment shall be treated as made upon the date specified under the Plan if payment is made at such date or a later date within the same taxable year of the Beneficiary or, if later, by the 15th day of the third calendar month following the date specified under the Plan and if the Beneficiary is not permitted, directly or indirectly, to designate the taxable year of the payment.

SECTION 14. BENEFICIARY DESIGNATION

A Participant may designate the person or persons to whom the Participant's accounts under the Plan shall be paid in the event of the Participant's death, by filing a designation of beneficiary form with the Administrator. If no Beneficiary is designated, or no Beneficiary survives the Participant, payment shall be made to the Participant's surviving spouse, or if none, to the Participant's estate. If a Beneficiary survives the Participant, but dies before the balance payable to the Beneficiary has been distributed, any remaining balance shall be paid to the Beneficiary's estate.

SECTION 15. DOMESTIC RELATIONS ORDERS

If a domestic relations order issued by any court of proper authority directs assignment of all or any portion of a Participant's accounts to the Participant's spouse or former spouse as part of a divorce settlement, the portion so assigned shall be distributed, in a lump-sum, to the spouse or former spouse on or around July 1 following the close of the Plan Year in which the order was received by the Administrator or, if later, following the close of the Plan Year in which the order clearly specifies the amount to be assigned and any other terms necessary to comply with such order and with the provisions of Code section 409A.

SECTION 16. PLAN ADMINISTRATION

16.1 Administration. The Plan shall be administered by the Board or, in the discretion of the Board, a committee or subcommittee of the Board (the "Committee"), appointed by the Board and composed of at least two members of the Board. All references in the Plan to the Administrator shall be understood to refer to the Committee or the Board, whoever shall administer the Plan.

Where the Committee serves as Administrator, in the event that a vacancy on the Committee occurs on account of the resignation of a member or the removal of a member by vote of the Board, a successor member shall be appointed by vote of the Board. The Administrator shall select one of its members as Chairman and shall hold meetings at such times and places as it may determine. A majority shall constitute a quorum, and acts of the Administrator at which a quorum is present, or acts reduced to or approved in writing by all its members, shall be the valid acts of the Administrator.

The Administrator is authorized to interpret and construe any provision of the Plan, to determine eligibility and benefits under the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan, to adopt such forms as it may deem appropriate for the administration of the Plan, to provide for conditions and assurances deemed necessary or advisable to protect the interests of the Company and to make all other determinations necessary or advisable for the administration of the Plan, but only to the extent not contrary to the express provisions of the Plan or the provisions of section 409A of the Code and the regulations and rulings promulgated thereunder. The Administrator shall be responsible for the day-to-day administration of the Plan. Determinations, interpretations or other actions made or taken by the Administrator under the Plan shall be final and binding for all purposes and upon all persons.

The Company shall indemnify, hold harmless and defend the Administrator and/or the Board (and its delegates) from any liability which the Administrator and/or the Board (or it delegates) may incur in connection with the performance of its duties in connection with the Plan, so long as the Administrator and/or the Board (or such delegate) was acting in good faith and within what the Administrator and/or the Board (or such delegate) reasonably understood to be the scope of its duties.

16.2 Review Procedure.

(a) Pursuant to procedures established by the Administrator, claims for benefits under the Plan made by a Participant or Beneficiary (the "claimant") must be submitted in writing to the Administrator.

If a claim is denied in whole or in part, the Administrator shall notify the claimant within ninety (90) days (or forty-five (45) days if the claim relates to a determination of Disability) after receipt of the claim (or within one hundred eighty (180) days (or seventy-five (75) days for a Disability claim), if special circumstances require an extension of time for processing the claim, and provided written notice indicating the special circumstances and the date by which a final decision is expected to be rendered is given to the claimant within the initial ninety (90) day period, or forty-five (45) day period, as the case may be). If notification is not given in such period, the claim shall be considered denied as of the last day of such period and the claimant may request a review of the claim.

The notice of the denial of the claim shall be written in a manner calculated to be understood by the claimant and shall set forth the following:

(i) the specific reason or reasons for the denial of the claim;

(ii) the specific references to the pertinent Plan provisions on which the denial is based;

(iii) a description of any additional material or information necessary to perfect the claim, and an explanation of why such material or information is necessary; and

(iv) a statement that any appeal of the denial must be made by giving to the Administrator, within sixty (60) days (or one hundred eighty (180) days in the case of a Disability claim) after receipt of the denial of the claim, written notice of such appeal, such notice to include a full description of the pertinent issues and basis of the claim.

With respect to any denial of a Disability claim, the denial shall include an explanation of the basis for disagreeing with, or not following, (A) the views, presented by the claimant, of health care professionals treating the claimant and/or vocational professionals who evaluated the claimant; (B) the views, obtained on behalf of the Plan in connection with the claim, of medical or vocational experts (whether or not the advice was relied upon in denying the claim); (C) a determination made by the Social Security Administration, presented by the claimant, if applicable. In addition, the denial shall set forth internal rules, guidelines, protocols, standards, or similar criteria relied upon in denying the claim; or alternatively, include a statement that such internal rules, guidelines, protocols, standards or other similar criteria do not exist.

(b) Upon denial of a claim in whole or part, the claimant (or his duly authorized representative) shall have the right to submit a written request to the Administrator for a full and fair review of the denied claim, to be permitted to review documents pertinent to the denial, and to submit issues and comments in writing. Any appeal of the denial must be given to the Administrator within the period of time prescribed under (a)(iv) above. If the claimant (or his duly authorized representative) fails to appeal the denial to the Administrator within the prescribed time, the Administrator's adverse determination shall be final, binding and conclusive.

With respect to any Disability claim, prior to denying the claim upon appeal, the Administrator shall provide the claimant, free of charge, with any new or additional evidence considered, relied upon, or generated in connection with the claim. Such evidence shall be provided as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided in order to give the claimant an opportunity to respond prior to that date, and if the denial is based on new or additional rationale, the Administrator shall provide the claimant with such rationale, free of charge and as soon as possible and sufficiently in advance of the date on which the notice of adverse benefit determination on review is required to be provided in order to give the claimant an opportunity to respond prior to that date.

The Administrator may hold a hearing or otherwise ascertain such facts as it deems necessary and shall render a decision which shall be binding upon both parties. The Administrator shall advise the claimant of the results of the review within sixty (60) days (or forty-five (45) days in the case of a Disability claim) after receipt of the written request for the review, unless special circumstances require an extension of time for processing, in which case a decision shall be rendered as soon as possible, but not later than one hundred twenty (120) days (or ninety (90) days in the case of a Disability claim) after receipt of the request for review. If such extension of time is required, written notice of the extension shall be furnished to the claimant prior to the commencement of the extension. The decision of the review shall be written in a manner calculated to be understood by the claimant and shall include specific reasons for the decision and specific references to the pertinent Plan provisions on which the decision is based. The decision of the Administrator shall be final, binding and conclusive.

SECTION 17. FUNDING

17.1 Plan Unfunded. The Plan is unfunded for tax purposes and for purposes of Title I of ERISA. Accordingly, the obligation of the Company to make payments under the Plan constitutes solely an unsecured (but legally enforceable) promise of the Company to make such payments, and no person, including any Participant or Beneficiary shall have any lien, prior claim or other security interest in any property of the Company as a result of the Plan. Any amounts payable under the Plan shall be paid out of the general assets of the Company and each Participant and Beneficiary shall be deemed to be no more than a general unsecured creditor of the Company.

17.2 Rabbi Trust. The Company may create a grantor trust to pay its obligations hereunder (a so-called rabbi trust), the assets of which shall be, for all purposes, the assets of the Company. In the event the trustee of such trust is unable or unwilling to make payments directly to Participants and Beneficiaries and such trustee remits payments to the Company for delivery to

Participants and Beneficiaries, the Company shall promptly remit such amount, less applicable income and other taxes required to be withheld, to the Participant or Beneficiary.

SECTION 18. AMENDMENT

The Company, by resolution of the Board, shall have the right to amend, suspend or terminate the Plan at any time subject to the provisions of section 409A of the Code; provided, however, that no such action shall, without the Participant's consent, impair the Participant's right with respect to any existing account under the Plan. The termination of the Plan, with respect to some or all of the Participants, and any resulting distribution of the account balances of such affected Participants, shall be made in accordance with the provisions of section 409A of the Code and shall not constitute the impairment of such Participant's rights hereunder.

SECTION 19. TERMINATION OF THE PLAN

The Company, by resolution of the Board, and subject to the provisions of Section 409A of the Code, may elect to terminate and liquidate the Plan within the thirty (30) days preceding or the twelve (12) months following a Change in Control, provided all agreements, methods, programs and other arrangements sponsored by the Company immediately after the time of the Change in Control with respect to which deferrals of Compensation are treated as having been deferred under a single plan under section 409A of the Code are terminated and liquidated with respect to each Participant that experienced the Change in Control, so that under the terms of the termination and liquidation, all such Participants are required to receive their vested accounts under the terminated agreements, methods, programs and other arrangements within twelve (12) months of the date the Company irrevocably takes all necessary action to terminate and liquidate the agreements, methods, programs and other arrangements.

The Company, by resolution of the Board, and subject to the provisions of section 409A of the Code, may elect to terminate and liquidate the Plan, provided that: (i) the termination and liquidation does not occur proximate to a downturn in the financial health of the Company; (ii) the Company terminates and liquidates all agreements, methods, programs, and other arrangements sponsored by the Company that would be aggregated with any terminated and liquidated agreements, methods, programs, and other arrangements under section 409A of the Code, if the same employee had deferrals of compensation under all of the agreements, methods, programs and other arrangements that are terminated and liquidated; (iii) no payments in liquidation of the Plan are made within twelve (12) months of the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan other than payments that would be payable under the terms of the Plan if the action to terminate and liquidate the Plan had not occurred; (iv) all payments are made within twenty-four (24) months of the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan; and (v) the Company does not adopt a new plan that would be aggregated with the terminated Plan under section 409A of the Code if the same employee participated in both plans, at any time within three (3) years following the date the Company takes all necessary action to irrevocably terminate and liquidate the Plan.

SECTION 20. NO ASSIGNMENT

A Participant's right to the amount credited to his account under the Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, attachment or garnishment by creditors of the Participant or the Participant's Beneficiary, except to the extent permitted in accordance with Section 15 above.

SECTION 21. TERMINATION FOR CAUSE

Notwithstanding anything to the contrary herein contained, in the event a Participant's employment with the Company is terminated "for cause," no benefits (other than those attributable to the Participant's deferrals under Section 4) shall be due or payable under the Plan, and such Participant's "retirement account" (within the meaning of Section 6) (less such Participant's interest attributable to deferrals under Section 4) shall be forfeited. For this purpose, termination "for cause" shall mean a termination resulting from (i) a conviction of robbery, extortion, embezzlement, fraud, grand larceny, burglary, perjury, income tax evasion, misapplication of Company funds, false statements in violation of 18 U.S.C. Sec. 1001, and any other felony that is punishable by a term of imprisonment of more than one year, or (ii) any breach of the Participant's duty of loyalty to the Company, any acts of omission in the performance of his duties not in good faith or which involve intentional misconduct or a knowing violation of law, or any transaction in the performance of his duties from which the Participant derived an improper personal benefit.

SECTION 22. SUCCESSORS AND ASSIGNS

The provisions of the Plan shall be binding upon and inure to the benefit of the Company, its successors and assigns, and the Participant, his Beneficiaries, heirs, legal representatives and assigns.

SECTION 23. NO CONTRACT OF EMPLOYMENT

Nothing contained herein shall be construed as a contract of employment between a Participant and the Company, or as a right of the Participant to continue in employment with the Company, or as a limitation of the right of the Company to discharge the Participant at any time, with or without cause.

SECTION 24. ENFORCEABILITY

If any term or condition of the Plan shall be invalid or unenforceable to any extent or in any application, then the remainder of the Plan, and such term or condition except to such extent or in such application, shall not be affected thereby, and each and every term and condition of the Plan shall be valid and enforced to the fullest extent and in the broadest application permitted by law.

SECTION 25. CONSTRUCTION

Wherever appropriate, the use of the masculine gender shall be extended to include the feminine and/or neuter, and the singular form of word extended to include the plural, or vice versa.

SECTION 26. GOVERNING LAW

The Plan shall be interpreted in a manner consistent with Code section 409A and the guidance issued thereunder by the Department of the Treasury and the Internal Revenue Service and shall also be subject to and construed in accordance with the provisions of ERISA, where applicable, and otherwise by the laws of the Commonwealth of Massachusetts, without regard to the conflict of law provisions of any jurisdiction.

IN WITNESS WHEREOF, the Company, by its duly authorized officer, has caused the Plan to be executed as of the 25th day of July, 2018.

UNITIL CORPORATION

By: ______________________
Mark H. Collin, Authorized Officer

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 4

Date Request Received: 08/05/2021 Date of Response: 08/19/2021
Request No. DOE 4-57 Witness: C. Goulding and D. Nawazelski

REQUEST:

Reference Supplementary Filing Reqs. Bates 70. Please provide a complete list of all membership fees, dues, and donations for the test year charged above the line showing the trade, technical, and professional associations and organizations and amount regardless of total amount.

RESPONSE:

In 2020, Unitil Energy Systems Inc. ("UES") paid the following memberships, dues, and donations above the line:

Description	GL Account	Amount
Edison Electric Institution	10.20.13.00.921.03.00	$50,774
NH Arborists Association	10.20.28.00.921.03.00	$45
International Association of Arboriculture	10.20.28.00.921.03.00	$205

Please note that the Company made a pro forma expense adjustment in Schedule RevReq-3-9 to exclude the lobbying portion of the Edison Electric Institution of $14,473, which results in $36,301 of Edison Electric Institution dues and subscription expense being included in Company's cost of service.

In 2020, Unitil Service Corp. ("Unitil Service") paid the following memberships, dues and donations above the line:

Description	GL Account	Amount
New York Stock Exchange	12.30.XX.00.921.03.00	$71,255
Public Company Accounting	12.30.XX.00.921.03.00	$5,600
Better Investing	12.30.XX.00.921.03.00	$4,100
Miscellaneous	12.30.XX.00.921.03.00	$27,504
Total		**$108,459**

Of the $108,459 amount charged to Unitil Service, UES is charged 27.50% of those costs, or $29,826 and then applied a capitalization rate of 29.42% resulting in a net expense charged to UES of $21,051.

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 5

Date Request Received: 09/02/2021 Date of Response: 09/17/2021
Request No. DOE 5-5 Witness: C. Goulding / D. Nawazelski

REQUEST:

Dues and Subscriptions. Follow-up to DOE 4-57. Please explain the benefit to ratepayers for the service company's membership in Better Investing for $4,100.

RESPONSE:

The Company's membership to Better Investing provides Unitil Corporation an opportunity to reach potential retail investors through informational and marketing materials. These costs should be recoverable from ratepayers because (1) these services help the Company access capital more efficiently, to the benefit of customers and (2) these expenses reflect normal costs of business for publicly traded companies.

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Club Mentor

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Tech Session Set 1

Date Request Received: 09/28/2021 Date of Response: 10/12/2021
Request No. Energy TS 1-3 Witness: C. Goulding / D. Nawazelski

REQUEST:

Dues and Subscriptions: Reference DOE 5-5. Please confirm that the dues for Better Investing are paid to the National Association of Investors with the url https//www.betterinvesting.org with a About Us description of The National Association of Investment Clubs, or NAIC, was founded in 1951. Since then the name was changed to the National Association of Investors, doing business as BetterInvesting. BetterInvesting is dedicated to providing a program of sound investment information, education and support that helps create successful lifetime investors. Learn more about how our mission and investing methodology has helped millions of people become better, more informed investors.

RESPONSE:

Confirmed.

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 5

Date Request Received: 09/02/2021 Date of Response: 09/17/2021
Request No. DOE 5-12 Witness: Ned W. Allis

REQUEST:

Depreciation. Reference Schedule RevReq-3-16, response to OCA 2-3.

a. Please provide a schedule comparing Whole Life and Remaining Life methodologies.
b. Please provide a revised Schedule RevReq 3-16 using Whole Life.
c. Please provide the resultant theoretical reserve imbalance assuming Whole Life.

RESPONSE:

a. Please see DOE 5-12 Attachment 1 to this response for a schedule showing the whole life depreciation rates using the depreciation parameters recommended in the depreciation study as well as a comparison of the resulting depreciation rates and accruals using the remaining life and whole life techniques.

b. Please see DOE 5-12 Attachment 2 to this response for a revised Schedule RevReq 3-16, page 2 using Whole Life.

c. Please see DOE 5-12 Attachment 1 to this response for a schedule showing the theoretical reserve imbalance for each account.

UNITIL ENERGY SYSTEMS, INC.

SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST AND CALCULATED
ANNUAL AND ACCRUED DEPRECIATION RELATED TO ELECTRIC PLANT AS OF DECEMBER 31, 2020
BASED ON THE WHOLE LIFE TECHNIQUE

	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST AS OF DECEMBER 31, 2020	CALCULATED WHOLE LIFE ANNUAL ACCRUAL AMOUNT	CALCULATED WHOLE LIFE ANNUAL ACCRUAL RATE	CALCULATED ACCRUED DEPRECIATION
	(1)	(2)	(3)	(4)	(5)	(6)=(5)/(4)	(7)
	ELECTRIC PLANT						
	PRODUCTION PLANT						
343.00	PRIME MOVERS	10-S3	0	56,575.22	5,658	10.00	45,437
	TOTAL PRODUCTION PLANT			**56,575.22**	**5,658**	**10.00**	**45,437**
	DISTRIBUTION PLANT						
361.00	STRUCTURES AND IMPROVEMENTS	55-R4	(30)	2,173,616.44	51,314	2.36	322,333
362.00	STATION EQUIPMENT	49-R1.5	(40)	50,412,131.73	1,439,770	2.86	11,484,456
364.00	POLES, TOWERS AND FIXTURES	50-R1.5	(80)	75,140,860.60	2,705,071	3.60	28,089,114
365.00	OVERHEAD CONDUCTORS AND DEVICES	45-R0.5	(65)	92,313,722.86	3,381,452	3.66	27,856,919
366.00	UNDERGROUND CONDUIT	60-R2.5	(25)	2,587,958.32	54,024	2.09	778,749
367.00	UNDERGROUND CONDUCTORS AND DEVICES	55-R2.5	(50)	23,862,963.47	651,459	2.73	8,120,399
368.00	LINE TRANSFORMERS	40-R1.5	(10)	29,259,308.24	804,398	2.75	9,851,934
368.01	LINE TRANSFORMER INSTALLATIONS	40-R1.5	0	25,947,042.32	648,675	2.50	5,358,557
369.00	SERVICES	40-R2	(50)	25,642,632.28	961,349	3.75	11,479,997
370.00	METERS	20-R1.5	0	11,764,061.66	579,872	4.93	6,622,460
370.01	METER INSTALLATIONS	20-R1.5	0	7,165,764.75	358,288	5.00	1,936,362
371.00	INSTALLATIONS ON CUSTOMERS' PREMISES	15-L0	(10)	2,404,367.15	176,315	7.33	659,122
373.00	STREET LIGHTING AND SIGNAL SYSTEMS	20-L0	(10)	3,580,954.49	196,953	5.50	1,348,847
	TOTAL DISTRIBUTION PLANT			**352,255,384.31**	**12,008,940**	**3.41**	**113,909,249**
	GENERAL PLANT						
390.00	STRUCTURES AND IMPROVEMENTS	55-R3	0	19,114,262.13	347,880	1.82	1,979,075
391.01	OFFICE FURNITURE AND EQUIPMENT						
	FULLY ACCRUED			139,487.40	0	0.00	139,488
	AMORTIZED	15-SQ	0	1,150,389.44	76,731	6.67	137,383
	TOTAL OFFICE FURNITURE AND EQUIPMENT			1,289,876.84	76,731	5.95	276,871
393.00	STORES EQUIPMENT						
	FULLY ACCRUED			50,899.20	0	0.00	50,899
	AMORTIZED	25-SQ	0	39,757.34	1,590	4.00	19,898
	TOTAL STORES EQUIPMENT			90,656.54	1,590	1.75	70,797

UNITIL ENERGY SYSTEMS, INC.

SUMMARY OF ESTIMATED SURVIVOR CURVE, NET SALVAGE PERCENT, ORIGINAL COST AND CALCULATED ANNUAL AND ACCRUED DEPRECIATION RELATED TO ELECTRIC PLANT AS OF DECEMBER 31, 2020
BASED ON THE WHOLE LIFE TECHNIQUE

	ACCOUNT	SURVIVOR CURVE	NET SALVAGE PERCENT	ORIGINAL COST AS OF DECEMBER 31, 2020	CALCULATED WHOLE LIFE ANNUAL ACCRUAL AMOUNT	CALCULATED WHOLE LIFE ANNUAL ACCRUAL RATE	CALCULATED ACCRUED DEPRECIATION
	(1)	(2)	(3)	(4)	(5)	(6)=(5)/(4)	(7)
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT						
	FULLY ACCRUED			367,743.18	0	0.00	367,742
	AMORTIZED	25-SQ	0	2,062,148.55	82,486	4.00	735,461
	TOTAL TOOLS, SHOP AND GARAGE EQUIPMENT			2,429,891.73	82,486	3.39	1,103,203
395.00	LABORATORY EQUIPMENT						
	FULLY ACCRUED			245,174.17	0	0.00	245,173
	AMORTIZED	25-SQ	0	703,356.15	28,134	4.00	255,909
	TOTAL LABORATORY EQUIPMENT			948,530.32	28,134	2.97	501,082
397.00	COMMUNICATION EQUIPMENT						
	FULLY ACCRUED			1,747,454.08	0	0.00	1,747,455
	AMORTIZED	15-SQ	0	3,258,113.85	217,316	6.67	1,529,392
	TOTAL COMMUNICATION EQUIPMENT			5,005,567.93	217,316	4.34	3,276,847
398.00	MISCELLANEOUS EQUIPMENT						
	FULLY ACCRUED			83,715.14	0	0.00	83,717
	AMORTIZED	20-SQ	0	19,228.27	961	5.00	16,181
	TOTAL MISCELLANEOUS EQUIPMENT			102,943.41	961	0.93	99,898
	TOTAL GENERAL PLANT			**28,981,728.90**	**755,098**	**2.61**	**7,307,773**
	TOTAL DEPRECIABLE PLANT			**381,293,688.43**	**12,769,696**	**3.35**	**121,262,459**
	NONDEPRECIABLE PLANT AND ACCOUNTS NOT STUDIED						
301.00	ORGANIZATION			380.00			
303.00	MISCELLANEOUS INTANGIBLE PLANT - 5 YEAR			6,638,390.64			
303.01	MISCELLANEOUS INTANGIBLE PLANT - 3 YEAR			87,195.82			
303.02	MISCELLANEOUS INTANGIBLE PLANT - 10 YEAR			5,489,895.89			
360.01	RIGHTS OF WAY			1,002,659.97			
360.02	RIGHTS OF WAY			1,674,812.39			
389.00	LAND			1,363,295.15			
392.00	TRANSPORTATION EQUIPMENT			1,073,516.64			
	TOTAL NONDEPRECIABLE PLANT AND ACCOUNTS NOT STUDIED			**17,330,146.50**			
	TOTAL ELECTRIC PLANT			**398,623,834.93**			

UNITIL ENERGY SYSTEMS, INC.

COMPARISON OF WHOLE LIFE AND REMAINING LIFE DEPRECIATION RATES AND ACCRUALS AS OF DECEMBER 31, 2020

	ACCOUNT	ORIGINAL COST AS OF DECEMBER 31, 2020	REMAINING LIFE (PROPOSED) SURVIVOR CURVE	REMAINING LIFE (PROPOSED) NET SALVAGE PERCENT	REMAINING LIFE (PROPOSED) CALCULATED ANNUAL ACCRUAL AMOUNT	REMAINING LIFE (PROPOSED) CALCULATED ANNUAL ACCRUAL RATE	WHOLE LIFE SURVIVOR CURVE	WHOLE LIFE NET SALVAGE PERCENT	WHOLE LIFE CALCULATED ANNUAL ACCRUAL AMOUNT	WHOLE LIFE CALCULATED ANNUAL ACCRUAL RATE	ACCRUAL DIFFERENCE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)=(9)-(5)
	ELECTRIC PLANT										
	PRODUCTION PLANT										
343.00	PRIME MOVERS	56,575.22	10-S3	0.0	10,559	18.66	10-S3	0	5,658	10.00	(4,901)
	TOTAL PRODUCTION PLANT	**56,575.22**			**10,559**	**18.66**			**5,658**	**10.00**	**(4,901)**
	DISTRIBUTION PLANT										
361.00	STRUCTURES AND IMPROVEMENTS	2,173,616.44	55-R4	(30)	52,132	2.40	55-R4	(30)	51,314	2.36	(818)
362.00	STATION EQUIPMENT	50,412,131.73	49-R1.5	(40)	1,492,423	2.96	49-R1.5	(40)	1,439,770	2.86	(52,653)
364.00	POLES, TOWERS AND FIXTURES	75,140,860.60	50-R1.5	(80)	2,709,085	3.61	50-R1.5	(80)	2,705,071	3.60	(4,014)
365.00	OVERHEAD CONDUCTORS AND DEVICES	92,313,722.86	45-R0.5	(65)	3,343,998	3.62	45-R0.5	(65)	3,381,452	3.66	37,454
366.00	UNDERGROUND CONDUIT	2,587,958.32	60-R2.5	(25)	55,787	2.16	60-R2.5	(25)	54,024	2.09	(1,763)
367.00	UNDERGROUND CONDUCTORS AND DEVICES	23,862,963.47	55-R2.5	(50)	679,570	2.85	55-R2.5	(50)	651,459	2.73	(28,111)
368.00	LINE TRANSFORMERS	29,259,308.24	40-R1.5	(10)	720,501	2.46	40-R1.5	(10)	804,398	2.75	83,897
368.01	LINE TRANSFORMER INSTALLATIONS	25,947,042.32	40-R1.5	0	596,350	2.30	40-R1.5	0	648,675	2.50	52,325
369.00	SERVICES	25,642,632.28	40-R2	(50)	623,537	2.43	40-R2	(50)	961,349	3.75	337,812
370.00	METERS	11,764,061.66	20-R1.5	0	1,030,664	8.76	20-R1.5	0	579,872	4.93	(450,792)
370.01	METER INSTALLATIONS	7,165,764.75	20-R1.5	0	395,098	5.51	20-R1.5	0	358,288	5.00	(36,810)
371.00	INSTALLATIONS ON CUSTOMERS' PREMISES	2,404,367.15	15-L0	(10)	193,076	8.03	15-L0	(10)	176,315	7.33	(16,761)
373.00	STREET LIGHTING AND SIGNAL SYSTEMS	3,580,954.49	20-L0	(10)	53,416	1.49	20-L0	(10)	196,953	5.50	143,537
	TOTAL DISTRIBUTION PLANT	**352,255,384.31**			**11,945,637**	**3.39**			**12,008,940**	**3.41**	**63,303**
	GENERAL PLANT										
390.00	STRUCTURES AND IMPROVEMENTS	19,114,262.13	55-R3	0	352,936	2.08	55-R3	0	347,880	1.82	(5,056)
391.01	OFFICE FURNITURE AND EQUIPMENT										
	FULLY ACCRUED	139,487.40			0	-			0	-	0
	AMORTIZED	1,150,389.44	15-SQ	0	76,687	6.67	15-SQ	0	76,731	6.67	44
	TOTAL OFFICE FURNITURE AND EQUIPMENT	1,289,876.84			76,687	5.95			76,731	5.95	44
393.00	STORES EQUIPMENT										
	FULLY ACCRUED	50,899.20			0	-			0	-	0
	AMORTIZED	39,757.34	25-SQ	0	1,590	4.00	25-SQ	0	1,590	4.00	0
	TOTAL STORES EQUIPMENT	90,656.54			1,590	1.75			1,590	1.75	0
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT										
	FULLY ACCRUED	367,743.18			0	-			0	-	0
	AMORTIZED	2,062,148.55	25-SQ	0	82,572	4.00	25-SQ	0	82,486	4.00	(86)
	TOTAL TOOLS, SHOP AND GARAGE EQUIPMENT	2,429,891.73			82,572	3.40			82,486	3.39	(86)

UNITIL ENERGY SYSTEMS, INC.

COMPARISON OF WHOLE LIFE AND REMAINING LIFE DEPRECIATION RATES AND ACCRUALS AS OF DECEMBER 31, 2020

			REMAINING LIFE (PROPOSED)				WHOLE LIFE				
	ACCOUNT	ORIGINAL COST AS OF DECEMBER 31, 2020	SURVIVOR CURVE	NET SALVAGE PERCENT	CALCULATED ANNUAL ACCRUAL AMOUNT	RATE	SURVIVOR CURVE	NET SALVAGE PERCENT	CALCULATED ANNUAL ACCRUAL AMOUNT	RATE	ACCRUAL DIFFERENCE
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)=(9)-(5)
395.00	LABORATORY EQUIPMENT										
	FULLY ACCRUED	245,174.17			0	-			0	-	0
	AMORTIZED	703,356.15	25-SQ	0	28,137	4.00	25-SQ	0	28,134	4.00	(3)
	TOTAL LABORATORY EQUIPMENT	948,530.32			28,137	2.97			28,134	2.97	(3)
397.00	COMMUNICATION EQUIPMENT										
	FULLY ACCRUED	1,747,454.08			0	-			0	-	0
	AMORTIZED	3,258,113.85	15-SQ	0	217,198	6.67	15-SQ	0	217,316	6.67	118
	TOTAL COMMUNICATION EQUIPMENT	5,005,567.93			217,198	4.34			217,316	4.34	118
398.00	MISCELLANEOUS EQUIPMENT										
	FULLY ACCRUED	83,715.14			0	-			0	-	0
	AMORTIZED	19,228.27	20-SQ	0	962	5.00	20-SQ	0	961	5.00	(1)
	TOTAL MISCELLANEOUS EQUIPMENT	102,943.41			962	0.93			961	0.93	(1)
	TOTAL GENERAL PLANT	**28,981,728.90**			**760,082**	**2.62**			**755,098**	**2.61**	**(4,984)**
	RESERVE ADJUSTMENT FOR AMORTIZATION				**86,569**				**89,516**		**2,947**
	TOTAL DEPRECIABLE PLANT	**381,293,688.43**			**12,802,847**	**3.36**			**12,859,212**	**3.37**	**56,365**

UNITIL ENERGY SYSTEMS, INC.

COMPARISON OF CALCULATED ACCRUED DEPRECIATION AND BOOK DEPRECIATION RESERVE
AS OF DECEMBER 31, 2020

	ACCOUNT	CALCULATED ACCRUED DEPRECIATION	BOOK DEPRECIATION RESERVE	THEORETICAL RESERVE IMBALANCE	
	(1)	(2)	(3)	(4)=(3)-(2)	
	DEPRECIABLE PLANT				
	PRODUCTION PLANT				
343.00	PRIME MOVERS	45,437	36,796	(8,641)	
	TOTAL PRODUCTION PLANT	**45,437**	**36,796**	**(8,641)**	
	DISTRIBUTION PLANT				
361.00	STRUCTURES AND IMPROVEMENTS	322,333	306,159	(16,174)	
362.00	STATION EQUIPMENT	11,484,456	10,134,156	(1,350,300)	
364.00	POLES, TOWERS AND FIXTURES	28,089,114	27,977,083	(112,031)	
365.00	OVERHEAD CONDUCTORS AND DEVICES	27,856,919	28,941,359	1,084,440	
366.00	UNDERGROUND CONDUIT	778,749	718,989	(59,760)	
367.00	UNDERGROUND CONDUCTORS AND DEVICES	8,120,399	7,132,135	(988,264)	
368.00	LINE TRANSFORMERS	9,851,934	11,295,662	1,443,728	
368.01	LINE TRANSFORMER INSTALLATIONS	5,358,557	6,633,459	1,274,902	
369.00	SERVICES	11,479,997	18,333,473	6,853,476	
370.00	METERS	6,622,460	5,127,986	(1,494,474)	
370.01	METER INSTALLATIONS	1,936,362	1,512,910	(423,452)	
371.00	INSTALLATIONS ON CUSTOMERS' PREMISES	659,122	539,998	(119,124)	
373.00	STREET LIGHTING AND SIGNAL SYSTEMS	1,348,847	3,017,725	1,668,878	
	TOTAL DISTRIBUTION PLANT	**113,909,249**	**121,671,094**	**7,761,845**	
	GENERAL PLANT				
390.00	STRUCTURES AND IMPROVEMENTS	1,979,075	1,878,592	(100,483)	
	TOTAL GENERAL PLANT	**1,979,075**	**1,878,592**	**(100,483)**	
	TOTAL DEPRECIABLE PLANT	**115,933,761**	**123,586,482**	**7,652,721**	
	AMORTIZED PLANT				
390.01	STRUCTURES AND IMPROVEMENTS - MISCELLANEOUS	0	863	863	*
391.01	OFFICE FURNITURE AND EQUIPMENT	276,871	(56,091)	(332,962)	*
391.03	OFFICE FURNITURE AND EQUIPMENT - COMPUTER EQUIPMENT	0	4,346	4,346	*
393.00	STORES EQUIPMENT	70,797	66,182	(4,615)	*
394.00	TOOLS, SHOP AND GARAGE EQUIPMENT	1,103,203	986,082	(117,121)	*
395.00	LABORATORY EQUIPMENT	501,082	499,182	(1,900)	*
397.00	COMMUNICATION EQUIPMENT	3,276,847	3,277,612	765	*
398.00	MISCELLANEOUS EQUIPMENT	99,898	102,943	3,045	*
	TOTAL AMORTIZED PLANT	**5,328,698**	**4,881,119**	**(447,579)**	

* RECOVERED THROUGH RESERVE ADJUSTMENT FOR AMORTIZATION OVER FIVE YEARS.

UNITIL ENERGY SYSTEMS, INC.
DEPRECIATION ANNUALIZATION USING WHOLE LIFE METHODOLOGY
12 MONTHS ENDED DECEMBER 31, 2020

LINE NO.	(1) DESCRIPTION	(2) PLANT BALANCE 12/31/20	(3) ADJUSTMENTS	(4) LESS NON DEPRECIABLE	(5) DEPRECIABLE PLANT	(6) LESS ITEMS CHARGED TO CLEARING ACCOUNT	(7) DEPRECIABLE PLANT CHARGED TO DEPRECIATION EXPENSE	(8) WHOLE LIFE DEPRECIATION RATES [4]	(9) PROFORMED EXPENSE
1	Intangible Plant								
2	301-Organization	$ 380	$ -	$ 380	$ -	$ -	$ -	N/A	N/A
3	303-Misc Intangible Plant	21,916,840	-	21,916,840	-	-	-	N/A	N/A
4	Total Intangible Plant	21,917,220	-	21,917,220	-	-	-	N/A	N/A
5	Other Production Plant:								
6	343-Movers	56,575	-	-	56,575	-	56,575	10.00%	5,658
7	Total Other Production Plant	56,575	-	-	56,575	-	56,575	10.00%	5,658
8	Distribution Plant								
9	360-Land & Land Rights	2,677,472	-	2,677,472	-	-	-	N/A	N/A
10	361-Structures & Improvements	2,173,616	-	-	2,173,616	-	2,173,616	2.36%	51,297
11	362-Station Equipment	50,412,132	-	-	50,412,132	-	50,412,132	2.86%	1,441,787
12	364-Poles, Towers & Fixtures	75,140,861	-	-	75,140,861	-	75,140,861	3.60%	2,705,071
13	365-Overhead Conductors & Devices	92,313,723	-	-	92,313,723	-	92,313,723	3.66%	3,378,682
14	366-Underground Conduit	2,587,958	-	-	2,587,958	-	2,587,958	2.09%	54,088
15	367-Underground Conductors & Devices	23,862,963	-	-	23,862,963	-	23,862,963	2.73%	651,459
16	368.0-Line Transformers	29,259,308	-	-	29,259,308	-	29,259,308	2.75%	804,631
17	368.1-Line Transformer Installations	25,947,042	-	-	25,947,042	-	25,947,042	2.50%	648,676
18	369-Services	25,642,632	-	-	25,642,632	-	25,642,632	3.75%	961,599
19	370.0-Meters	11,764,062	-	-	11,764,062	-	11,764,062	4.93%	579,968
20	370.1-Meter Installations	7,165,765	-	-	7,165,765	-	7,165,765	5.00%	358,288
21	371-Installations On Customer Premises	2,404,367	-	-	2,404,367	-	2,404,367	7.33%	176,240
22	373-Street Lighting & Signal Systems	3,580,954	-	-	3,580,954	-	3,580,954	5.50%	196,952
23	Total Distribution Plant	354,932,857	-	2,677,472	352,255,384	-	352,255,384	3.41%	12,008,738
24	General Plant								
25	389-General & Misc. Structure [1]	1,363,295	(9,679)	1,353,616	-	-	-	N/A	N/A
26	390-Structures [1]	19,114,262	(482,234)	-	18,632,028	-	18,632,028	1.82%	339,103
27	391.1-Office Furniture & Equipment	1,289,877	76,307	-	1,366,184	-	1,366,184	5.95%	81,288
28	391.3-Computer Equipment	-	-	-	-	-	-	N/A	N/A
29	392-Transportation Equip	1,073,517	-	-	1,073,517	1,073,517	-	N/A	N/A
30	393-Stores Equip	90,657	4,536	-	95,192	-	95,192	1.75%	1,666
31	394-Tools, Shop & Garage Eq	2,429,892	-	-	2,429,892	-	2,429,892	3.39%	82,373
32	395-Laboratory Equipment	948,530	-	-	948,530	-	948,530	2.97%	28,171
33	397-Communication Equip	5,005,568	-	-	5,005,568	-	5,005,568	4.34%	217,242
34	398-Miscellaneous Equip	102,943	-	-	102,943	-	102,943	0.93%	957
35	Total General Plant	31,418,541	(411,070)	1,353,616	29,653,855	1,073,517	28,580,338	2.63%	750,800
36	Total Plant in Service	$ 408,325,192	$ (411,070)	$ 25,948,308	$ 381,965,814	$ 1,073,517	$ 380,892,297	3.37%	$ 12,765,196
37	Reserve Adjustment For Amortization [2]								
38	390-Structures								(173)
39	391.1-Office Furniture & Equipment								66,592
40	391.3-Computer Equipment								(869)
41	393-Stores Equip								923
42	394-Tools, Shop & Garage Eq								23,424
43	395-Laboratory Equipment								380
44	397-Communication Equip								(153)
45	398-Miscellaneous Equip								(609)
46	Total Reserve Adjustment for Amortization								89,515
47	Total Pro Forma Depreciation Expense (Line 36 + Line 46)								12,854,711
48	Annualized Test Year Expense [3]								13,589,503
49	Increase In Depreciation Expense								$ (734,792)

Notes
(1) Refer to Schedule RevReq-4-3 and Schedule RevReq-4-4
(2) Refer to DOE 5-12 Attachment 1
(3) Refer to Schedule RevReq-3-16, Page 1 of 2, Line 34
(4) Refer to DOE 5-12 Attachment 1

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Tech Session Set 1

Date Request Received: 09/28/2021 Date of Response: 10/12/2021
Request No. Energy TS 1-6 Witness: C. Goulding / D. Nawazelski

REQUEST:

Amortization. Reference DOE 5-13, DOE 5-14 and WP 7.4 Rate Year Amortization. All projects except for three were in service as of 12/31/2020.

- SOX Modernization - $75,517 on WP 7.4. DOE 5-14 states in service date of February 2021 with Authorization of $71,000.
- USC Time & Billing Upgrade/Replacement - $587,704 (Estimated Oct 2021)
- 2020 Flexi Upgrade - $25,531 (In-service Feb 2021)

a. Please verify the actual costs of each of the projects listed above.
b. Is the USC Time & Billing Upgrade/Replacement still anticipated to be in service as of October 2021.
c. Are these projects included in utility plant in service reflected in the Company's proposed rate base?

RESPONSE:

a. Actual costs for the projects were as follows:

   - Sox Modernization - $75,517
   - 2020 Flexi Upgrade - $25,531
   - USC Time & Billing Upgrade/Replacement – As described in part b below, the Company has not completed this project but expects to place the project in service in November 2021. Project costs as of September 30, 2021 are $625,403. The Company will supplement this response when the project is placed into service and update the revenue requirement accordingly.

b. There remains one small piece of the project related to taxes that is not complete as of today. The Company anticipates this to be resolved in October 2021 to complete the project and close in November after the last invoice is received from the vendor.

c. No, these projects were not included in the Company's proposed rate base as they were placed into service in 2021 and no pro forma adjustment was made to include them.

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Tech Session Set 1

Date Request Received: 09/28/2021 Date of Response: 10/12/2021
Request No. Energy TS 1-7 Witness: C. Goulding / D. Nawazelski

REQUEST:

Amortization. Reference Revenue Requirements Schedules, tabs W7.1, W7.2, W7.3, W7.4. The following list of projects were listed as in service in the test year but are no longer on the list of projects in service during the rate year.

Unitil Energy Systems 303-Intangible Plant:

1) 2014 Web Map Improvements
2) Enhance critical financial systems
3) Desktop Client Mgmt
4) 2014 Gen Software Enhancements
5) EETS Enhancements 2014
6) Electric Inspections
7) Milsoft IVR Upgrade
8) MV90xi Upgrade from 2.0 SP1 tp 5.0
9) 2015 IT Infrastructure
10) 303-00/ 1/2 : Intangible Software 5 yr
11) Municipal Maps & Reports
12) MV-90 xi TCIP Network Function/Lisc
13) Financial Report Writer Replacement
14) Flexi Upgrade
15) Dataview Upgrade

a. For each of the projects on the list above, please provide the date the asset was taken out of service.
b. Are there other projects not on the list above that were taken out of service during the rate year that the Company has included amortization expense? If so, please provide a description, when it was removed from service, and the amount of amortization expense included in the Company's rate request.

RESPONSE:

a. Please refer to Energy TS 1-7 Attachment 1 for a list of the projects listed above with the date the asset was fully amortized as well as the amount of amortization expense for those projects included in the Company's test year. Please note that the Company has revised the list above to include the Unitil Energy Systems software project "First Responder – iRestore" shown on line 14. This project was inadvertently included in the Company's initially filed revenue requirement workpaper 7.2, line 2. The Company will update its revenue requirement during the course of this proceeding to remove this project from the rate year amortization level.

b. There was one project that was inadvertently not included on the list provided above as described in part (a) to this response. The project will become fully amortized on December 31, 2021 and the level of amortization expense included in the Company's rate request is $24,090.

UNITIL ENERGY SYSTEMS, INC.
SOFTWARE PROJECTS INCLUDED IN TEST YEAR
TO BECOME FULLY AMORTIZED BY DECEMBER 31, 2021

Docket No. DE 21-030
Energy TS 1-07 Attachment 1
Page 1 of 1

LINE NO.	(1) DESCRIPTION	(2) DATE FULLY AMORTIZED		(3) 2020 AMORTIZATION EXPENSE
1	Unitil Energy Systems			
2	2014 Web Map Improvements	January-20	$	45
3	Enhance critical financial systems	February-20		1,453
4	Desktop Client Mgmt	February-20		148
5	2014 Gen Software Enhancements	February-20		311
6	EETS Enhancements 2014	February-20		114
7	Electric Inspections	September-20		10,429
8	Milsoft IVR Upgrade	November-20		322
9	MV90xi Upgrade from 2.0 SP1 tp 5.0	November-20		4,517
10	2015 IT Infrastructure	April-21		8,482
11	303-00/ 1/2 : Intangible Software 5 yr	August-21		1,162
12	Municipal Maps & Reports	August-21		6,334
13	MV-90 xi TCIP Network Function/Lisc	August-21		2,300
14	First Responder - iRestore (1)	December-21		24,090
15	Subtotal - UES		$	59,707
16	Unitil Service Corp. ("USC")			
17	Financial Report Writer Replacement	February-20	$	7,350
18	Flexi Upgrade	October-21		5,890
19	Dataview Upgrade	September-21		2,602
20	Subtotal - USC		$	15,841
21	UES Apportionment			27.50%
22	Total USC Portion Billed to Unitil Energy Systems			4,356
23	Total UES and USC (Line 15 + Line 22)			64,063

NOTES
(1) Inadvertently included on revenue requirement workpaper 7.2, line 2 in Company's initial filing

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 5

Date Request Received: 09/02/2021 Date of Response: 09/17/2021
Request No. DOE 5-1 Witness: J. Closson / J. Conneely

REQUEST:

Payroll Taxes. Reference Schedule RevReq-3-20. Provide the pay increase amount in excess of the 2021 Social Security Wage Limit of $142,800 and explain how the Company's adjustment reflects the limit.

RESPONSE:

Please see DOE 5-1 Attachment 1.The Company will update its initially filed Schedule RevReq-3-20 with the amounts provided in DOE 5-1 Attachment 1 when it files updated Revenue Requirement schedules.

UNITIL ENERGY SYSTEMS, INC.
PAYROLL TAX ADJUSTMENT - WAGE INCREASES
12 MONTHS ENDED DECEMBER 21, 2020

	(1)	(2)	(3)	(4)
LINE NO.	DESCRIPTION	Social Security	Medicare	Total
1	Increase in O&M Payroll / Compensation due to Annual Rate Increases [1]	$ 709,516	$ 709,516	
2	Less Pay Increase Amounts in Excess of Taxable Limit [2]			
3	Unitil Energy Systems, Inc. [3]	(24,788)		
4	Unitil Service Corp.[4]	(35,544)		
5	O&M Payroll / Compensation Increase Subject to Payroll Taxes	649,183	709,516	
6	Payroll Tax Rates	6.20%	1.45%	
7	Increase in Payroll Taxes	$ 40,249	$ 10,288	$ 50,537

Notes
(1) See Schedule RevReq 3-2 P1
(2) 2021 Social Security Wage Limit of $142,800
(3) Refer to Workpaper 8.1
(4) Refer to Workpaper 8.2

UNITIL ENERGY SYSTEMS, INC.
PAYROLL TAX ADJUSTMENT
12 MONTHS ENDED DECEMBER 21, 2020

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	2020 Wages	Union Increases			Nonunion Increases		Total	Wage
LINE	Subj. to Pay	2020	2021	2022	2021	2022	Proformed	Increase
NO.	Increase (1)	3.0%	3.0%	3.0%	3.65%	3.65%	Wages	Exclusion
1	$ 1,152,473	$ 14,158	$ 34,999	$ 36,049	$ 11,892	$ 12,326	$ 1,261,897	$ 68,250
2	Amount Chargeable to Capital at		63.68%					(43,462)
3	Pay Increase to O&M not subject to SS tax - above 2021 annual limit of $142,800							$ 24,788

Notes
(1) For Unitil Energy Systems employees whose pay increases exceed the wage limit of $142,800 subject to Social Security tax

UNITIL ENERGY SYSTEMS, INC.
PAYROLL TAX ADJUSTMENT
UNITIL SERVICE CORP.
12 MONTHS ENDED DECEMBER 31, 2020

	(1)	(2)	(3)	(4)	(5)
	2020 Wages	Pay Increases		Total	Payroll
LINE	Subj. to Pay	2021	2022	Proformed	Increase
NO.	Increase (1)	4.40%	4.40%	Payroll	Exclusion
1	$ 7,922,472	$ 348,589	$ 363,927	$ 8,634,988	$ 178,772
2	Amount Charged to UES at		28.17%		50,360
3	Amount Chargeable to Capital at		29.42%		(14,816)
4	Pay Increase to O&M not subject to SS Tax above 2021 annual limit of $142,800				$ 35,544

<u>Notes</u>
(1) For Unitil Service Corp. employees whose pay increases exceed the wage limit of $142,800 subject

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Tech Session Set 1

Date Request Received: 09/28/2021 Date of Response: 10/12/2021
Request No. Energy TS 1-2 Witness: Carole Beaulieu

REQUEST:

Forecasted AMP Forgiveness FTE: Reference Testimony of Carole Beaulieu, Bates 988. The Company has included the estimated costs of a FTE AMP Coordinator ($84,000). Based on the 9/27/21 Technical Session, the AMP Coordinator will be shared between Unitil and Northern. Please provide a proposal on how the AMP Coordinator should be allocated between Unitil and Northern.

RESPONSE:

As proposed in the Company's rate case filing in Docket No. DG 21-104, the AMP Coordinator will be in charge of both Northern New Hampshire and Unitil Energy Systems AMP administration. In Docket DG 21-104 the Company has proposed to allocate the AMP Coordinator costs between the two companies based on the Company's estimated amount of enrollees, as shown in the table below, between Northern New Hampshire (22%) and Unitil Energy Systems (78%).

Company	Estimated Enrollees	Percent of Enrollees
Unitil Energy Systems	638	78%
Northern New Hampshire	185	22%
Total New Hampshire	823	100%

If the AMP is approved for both UES and Northern, UES would only include the amount of AMP coordinator costs allocated to UES in the proposed annual reconciliation process to ensure that no double recovery of the AMP Coordinator occurs.

Unitil Energy Systems, Inc.
Docket No. DE 21-030
NHPUC Staff Data Requests – Set 3

Date Request Received: 07/07/2021 Date of Response: 07/21/2021
Request No. DOE 3-1 Witness: C. Goulding & D. Nawazelski

REQUEST:

Rate Base: Please provide monthly balances for the test year and each of the three preceding calendar years for the following items:

a. Plant in Service
b. Plant Purchased or Sold
c. Plant Held for Future Use
d. Completed Construction Not Classified
e. Construction Work in Progress (included in rate base)
f. Reserve for Depreciation
g. Reserve for Amortization
h. Materials and Supplies
i. Prepayments
j. Customer Deposits
k. Customer Advances
l. Unamortized Investment Tax Credits
m. Net Deferred Income Taxes
n. Excess Deferred Income Taxes
o. Deferred Income Taxes Debit
p. Any other item included in rate base

RESPONSE:

Please refer to DOE 3-1 Attachment 1 for monthly balances requested above for 2017 through 2020.

Monthly Rate Base Balances 2017-2020

Line No.	Description	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17
1	Electric Plant												
2	Plant In Service	$ 277,417,755	$ 277,742,359	$ 277,929,190	$ 279,031,998	$ 279,212,726	$ 279,341,088	$ 279,998,335	$ 280,209,045	$ 280,217,261	$ 283,242,977	$ 295,556,569	$ 307,494,483
3	Plant Purchased or Sold	-	-	-	-	-	-	-	-	-	-	-	-
4	Plant Held for Future Use (Included in RB)	-	-	-	-	-	-	-	-	-	-	-	-
5	Completed Construction Not Classified	17,593,981	17,772,661	18,485,372	17,630,152	18,056,788	18,325,962	17,874,319	18,356,096	29,106,146	25,844,379	13,458,107	16,719,635
6	Construction Work in Progress (Included in RB)	-	-	-	-	-	-	-	-	-	-	-	-
7	Total Electric Plant	295,011,736	295,515,020	296,414,562	296,662,151	297,269,514	297,667,050	297,872,654	298,565,141	309,323,407	309,087,356	309,014,676	324,214,118
8	Depreciation & Amortization												
9	Reserve for Depreciation	(102,341,633)	(103,120,919)	(103,833,621)	(104,228,400)	(105,046,049)	(105,788,208)	(106,534,460)	(107,274,042)	(107,999,353)	(108,229,822)	(109,027,432)	(109,261,975)
10	Reserve for Amortization	(4,660,694)	(4,703,706)	(4,746,718)	(4,790,843)	(4,834,968)	(4,878,389)	(4,921,811)	(4,965,232)	(5,008,654)	(5,052,075)	(5,093,831)	(5,156,539)
11	Total Depreciation & Amortization	(107,002,327)	(107,824,625)	(108,580,339)	(109,019,243)	(109,881,016)	(110,666,597)	(111,456,271)	(112,239,274)	(113,008,007)	(113,281,897)	(114,121,263)	(114,418,513)
12	Materials & Supplies												
13	Materials and Supplies	925,193	950,325	962,929	1,039,033	996,705	988,032	999,116	1,049,896	1,045,438	1,009,773	1,003,549	966,067
14	Stores	168,106	164,051	156,775	145,682	145,036	123,630	125,628	130,986	143,774	123,965	190,510	75,751
15	Clearing Accounts	632,928	725,692	1,027,016	721,371	964,960	1,149,015	1,160,036	1,107,935	482,470	568,942	523,794	515,783
16	Total Materials & Supplies	1,726,227	1,840,068	2,146,721	1,906,085	2,106,701	2,260,677	2,284,780	2,288,816	1,671,682	1,702,681	1,717,854	1,557,600
17	Prepayments (1)	5,378,385	5,254,786	5,319,144	5,195,545	5,077,468	5,142,930	5,085,290	5,150,753	5,028,258	4,905,763	4,783,268	4,660,773
18	Cash Working Capital (2)	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150
19	Customer Deposits	(894,422)	(895,286)	(892,473)	(873,835)	(844,165)	(813,711)	(810,072)	(804,940)	(818,724)	(826,626)	(833,276)	(801,216)
20	Customer Advances	(549,945)	(538,221)	(538,221)	(538,221)	(540,107)	(542,824)	(520,286)	(542,363)	(563,078)	(526,724)	(580,887)	(566,074)
21	Unamortized Investment Tax Credits	-	-	-	-	-	-	-	-	-	-	-	-
22	Net Deferred Income Taxes (3)	(43,034,346)	(43,314,393)	(44,225,493)	(43,933,672)	(44,269,468)	(45,590,107)	(44,815,588)	(45,095,070)	(48,071,402)	(46,001,249)	(46,315,486)	(33,201,438)
23	Excess Deferred Income Taxes (4)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (17,110,407)
24	Deferred Income Taxes Debit	216,746	212,125	212,125	212,125	212,869	213,940	205,057	213,758	221,922	207,594	228,941	154,204
25	Total Rate Base	$ 153,235,204	$ 152,632,625	$ 152,239,177	$ 151,994,086	$ 151,514,946	$ 150,054,506	$ 150,228,714	$ 149,919,972	$ 156,167,209	$ 157,650,048	$ 156,276,977	$ 166,872,197

Notes:
(1) The Company has revised its prepayment amounts from the initial filing as shown in Schedule RevReq-4-1 to conform to the Company's response to Staff 1-5 (temporary rates)
(2) The Company has held the year-end 2020 cash working capital balance constant across all periods consistent with as filed in Schedule RevReq-4-1
(3) The Company has revised its net deferred income tax amounts from the initial filing as shown in Schedule RevReq-4-1 to conform to the Company's response to Staff 1-5 (temporary rates)
(4) ASC 740 Gross up excluded from Net Deferred Income Taxes (Line 22), but included in Excess Deferred Income Tax Line (Line 23)

Monthly Rate Base Balances 2017-2020

Line No.	Description	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18
1	Electric Plant												
2	Plant In Service	$ 307,433,917	$ 307,362,345	$ 307,967,437	$ 318,497,286	$ 318,608,587	$ 321,942,447	$ 321,985,992	$ 324,205,162	$ 324,926,572	$ 325,814,071	$ 326,985,617	$ 329,779,628
3	Plant Purchased or Sold	-	-	-	-	-	-	-	-	-	-	-	-
4	Plant Held for Future Use (Included in RB)	-	-	-	-	-	-	-	-	-	-	-	-
5	Completed Construction Not Classified	17,448,642	17,753,402	17,885,363	7,638,366	8,381,010	4,807,952	5,008,070	6,224,569	6,016,949	5,430,609	6,626,017	11,028,689
6	Construction Work in Progress (Included in RB)	-	-	-	-	-	-	-	-	-	-	-	-
7	Total Electric Plant	324,882,559	325,115,747	325,852,800	326,135,652	326,989,597	326,750,399	326,994,063	330,429,730	330,943,521	331,244,680	333,611,634	340,808,317
8	Depreciation & Amortization												
9	Reserve for Depreciation	(110,084,798)	(110,953,063)	(111,596,751)	(112,014,927)	(112,772,045)	(113,572,791)	(114,455,193)	(115,152,552)	(115,914,030)	(116,579,155)	(117,313,591)	(117,555,604)
10	Reserve for Amortization	(5,219,316)	(5,282,094)	(5,341,197)	(5,400,898)	(5,459,671)	(5,517,686)	(5,575,850)	(5,634,481)	(5,693,111)	(5,750,730)	(5,816,948)	(5,883,897)
11	Total Depreciation & Amortization	(115,304,114)	(116,235,157)	(116,937,947)	(117,415,825)	(118,231,715)	(119,090,477)	(120,031,043)	(120,787,033)	(121,607,141)	(122,329,885)	(123,130,540)	(123,439,500)
12	Materials & Supplies												
13	Materials and Supplies	989,573	938,873	1,030,959	1,088,759	1,073,605	1,047,429	1,058,033	1,032,081	1,109,267	1,119,240	1,125,785	1,100,401
14	Stores	93,729	98,970	109,916	177,463	182,912	169,989	150,011	127,854	133,017	123,310	153,099	160,808
15	Clearing Accounts	1,183,880	1,332,698	1,472,779	1,671,660	1,571,766	1,793,761	1,511,712	1,068,184	697,218	647,430	509,953	532,940
16	Total Materials & Supplies	2,267,182	2,370,541	2,613,654	2,937,883	2,828,283	3,011,179	2,719,756	2,228,119	1,939,502	1,889,980	1,788,837	1,794,149
17	Prepayments (1)	4,529,076	4,397,380	4,424,630	4,292,934	4,161,237	4,029,540	4,056,759	3,925,062	5,724,883	5,593,187	5,461,490	5,353,993
18	Cash Working Capital (2)	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150
19	Customer Deposits	(748,623)	(747,373)	(745,560)	(744,997)	(741,743)	(700,642)	(676,857)	(674,320)	(671,015)	(668,083)	(662,470)	(670,910)
20	Customer Advances	(542,193)	(599,819)	(638,932)	(707,438)	(740,397)	(731,252)	(643,634)	(632,820)	(644,633)	(653,966)	(635,622)	(616,161)
21	Unamortized Investment Tax Credits	-	-	-	-	-	-	-	-	-	-	-	-
22	Net Deferred Income Taxes (3)	(32,353,881)	(32,627,404)	(33,919,543)	(31,967,672)	(32,202,439)	(36,588,247)	(32,325,433)	(32,419,156)	(37,588,608)	(32,441,024)	(32,456,858)	(38,105,964)
23	Excess Deferred Income Taxes (4)	$ (17,110,407)	$ (17,110,407)	$ (16,270,833)	$ (16,270,833)	$ (16,270,833)	$ (16,270,833)	$ (16,270,833)	$ (16,270,833)	$ (16,428,551)	$ (16,428,551)	$ (16,428,551)	$ (16,428,551)
24	Deferred Income Taxes Debit	147,699	163,396	174,051	192,713	201,691	199,200	175,332	172,386	175,604	178,147	173,150	167,848
25	Total Rate Base	$ 168,150,448	$ 167,110,054	$ 166,935,471	$ 168,835,566	$ 168,376,830	$ 162,992,019	$ 166,381,260	$ 168,354,285	$ 164,226,712	$ 168,767,635	$ 170,104,220	$ 171,246,372

Notes:
(1) The Company has revised its prepayment amoun
(2) The Company has held the year-end 2020 cash w
(3) The Company has revised its net deferred income
(4) ASC 740 Gross up excluded from Net Deferred In

Monthly Rate Base Balances 2017-2020

Line No.	Description	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19
1	Electric Plant												
2	Plant In Service	$ 329,775,811	$ 330,389,579	$ 339,891,505	$ 340,187,845	$ 340,766,008	$ 340,747,574	$ 340,865,772	$ 341,265,965	$ 341,760,610	$ 343,028,665	$ 343,286,019	$ 350,524,447
3	Plant Purchased or Sold	-	-	-	-	-	-	-	-	-	-	-	-
4	Plant Held for Future Use (Included in RB)	-	-	-	-	-	-	-	-	-	-	-	-
5	Completed Construction Not Classified	11,845,524	11,572,843	11,706,028	11,418,885	10,775,113	10,192,534	10,283,915	10,810,598	10,845,126	10,741,650	11,341,462	12,917,251
6	Construction Work in Progress (Included in RB)	-	-	-	-	-	-	-	-	-	-	-	-
7	Total Electric Plant	341,621,335	341,962,421	351,597,533	351,606,730	351,541,120	350,940,108	351,149,687	352,076,563	352,605,736	353,770,315	354,627,480	363,441,698
8	Depreciation & Amortization												
9	Reserve for Depreciation	(118,378,183)	(118,709,083)	(119,631,718)	(120,482,040)	(120,845,741)	(120,807,245)	(121,429,506)	(122,300,687)	(123,208,518)	(124,472,067)	(125,290,301)	(124,292,933)
10	Reserve for Amortization	(5,951,938)	(6,022,012)	(6,212,073)	(6,321,208)	(6,429,707)	(6,531,871)	(6,633,682)	(6,735,057)	(6,836,431)	(6,937,806)	(7,039,180)	(7,154,382)
11	Total Depreciation & Amortization	(124,330,121)	(124,731,095)	(125,843,791)	(126,803,248)	(127,275,448)	(127,339,115)	(128,063,189)	(129,035,744)	(130,044,949)	(131,409,873)	(132,329,481)	(131,447,315)
12	Materials & Supplies												
13	Materials and Supplies	1,096,763	1,009,497	1,130,435	1,161,279	1,085,265	1,147,858	1,117,463	1,115,018	1,090,412	1,165,505	1,163,898	1,174,870
14	Stores	131,583	107,674	123,538	139,894	133,875	142,445	148,681	165,016	204,982	210,624	205,165	189,428
15	Clearing Accounts	737,311	890,740	1,255,923	1,189,098	1,017,927	1,003,155	985,505	1,217,587	1,414,895	1,029,566	960,111	648,177
16	Total Materials & Supplies	1,965,657	2,007,910	2,509,896	2,490,271	2,237,067	2,293,458	2,251,650	2,497,621	2,710,290	2,405,695	2,329,175	2,012,476
17	Prepayments (1)	5,316,436	5,228,879	5,271,015	5,173,458	5,075,901	5,128,037	5,040,480	4,952,923	5,383,311	5,257,485	5,156,519	5,068,962
18	Cash Working Capital (2)	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150
19	Customer Deposits	(641,089)	(637,925)	(633,347)	(631,868)	(610,713)	(594,296)	(595,373)	(593,285)	(578,293)	(574,973)	(572,142)	(593,573)
20	Customer Advances	(594,258)	(594,258)	(591,909)	(595,446)	(601,673)	(598,865)	(572,116)	(602,363)	(585,356)	(586,304)	(586,304)	(525,416)
21	Unamortized Investment Tax Credits	-	-	-	-	-	-	-	-	-	-	-	-
22	Net Deferred Income Taxes (3)	(38,217,314)	(38,341,661)	(38,367,180)	(41,019,257)	(41,168,078)	(41,206,555)	(41,385,360)	(41,504,887)	(36,556,878)	(34,182,857)	(34,122,486)	(32,982,744)
23	Excess Deferred Income Taxes (4)	$ (16,428,551)	$ (16,428,551)	$ (16,428,551)	$ (16,428,551)	$ (16,428,551)	$ (16,428,551)	$ (16,428,551)	$ (16,428,551)	$ (16,428,551)	$ (16,428,551)	$ (16,428,551)	$ (16,601,346)
24	Deferred Income Taxes Debit	161,881	161,881	161,242	162,205	163,901	163,136	155,850	164,089	159,456	159,715	158,788	142,298
25	Total Rate Base	$ 171,237,126	$ 171,010,753	$ 180,058,057	$ 176,337,445	$ 175,316,677	$ 174,740,507	$ 173,936,229	$ 173,909,517	$ 179,047,916	$ 180,793,802	$ 180,616,148	$ 190,898,189

Notes:
(1) The Company has revised its prepayment amoun
(2) The Company has held the year-end 2020 cash w
(3) The Company has revised its net deferred income
(4) ASC 740 Gross up excluded from Net Deferred In

Monthly Rate Base Balances 2017-2020

Line No.	Description	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20
1	Electric Plant												
2	Plant In Service	$ 350,370,959	$ 351,122,694	$ 356,913,902	$ 356,893,627	$ 357,426,426	$ 357,270,455	$ 357,115,144	$ 359,245,710	$ 361,417,472	$ 365,847,149	$ 375,742,279	$ 379,030,364
3	Plant Purchased or Sold	-	-	-	-	-	-	-	-	-	-	-	-
4	Plant Held for Future Use (Included in RB)	-	-	-	-	-	-	-	-	-	-	-	-
5	Completed Construction Not Classified	13,776,809	14,481,439	13,216,745	13,038,333	12,919,983	15,748,937	17,136,187	15,771,205	15,133,497	11,244,041	5,158,360	29,294,829
6	Construction Work in Progress (Included in RB)	-	-	-	-	-	-	-	-	-	-	-	-
7	Total Electric Plant	364,147,768	365,604,133	370,130,647	369,931,959	370,346,409	373,019,392	374,251,331	375,016,915	376,550,969	377,091,190	380,900,639	408,325,193
8	Depreciation & Amortization												
9	Reserve for Depreciation	(125,058,256)	(125,903,312)	(126,580,314)	(127,522,717)	(128,422,661)	(129,272,873)	(130,175,035)	(131,075,882)	(131,827,249)	(131,299,954)	(129,173,555)	(129,512,567)
10	Reserve for Amortization	(7,270,038)	(7,385,772)	(7,500,739)	(7,615,260)	(7,729,780)	(7,844,311)	(7,958,876)	(8,073,380)	(8,187,953)	(8,301,307)	(8,414,740)	(8,546,520)
11	Total Depreciation & Amortization	(132,328,294)	(133,289,083)	(134,081,053)	(135,137,976)	(136,152,441)	(137,117,184)	(138,133,912)	(139,149,262)	(140,015,203)	(139,601,261)	(137,588,295)	(138,059,087)
12	Materials & Supplies												
13	Materials and Supplies	1,218,845	1,285,070	1,262,158	1,350,823	1,408,353	1,389,123	1,221,737	1,267,982	1,192,748	1,272,785	1,290,829	1,206,272
14	Stores	200,591	207,283	259,182	208,975	185,423	177,187	70,335	71,223	39,287	63,978	106,375	201,952
15	Clearing Accounts	1,070,881	1,035,741	1,405,667	1,551,984	1,264,572	670,379	(65,572)	(121,629)	(449,234)	(199,886)	69,553	624,028
16	Total Materials & Supplies	2,490,317	2,528,093	2,927,007	3,111,782	2,858,348	2,236,689	1,226,500	1,217,576	782,802	1,136,877	1,466,757	2,032,252
17	Prepayments (1)	4,964,126	4,859,290	4,741,277	4,636,441	4,531,605	4,426,769	4,321,933	4,217,097	4,666,449	4,561,613	4,456,777	4,351,941
18	Cash Working Capital (2)	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150
19	Customer Deposits	(560,488)	(552,883)	(545,176)	(522,785)	(477,319)	(470,020)	(457,857)	(439,116)	(423,792)	(387,725)	(379,042)	(371,830)
20	Customer Advances	(470,497)	(455,739)	(444,982)	(444,982)	(482,155)	(476,559)	(500,380)	(514,435)	(489,144)	(543,255)	(554,217)	(554,217)
21	Unamortized Investment Tax Credits	-	-	-	-	-	-	-	-	-	-	-	-
22	Net Deferred Income Taxes (3)	(33,019,139)	(32,997,373)	(32,900,476)	(32,927,773)	(35,474,293)	(35,408,018)	(35,421,913)	(35,444,408)	(35,910,195)	(35,926,719)	(37,114,443)	(36,887,399)
23	Excess Deferred Income Taxes (4)	$ (16,601,346)	$ (16,601,346)	$ (16,601,346)	$ (16,601,346)	$ (16,601,346)	$ (16,601,346)	$ (16,601,346)	$ (16,601,346)	$ (16,601,346)	$ (16,601,346)	$ (16,601,346)	$ (16,601,346)
24	Deferred Income Taxes Debit	127,424	123,428	120,514	120,514	130,582	129,066	135,518	139,324	132,475	147,129	150,098	150,098
25	Total Rate Base	$ 191,133,022	$ 191,601,670	$ 195,729,563	$ 194,548,985	$ 191,062,541	$ 192,121,940	$ 191,203,023	$ 190,825,495	$ 191,076,165	$ 192,259,654	$ 197,120,078	$ 224,768,756

Notes:
(1) The Company has revised its prepayment amoun
(2) The Company has held the year-end 2020 cash w
(3) The Company has revised its net deferred income
(4) ASC 740 Gross up excluded from Net Deferred In

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 5

Date Request Received: 09/02/2021 Date of Response: 09/17/2021
Request No. DOE 5-3 Witness: C. Goulding / D. Nawazelski

REQUEST:

Cash Working Capital. Reference Filing Requirement Schedules and RevReq Schedules, Schedule RevReq 4-2, Tab 4-1, Cell G12. The formula for Test Year Actual includes a hardcoded number, $(526,251.86). Please explain the number and why it was reflected in the calculation.

RESPONSE:

The hard coded number reduces O&M expense for test year non-cash bad debt expense in order to correctly calculate the Company's cash working capital. This amount can be seen on RevReq 3-13, Line 6.

Unitil Energy Systems, Inc.
Docket No. DE 21-030
OCA Data Requests – Set 3

Date Request Received: 10/7/2021 Date of Response: 10/22/2021
Request No. OCA 3-45 Witness: C. Goulding / D. Nawazelski

REQUEST:

Refer to Schedule RevReq-4-2. Please explain the Company's proforma adjustments to cash working capital.

RESPONSE:

Schedule RevReq-4-2, Column 4, Line 1, first takes all of the Company's proposed O&M expense totaling $3,570,077 and then removes the following non-cash pro forma adjustments:

Distribution Bad Debt: $134,563. See Schedule RevReq-3, Column 4, Line 23.
Non-Distribution Bad Debt: ($143,623). See Schedule RevReq-3, Column 4, Line 24.
AMP Implementation Cost: $459,000. See Schedule RevReq-3, Column 4, Line 25.
Pension Expense: $479,438. See Schedule RevReq-3-5, Column 3, Line 1.
PBOP Expense: $579,088. See Schedule RevReq-3-5, Column 3, Line 2.
SERP Expense: $0. See Schedule RevReq-3-5, Column 3, Line 3.

This results in a pro forma O&M adjustment amount of $2,061,610.

Schedule RevReq-4-2, Column 4, Line 2, first the Company takes the pro forma adjustments related to Taxes Other Than Income, Federal Income Tax, and State Income Tax of $905,507, $3,523,246, and $1,264,624, respectively as shown on Schedule RevReq-2, Page 2 of 2, Column 2, Lines 15-17 totaling $5,693,377. Next, the income tax effect of the Company's proposed increase, or $3,247,900 was included for a total tax expense pro forma adjustment of $8,941,277.

DE 16-384

Schedule RevReq-4-2

UNITIL ENERGY SYSTEMS, INC.
CASH WORKING CAPITAL
12 MONTHS ENDED DECEMBER 31, 2015

LINE NO.	(1) DESCRIPTION	(2) REFERENCE	(3) TEST YEAR ACTUAL	(4) PROFORMA ADJUSTMENTS	(5) TEST YEAR AS PROFORMED
1	O&M Expense	Schedule RevReq-2	20,501,605	668,407	21,170,012
2	Taxes and Interest Expense	Schedule RevReq-2	12,263,170	2,183,474	14,446,644
3	Total		$ 32,764,775	$ 2,851,881	$ 35,616,656
4	Cash Working Capital Requirement:				
5	Other O&M Expense Days Lag (1) / 365	27 days	7.47%	7.47%	7.47%
6	Total Cash Working Capital	Line 5 X Line 3	$ 2,446,229	$ 212,922	$ 2,659,152

Notes
(1) Per Lead Lag Study

000147

Unitil Energy Systems, Inc.
DE 21-030
NHPUC Staff Set 1 Data Requests

Date Request Received: 04/23/21 Date of Response: 04/30/21
Request No. Staff 1-5 Witness: Christopher Goulding / Daniel Nawazeski

REQUEST:

Reference Schedule RevReq-4.1, Bates 185, Lines 12-13, describing prepayments and cash working capital as included in the proposed year-end rate base used in the Company's temporary rate revenue requirement calculation on Bates 207 , and Order No. 26,122 (April 27, 2018) at 19, stating "The Commission finds that… [a] detailed lead/lag study captures all the working capital requirements related to property taxes and other prepaid expenses. To also include prepayments in rate base would be allowing for a double recovery of the working capital related to those items. Consequently, prepayments may not be included in rate base."

a. Please explain whether prepayments have been incorporated into both the Company's lead lag study and rate base, and if so, why this is the case.

b. Please provide a live excel version of RevReq-4.1 (Bates 184) and Schedule CGDN-3, p. 1 (Bates 2-7) revised so that prepayments are not included in rate base.

c. Please provide a live excel version of Schedule CGDN-3 revised so that prepayments are not included in rate base.

RESPONSE:

a. The Company has included in rate base prepayments related to the following: property and liability insurances, postage, pension funding, health insurance claims, credit facility revolver fees, rating agency fees, and annual software maintenance fees. Consistent with Order No. 26,122, prepaid property taxes have been excluded from rate base.

   The Company's lead lag study captures the working capital requirements related to property taxes, property and liability insurances, credit facility revolver fees, rating agency fees, and annual software maintenance fees.

   The total amount of prepaids related to property and liability insurances, credit facility revolver fees, rating agency fees, and annual software maintenance fees is $156,803 as of December 31, 2020, and should have been excluded from rate base consistent with Order No. 26,122. The Company's lead lag study does not capture the working capital requirements related to prepaid postage, prepaid pension funding and prepaid health insurance so they do

Unitil Energy Systems, Inc.
DE 21-030
NHPUC Staff Set 1 Data Requests

Date Request Received: 04/23/21 Date of Response: 04/30/21
Request No. Staff 1-5 Witness: Christopher Goulding / Daniel Nawazeski

not result in a double recovery of the working capital on these items and have been appropriately included as part of rate base.

b. Please see attached Staff 1-5 Attachment 1 and Staff 1-5 Attachment 2. The Company has also removed the deferred taxes associated with prepayments to accurately remove all prepayment components from rate base.

c. Please see attached Staff 1-5 Attachment 2.

UNITIL ENERGY SYSTEMS, INC.
RATE BASE ITEMS
QUARTERLY BALANCES

Schedule RevReq-4-1
Staff 1-5 Attachment 1
Table of Contents

LINE NO.	(1) DESCRIPTION	(2) DECEMBER 31 2019	(3) MARCH 31 2020	(4) JUNE 30 2020	(5) SEPTEMBER 30 2020	(6) DECEMBER 31 2020	(7) 5 QUARTER AVERAGE
1	Utility Plant in Service						
2	Classified	$ 350,524,447	$ 356,913,902	$ 357,270,455	$ 361,417,472	$ 379,030,364	$ 361,031,328
3	Completed Construction Not Classified	12,917,251	13,216,745	15,748,937	15,133,497	29,294,829	17,262,252
4	Total Utility Plant in Service	363,441,698	370,130,647	373,019,392	376,550,969	408,325,193	378,293,580
5	Depreciation & Amortization Reserves	$ (131,447,315)	$ (134,081,053)	$ (137,117,184)	$ (140,015,203)	$ (138,059,087)	$ (136,143,968)
6	Add:						
7	M&S Inventories						
8	Materials and Supplies	1,174,870	1,262,158	1,389,123	1,192,748	1,206,272	1,245,034
9	Stores	189,428	259,182	177,187	39,287	201,952	173,407
10	Clearing Accounts	648,177	1,405,667	670,379	(449,234)	624,028	579,803
11	Total M&S Inventories	$ 2,012,476	$ 2,927,007	$ 2,236,689	$ 782,802	$ 2,032,252	$ 1,998,245
12	Prepayments	-	-	-	-	-	-
13	Cash Working Capital	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150	2,383,150
14	Less: Rate Base Deferred Taxes						
15	Total Deferred Income Taxes	16,461,001	15,482,438	17,529,426	18,327,330	20,259,723	17,611,984
16	Less: FAS 87 DIT	1,409,173	1,435,867	1,462,561	1,489,254	1,451,267	1,449,625
17	Less: Storm Damage DFIT	1,527,288	1,446,855	1,340,817	1,223,261	1,129,092	1,333,463
18	Less: SFAS 158 DIT	(13,086,349)	(12,969,759)	(13,006,813)	(13,045,482)	(14,498,720)	(13,321,425)
19	Less: SFAS 106 DIT	2	2	2	479,390	0	95,879
20	Less: SFAS 158 DIT	1	1	1	133,801	0	26,761
21	Less: Prepaid Property Taxes	459,538	125,886	374,327	226,716	407,278	318,749
22	Less: (ASC 740) Gross up[1]	(6,150,857)	(6,150,857)	(6,150,857)	(6,150,857)	(6,150,857)	(6,150,857)
23	Less: Rate Case Expense	(1)	(1)	(1)	(1)	1,584	316
24	Less: Bad Debt Regulatory Asset	20,080	16,172	15,393	15,393	58,978	25,203
25	Less: Accrued Revenue - Purchased Power	(700,619)	(1,322,203)	(1,914,021)	(1,954,342)	973,702	(983,497)
26	Total Rate Base Deferred Taxes	$ 32,982,744	$ 32,900,476	$ 35,408,018	$ 35,910,195	$ 36,887,399	$ 34,817,766
27	Less: Excess Deferred Income Taxes[1]	16,601,346	16,601,346	16,601,346	16,601,346	16,601,346	16,601,346
28	Plus: Deferred Taxes Debit	142,298	120,514	129,066	132,475	150,098	134,890
29	Less: Customer Deposits	593,573	545,176	470,020	423,792	371,830	480,878
30	Less: Customer Advances	525,416	444,982	476,559	489,144	554,217	498,063
31	Rate Base	$ 185,829,227	$ 190,988,285	$ 187,695,170	$ 186,409,715	$ 220,416,815	$ 194,267,842

Notes:
(1) ASC 740 Gross up excluded from Total Rate Base Deferred Taxes (Line 11), but included in Excess Deferred Income Tax Line (Line 18)

UNITIL ENERGY SYSTEMS, INC.
COMPUTATION OF REVENUE REQUIREMENT FOR TEMPORARY RATES
12 MONTHS ENDED DECEMBER 31, 2020

LINE NO.	(1) DESCRIPTION	(2) REFERENCE		(3) AMOUNT
1	Rate Base	2020 Test Year-End Rate Base	$	220,416,815
2	Rate of Return	Schedule CG-DN-3, Page 2 of 4		7.61%
3	Income Required	Line 1 * Line 2		16,773,720
4	Adjusted Net Operating Income(2)	Schedule CG-DN-3, Page 3 of 4		12,746,545
5	Deficiency	Line 3 - Line 4		4,027,175
6	Income Tax Effect	Line 7 - Line 5		1,495,783
7	Revenue Deficiency for Temporary Rates	1.3714 (Schedule RevReq 1-1) * Line 5	$	5,522,957

UNITIL ENERGY SYSTEMS, INC.
WEIGHTED AVERAGE COST OF CAPITAL
5 QUARTER AVERAGE ENDED DECEMBER 31, 2020 PRO FORMA ROE SET AT CURRENTLY AUTHORIZED

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
LINE NO.	DESCRIPTION	AMOUNT	PROFORMA ADJUSTMENT	PROFORMED AMOUNT	WEIGHT	COST OF CAPITAL	WEIGHTED COST OF CAPITAL	REFERENCE
1	Common Stock Equity	$ 101,242,877	$ -	$ 101,242,877	52.91%	9.50%	5.03%	Amount Currently Authorized
2	Preferred Stock Equity	188,700	-	188,700	0.10%	6.00%	0.01%	Schedule RevReq 5-1 and 5-6
3	Long Term Debt	93,400,000	(3,500,000)	89,900,000	46.99%	5.49%	2.58%	Schedule RevReq 5-1 and 5-4
4	Short Term Debt	-	-	-	0.00%	1.68%	0.00%	Schedule RevReq 5-1 and 5-5
5	Total	$ 194,831,577	$ (3,500,000)	$ 191,331,577	100.00%		7.61%	

UNITIL ENERGY SYSTEMS, INC.
PROPOSED TEMPORARY RATE
INTEREST SYNCRONIZATION

LINE NO.	DESCRIPTION		AMOUNT
1	Per Books Operating Income[(1)]	$	11,613,315
2	Adjustment for Lost Base Revenue [(2)]		1,076,981
3	Adjusted Operating Income	$	12,690,296
4	Interest Synchronization		
5	Rate Base	$	220,416,815
6	x Weighted Cost of Debt		2.58%
7	Interest Expense for Ratemaking	$	5,685,781
8	Less: 2020 Book Interest Expense (FERC 427-432) [(3)]		5,478,066
9	Increase / (Decrease) in Interest Expense	$	207,715
10	Tax-Effect (27.08% * Int. Sync)		(56,249)
11	Adjusted Net Operating Income	$	12,746,545

Notes:
(1) See Schedule RevReq-2 P1, column 4, line 21
(2) Per Docket No. DE 20-092 Exhibit Unitil Attachment L2, Page 1 (Bates Page 953),
Line 3 + Line 7 + Line 11 + Line 14
(3) Excludes interest on customer deposits

UNITIL ENERGY SYSTEMS, INC.
PROPOSED TEMPORARY RATE
EFFECTIVE JUNE 1, 2021

DESCRIPTION		AMOUNT
Temporary Rate Increase	$	5,522,957
Test Year kWh Sales		1,160,418,601
Temporary Rate $/kWh	$	0.00476
$ Impact on a 600 kWh residential bill	$	2.86

AS FILED

Schedule RevReq-3-6
Table of Contents

UNITIL ENERGY SYSTEMS, INC.
PROPERTY & LIABILITY INSURANCE
12 MONTHS ENDED DECEMBER 31, 2020

LINE NO.	(1) DESCRIPTION	(2) TOTAL	(3) UES (1)	(4) UNITIL SERVICE CORP. (2)
1	Proformed Property & Liability Insurances O&M Expense	$ 369,896	$ 328,517	$ 41,379
2	Less: Test Year Property & Liability Insurances O&M Expense	297,428	273,026	24,402
3	Proformed 2021 And 2022 O&M Increase	$ 72,468	$ 55,491	$ 16,977

Notes
(1) See Workpaper W5.1
(2) See Workpaper W5.2

W5.6

AS FILED

Workpaper 5.1
Table of Contents

UNITIL ENERGY SYSTEMS, INC.
PROPERTY AND LIABILITY INSURANCES ADJUSTMENT
12 MONTHS ENDED DECEMBER 31, 2020

LINE NO.	DESCRIPTION	AMOUNT (1)	
	Current Coverage Periods		
	Property:		
1	All Risk	$ 111,753	
2	Crime	2,374	
3	K&E	325	
4	Total Property	$ 114,452	
	Liability:		
5	Workers' Compensation	$ 61,293	
6	Excess	435,017	
7	Automobile	37,164	
8	Directors & Officers	74,047	
9	Cyber	21,919	
10	Fiduciary	7,253	
11	Total Liability	$ 636,692	
12	Total Property & Liability Insurances (Lines 4 Plus 11)	751,145	
13	Less: Amounts Chargeable to Capital	422,627	
14	Amount to O&M Expense	328,517	
15	Less Test Year O&M Expense	273,026	258035.65
16	O&M Property and Liability Insurance Increase	$ 55,491	+ W5.6 C53

NOTES
(1) See Workpaper W5.3

As FILED
Audit Issue # 2

Workpaper 5.6
Table of Contents

VEHICLE CLEARING ACCOUNT
TOTAL CHARGES & TOTAL CLEARINGS TO EXPENSE & CAPITAL
12 MONTHS ENDED DECEMBER 31, 2020

Total Clearings from Clearing Account:

	Expense	Capital	UES Total GL	Total Sch 12	Variance
Jan-20	49,152	52,974	102,125	102,125	-
Feb-20	36,457	42,705	79,162	79,162	-
Mar-20	38,294	36,396	74,690	74,690	-
Apr-20	78,350	61,901	140,251	140,251	-
May-20	55,237	51,110	106,347	106,347	-
Jun-20	54,669	46,389	101,058	101,058	-
Jul-20	54,380	80,659	135,039	135,039	-
Aug-20	58,668	63,409	122,077	122,077	-
Sep-20	41,817	53,338	95,155	95,155	-
Oct-20	27,614	37,600	65,213	65,213	-
Nov-20	16,131	29,010	45,142	45,142	-
Dec-20	83,871	21,875	105,746	105,746	-
	594,638	577,366	1,172,004	1,172,004	
Capitalization Rate		49.26%	64.24%		

VEHICLE CLEARING ACCOUNT
AUTO LIABILITY INSURANCE

Auto Liability Insurance Payments into Clearing Account [1]

Jan-20	2,711
Feb-20	2,711
Mar-20	2,711
Apr-20	2,711
May-20	2,711
Jun-20	2,711
Jul-20	2,711
Aug-20	
Sep-20	
Oct-20	
Nov-20	7,045
Dec-20	3,523
Total	29,545

(1) Payments during test year (Jan-Jul) were for 2019-2020 coverage year 10/1/19-9/30/20
Payments in November & December 2020 are for 10/1/20 - 9/30/21 coverage year

Auto Liability Insurance Expense through Clearing Account

	UES
Gross Amount	29,545
Cap. Rates	49.26%
Cap. Amount	14,555
O&M Amount	14,990 ← CF to WS.1 TY O+M expense

Audit #2
Corrected

Schedule RevReq-3-6
Table of Contents

UNITIL ENERGY SYSTEMS, INC.
PROPERTY & LIABILITY INSURANCE
12 MONTHS ENDED DECEMBER 31, 2020

LINE NO.	(1) DESCRIPTION	(2) TOTAL	(3) UES [1]	(4) UNITIL SERVICE CORP.[2]
1	Proformed Property & Liability Insurances O&M Expense	$ 364,330	$ 322,951	$ 41,379
2	Less: Test Year Property & Liability Insurances O&M Expense	293,003	268,601	24,402
3	Proformed 2021 And 2022 O&M Increase	$ 71,327	$ 54,350	$ 16,977

Notes
(1) See Workpaper W5.1
(2) See Workpaper W5.2

Audit #2
Corrected

Workpaper 5.1
Table of Contents

UNITIL ENERGY SYSTEMS, INC.
PROPERTY AND LIABILITY INSURANCES ADJUSTMENT
12 MONTHS ENDED DECEMBER 31, 2020

LINE NO.	DESCRIPTION	AMOUNT [1]
	Current Coverage Periods	
	Property:	
1	All Risk	$ 111,753
2	Crime	2,374
3	K&E	325
4	Total Property	$ 114,452
	Liability:	
5	Workers' Compensation	$ 61,293
6	Excess	435,017
7	Automobile	37,164
8	Directors & Officers	74,047
9	Cyber	21,919
10	Fiduciary	7,253
11	Total Liability	$ 636,692
12	Total Property & Liability Insurances (Lines 4 Plus 11)	751,145
13	Less: Amounts Chargeable to Capital	428,193
14	Amount to O&M Expense	322,951
15	Less Test Year O&M Expense	268,601
16	O&M Property and Liability Insurance Increase	$ 54,350

NOTES
(1) See Workpaper W5.3

Unitil Energy Systems, Inc.
Docket No. DE 21-030
NHPUC Staff Data Requests – Set 3

Date Request Received: 07/07/2021 Date of Response: 07/21/2021
Request No. DOE 3-2 Witness: C. Goulding & D. Nawazelski

REQUEST:

Leased Property:

a. Provide a list of properties leased to the utility and any improvements.
b. Indicate whether the lease is a capital or operating lease.
c. Provide the annual lease payments and terms for amounts included in the test year and for 2020 and 2021.

RESPONSE:

a. Please refer to DOE 3-2 Attachment 1 for a list of properties leased to the utility and any improvements.

b. All leases are operating leases.

c. Please refer to DOE 3-2 Attachment 1 for the annual lease payments and terms for amounts included in the test year and 2021.

Lease Schedule #	Acquisition Costs	Row Labels	Sum of principal_paid	Sum of interest_paid	Sum of contingent_paid	Sum of executory_paid	Total Monthly Payment	Annual Lease Payments	Year
		837-1003557							
837-1003557-009A		**837-1003557-009A**							
2014 Dakota w/Telelect Bucket #21 CAP	**207,211.00**	1/1/2020	2,142.04	189.43	-	-	2,331.47		
		2/1/2020	2,150.69	180.78	-	-	2,331.47		
09/01/14 - 08/01/2021		3/1/2020	2,159.39	172.08	-	-	2,331.47		
		4/1/2020	2,168.12	163.35	-	-	2,331.47		
84 Months		5/1/2020	2,176.89	154.58	-	-	2,331.47		
		6/1/2020	2,185.69	145.78	-	-	2,331.47		
		7/1/2020	2,194.53	136.94	-	-	2,331.47		
		8/1/2020	2,203.40	128.07	-	-	2,331.47		
		9/1/2020	2,212.32	119.15	-	-	2,331.47		
		10/1/2020	2,221.25	110.22	-	-	2,331.47		
		11/1/2020	2,230.24	101.23	-	-	2,331.47		
		12/1/2020	2,239.26	92.21	-	-	2,331.47	**27,977.64**	**2020**
		1/1/2021	2,248.32	83.15	-	-	2,331.47		
		2/1/2021	2,257.40	74.07	-	-	2,331.47		
		3/1/2021	2,266.53	64.94	-	-	2,331.47		
		4/1/2021	2,275.70	55.77	-	-	2,331.47		
		5/1/2021	2,284.90	46.57	-	-	2,331.47		
		6/1/2021	2,294.14	37.33	-	-	2,331.47		
		7/1/2021	2,303.41	28.06	-	-	2,331.47		
		8/1/2021	2,312.73	18.74	-	-	2,331.47		
		9/1/2021	2,322.08	9.39	-	-	2,331.47	**20,983.23**	**2021**
		837-1003557-009A Total	**46,849.03**	**2,111.84**	**-**	**-**	**48,960.87**		
837-1003557-010		**837-1003557-010**							
2015 Dakota w/Telelect Bucket # 20 CAP	**228,880.00**	1/1/2020	2,321.13	233.63	-	-	2,554.76		
		2/1/2020	2,330.04	224.72	-	-	2,554.76		
02/01/14 - 01/01/22		3/1/2020	2,339.00	215.76	-	-	2,554.76		
		4/1/2020	2,347.99	206.77	-	-	2,554.76		
84 Months		5/1/2020	2,357.02	197.74	-	-	2,554.76		
		6/1/2020	2,366.07	188.69	-	-	2,554.76		
		7/1/2020	2,375.17	179.59	-	-	2,554.76		
		8/1/2020	2,384.30	170.46	-	-	2,554.76		
		9/1/2020	2,393.46	161.30	-	-	2,554.76		
		10/1/2020	2,402.66	152.10	-	-	2,554.76		
		11/1/2020	2,411.90	142.86	-	-	2,554.76		
		12/1/2020	2,421.17	133.59	-	-	2,554.76	**30,657.12**	**2020**
		1/1/2021	2,430.47	124.29	-	-	2,554.76		
		2/1/2021	2,439.82	114.94	-	-	2,554.76		
		3/1/2021	2,449.19	105.57	-	-	2,554.76		
		4/1/2021	2,458.61	96.15	-	-	2,554.76		
		5/1/2021	2,468.06	86.70	-	-	2,554.76		
		6/1/2021	2,477.54	77.22	-	-	2,554.76		
		7/1/2021	2,487.07	67.69	-	-	2,554.76		
		8/1/2021	2,496.63	58.13	-	-	2,554.76		
		9/1/2021	2,506.22	48.54	-	-	2,554.76		
		10/1/2021	2,515.86	38.90	-	-	2,554.76		
		11/1/2021	2,525.52	29.24	-	-	2,554.76		
		12/1/2021	2,535.24	19.52	-	-	2,554.76	**30,657.12**	**2021**
		837-1003557-010 Total	**58,240.14**	**3,074.10**	**-**	**-**	**61,314.24**		
837-1003557-012		**837-1003557-012**							
2015 Cherokee Jeep - CAP	**29,305.00**	1/1/2020	1,020.91	24.18	-	-	1,045.09		
2015 Chevrolet K2500 #52 - CAP	**40,441.00**	2/1/2020	1,024.90	20.19	-	-	1,045.09		
	69,746.00	3/1/2020	1,028.91	16.18	-	-	1,045.09		
08/01/15 - 07/01/20		4/1/2020	1,032.92	12.17	-	-	1,045.09		
		5/1/2020	1,036.96	8.13	-	-	1,045.09		
60 Months		6/1/2020	1,041.03	4.06	-	-	1,045.09	**6,270.54**	**2020**
		837-1003557-012 Total	**6,185.63**	**84.91**	**-**	**-**	**6,270.54**		

Lease Schedule #	Acquisition Costs	Row Labels	Sum of principal_paid	Sum of interest_paid	Sum of contingent_paid	Sum of executory_paid	Total Monthly Payment	Annual Lease Payments	Year
837-1003557-013		837-1003557-013							
2016 Chevrolet Colorado #24 - SEA	**34,538.60**	1/1/2020	917.90	41.87	-	-	959.77		
2016 Chevrolet Colorado #54 - CAP	**29,863.00**	2/1/2020	921.32	38.45	-	-	959.77		
	64,401.60	3/1/2020	924.76	35.01	-	-	959.77		
2/1/16 - 01/01/21		4/1/2020	928.20	31.57	-	-	959.77		
		5/1/2020	931.65	28.12	-	-	959.77		
60 Months		6/1/2020	935.12	24.65	-	-	959.77		
		7/1/2020	938.60	21.17	-	-	959.77		
		8/1/2020	942.11	17.66	-	-	959.77		
		9/1/2020	945.60	14.17	-	-	959.77		
		10/1/2020	949.13	10.64	-	-	959.77		
		11/1/2020	952.66	7.11	-	-	959.77		
		12/1/2020	956.21	3.56	-	-	959.77	**11,517.24**	**2020**
		837-1003557-013 Total	**11,243.26**	**273.98**	**-**	**-**	**11,517.24**		
837-1003557-014		837-1003557-014							
2016 Dakota with Telelect Bucket #17 SEA	**255,740.00**	1/1/2020	2,484.62	351.41	-	-	2,836.03		
		2/1/2020	2,493.77	342.26	-	-	2,836.03		
02/01/16 - 01/01/23		3/1/2020	2,502.95	333.08	-	-	2,836.03		
		4/1/2020	2,512.16	323.87	-	-	2,836.03		
84 Months		5/1/2020	2,521.41	314.62	-	-	2,836.03		
		6/1/2020	2,530.70	305.33	-	-	2,836.03		
		7/1/2020	2,540.01	296.02	-	-	2,836.03		
		8/1/2020	2,549.36	286.67	-	-	2,836.03		
		9/1/2020	2,558.74	277.29	-	-	2,836.03		
		10/1/2020	2,568.17	267.86	-	-	2,836.03		
		11/1/2020	2,577.62	258.41	-	-	2,836.03		
		12/1/2020	2,587.11	248.92	-	-	2,836.03	**34,032.36**	**2020**
		1/1/2021	2,596.63	239.40	-	-	2,836.03		
		2/1/2021	2,606.19	229.84	-	-	2,836.03		
		3/1/2021	2,615.79	220.24	-	-	2,836.03		
		4/1/2021	2,625.41	210.62	-	-	2,836.03		
		5/1/2021	2,635.08	200.95	-	-	2,836.03		
		6/1/2021	2,644.78	191.25	-	-	2,836.03		
		7/1/2021	2,654.52	181.51	-	-	2,836.03		
		8/1/2021	2,664.29	171.74	-	-	2,836.03		
		9/1/2021	2,674.10	161.93	-	-	2,836.03		
		10/1/2021	2,683.94	152.09	-	-	2,836.03		
		11/1/2021	2,693.82	142.21	-	-	2,836.03		
		12/1/2021	2,703.74	132.29	-	-	2,836.03	**34,032.36**	**2021**
		837-1003557-014 Total	**62,224.91**	**5,839.81**	**-**	**-**	**68,064.72**		
837-1003557-015		837-1003557-015							
2016 Dakota with Telelect Bucket #8 SEA	**233,441.00**	1/1/2020	2,219.69	333.82	-	-	2,553.51		
		2/1/2020	2,227.10	326.41	-	-	2,553.51		
07/01/16 - 06-01/23		3/1/2020	2,234.55	318.96	-	-	2,553.51		
		4/1/2020	2,242.01	311.50	-	-	2,553.51		
84 Months		5/1/2020	2,249.50	304.01	-	-	2,553.51		
		6/1/2020	2,257.03	296.48	-	-	2,553.51		
		7/1/2020	2,264.56	288.95	-	-	2,553.51		
		8/1/2020	2,272.13	281.38	-	-	2,553.51		
		9/1/2020	2,279.72	273.79	-	-	2,553.51		
		10/1/2020	2,287.33	266.18	-	-	2,553.51		
		11/1/2020	2,294.99	258.52	-	-	2,553.51		
		12/1/2020	2,302.64	250.87	-	-	2,553.51	**30,642.12**	**2020**
		1/1/2021	2,310.35	243.16	-	-	2,553.51		
		2/1/2021	2,318.06	235.45	-	-	2,553.51		
		3/1/2021	2,325.81	227.70	-	-	2,553.51		
		4/1/2021	2,333.58	219.93	-	-	2,553.51		
		5/1/2021	2,341.37	212.14	-	-	2,553.51		
		6/1/2021	2,349.20	204.31	-	-	2,553.51		
		7/1/2021	2,357.05	196.46	-	-	2,553.51		
		8/1/2021	2,364.93	188.58	-	-	2,553.51		
		9/1/2021	2,372.83	180.68	-	-	2,553.51		
		10/1/2021	2,380.75	172.76	-	-	2,553.51		
		11/1/2021	2,388.71	164.80	-	-	2,553.51		
		12/1/2021	2,396.69	156.82	-	-	2,553.51	**30,642.12**	**2021**
		837-1003557-015 Total	**55,370.58**	**5,913.66**	**-**	**-**	**61,284.24**		

Lease Schedule #	Acquisition Costs	Row Labels	Sum of principal_paid	Sum of interest_paid	Sum of contingent_paid	Sum of executory_paid	Total Monthly Payment	Annual Lease Payments	Year
837-1003557-016		**837-1003557-016**							
2016 Chevrolet Colorado #16 - SEA	**31,302.00**	1/1/2020	1,738.28	108.68	-	-	1,846.96		
2017 Chevrolet Colorado #34 - SEA	**31,302.00**	2/1/2020	1,744.16	102.80	-	-	1,846.96		
2018 Chevrolet Colorado #40 - CAP	**31,302.00**	3/1/2020	1,750.04	96.92	-	-	1,846.96		
2019 Chevrolet Colorado #41 - CAP	**31,302.00**	4/1/2020	1,755.96	91.00	-	-	1,846.96		
	125,208.00	5/1/2020	1,761.84	85.12	-	-	1,846.96		
07/01/16 - 06/01/21		6/1/2020	1,767.84	79.12	-	-	1,846.96		
		7/1/2020	1,773.76	73.20	-	-	1,846.96		
60 Months		8/1/2020	1,779.76	67.20	-	-	1,846.96		
		9/1/2020	1,785.80	61.16	-	-	1,846.96		
		10/1/2020	1,791.80	55.16	-	-	1,846.96		
		11/1/2020	1,797.84	49.12	-	-	1,846.96		
		12/1/2020	1,803.92	43.04	-	-	1,846.96	**22,163.52**	**2020**
		1/1/2021	1,810.00	36.96	-	-	1,846.96		
		2/1/2021	1,816.09	30.87	-	-	1,846.96		
		3/1/2021	1,822.23	24.73	-	-	1,846.96		
		4/1/2021	1,828.40	18.56	-	-	1,846.96		
		5/1/2021	1,834.56	12.40	-	-	1,846.96		
		6/1/2021	1,840.74	6.22	(1,846.96)	-	-	**9,234.80**	**2021**
		837-1003557-016 Total	**32,203.02**	**1,042.26**	**(1,846.96)**	**-**	**31,398.32**		
837-1003557-017		**837-1003557-017**							
2017 International w/Telelect #23	**238,914.00**	1/1/2020	6,513.36	1,242.62	-	-	7,755.98		
2018 International w/Telelect #25	**238,044.00**	2/1/2020	6,537.08	1,218.90	-	-	7,755.98		
2019 International w/Telelect #33	**223,486.00**	3/1/2020	6,560.92	1,195.06	-	-	7,755.98		
	700,444.00	4/1/2020	6,584.83	1,171.15	-	-	7,755.98		
02/01/17 - 01/01/24		5/1/2020	6,608.81	1,147.17	-	-	7,755.98		
		6/1/2020	6,632.90	1,123.08	-	-	7,755.98		
84 Months		7/1/2020	6,657.08	1,098.90	-	-	7,755.98		
		8/1/2020	6,681.34	1,074.64	-	-	7,755.98		
		9/1/2020	6,705.68	1,050.30	-	-	7,755.98		
		10/1/2020	6,730.12	1,025.86	-	-	7,755.98		
		11/1/2020	6,754.66	1,001.32	-	-	7,755.98		
		12/1/2020	6,779.26	976.72	-	-	7,755.98	**93,071.76**	**2020**
		1/1/2021	6,803.98	952.00	-	-	7,755.98		
		2/1/2021	6,828.77	927.21	-	-	7,755.98		
		3/1/2021	6,853.65	902.33	-	-	7,755.98		
		4/1/2021	6,878.63	877.35	-	-	7,755.98		
		5/1/2021	6,903.70	852.28	-	-	7,755.98		
		6/1/2021	6,928.86	827.12	-	-	7,755.98		
		7/1/2021	6,954.12	801.86	-	-	7,755.98		
		8/1/2021	6,979.45	776.53	-	-	7,755.98		
		9/1/2021	7,004.88	751.10	-	-	7,755.98		
		10/1/2021	7,030.42	725.56	-	-	7,755.98		
		11/1/2021	7,056.04	699.94	-	-	7,755.98		
		12/1/2021	7,081.75	674.23	-	-	7,755.98	**93,071.76**	**2021**
		837-1003557-017 Total	**163,050.29**	**23,093.23**	**-**	**-**	**186,143.52**		

Lease Schedule #	Acquisition Costs	Row Labels	Sum of principal_paid	Sum of interest_paid	Sum of contingent_paid	Sum of executory_paid	Total Monthly Payment	Annual Lease Payments	Year
837-1003557-018		837-1003557-018							
2016 GMC Canyon - #2 CAP	**31,199.00**	1/1/2020	2,528.32	357.34	-	-	2,885.66		
2018 Chevrolet Colorado #15 - SEA	**30,747.07**	2/1/2020	2,538.80	346.86	-	-	2,885.66		
2019 Chevrolet Colorado #18 - SEA	**30,747.07**	3/1/2020	2,549.28	336.38	-	-	2,885.66		
2020 Chevrolet Colorado #42 - CAP	**31,379.37**	4/1/2020	2,559.88	325.78	-	-	2,885.66		
2017 Pole Trailer - CAP	**21,603.00**	5/1/2020	2,570.43	315.23	-	-	2,885.66		
2017 Two Reel Stringing Trlr - CAP	**22,808.00**	6/1/2020	2,581.12	304.54	-	-	2,885.66		
2017 Two Reel Stringing Trlr - SEA	**22,808.00**	7/1/2020	2,591.77	293.89	-	-	2,885.66		
	191,291.51	8/1/2020	2,602.51	283.15	-	-	2,885.66		
10/01/17 - 09/01/22		9/1/2020	2,613.28	272.38	-	-	2,885.66		
		10/1/2020	2,624.09	261.57	-	-	2,885.66		
60 Months		11/1/2020	2,634.98	250.68	-	-	2,885.66		
		12/1/2020	2,645.86	239.80	-	-	2,885.66	**34,627.92**	**2020**
		1/1/2021	2,656.81	228.85	-	-	2,885.66		
		2/1/2021	2,667.84	217.82	-	-	2,885.66		
		3/1/2021	2,678.86	206.80	-	-	2,885.66		
		4/1/2021	2,689.96	195.70	-	-	2,885.66		
		5/1/2021	2,701.09	184.57	-	-	2,885.66		
		6/1/2021	2,712.28	173.38	-	-	2,885.66		
		7/1/2021	2,723.49	162.17	-	-	2,885.66		
		8/1/2021	2,734.78	150.88	-	-	2,885.66		
		9/1/2021	2,746.08	139.58	-	-	2,885.66		
		10/1/2021	2,757.47	128.19	-	-	2,885.66		
		11/1/2021	2,768.89	116.77	-	-	2,885.66		
		12/1/2021	2,780.33	105.33	-	-	2,885.66	**34,627.92**	**2021**
		837-1003557-018 Total	**63,658.20**	**5,597.64**	**-**	**-**	**69,255.84**		
837-1003557-020		837-1003557-020							
2018 Sauber Trailer - CAP	**10,863.00**	1/1/2020	2,441.70	583.85	-	-	3,025.55		
2018 Chevrolet Colorado - SEA	**31,082.37**	2/1/2020	2,453.37	572.18	-	-	3,025.55		
2018 Chevrolet Colorado - SEA	**33,046.87**	3/1/2020	2,465.08	560.47	-	-	3,025.55		
2018 Chevrolet Colorado - CAP	**30,569.37**	4/1/2020	2,476.86	548.69	-	-	3,025.55		
2018 Chevrolet Colorado - SEA	**30,444.37**	5/1/2020	2,488.69	536.86	-	-	3,025.55		
2018 Chevrolet Colorado - CAP	**30,444.37**	6/1/2020	2,500.54	525.01	-	-	3,025.55		
2018 Chevrolet Colorado - SEA	**30,444.37**	7/1/2020	2,512.51	513.04	-	-	3,025.55		
	196,894.72	8/1/2020	2,524.51	501.04	-	-	3,025.55		
11/01/18 - 10/01/23		9/1/2020	2,536.55	489.00	-	-	3,025.55		
		10/1/2020	2,548.69	476.86	-	-	3,025.55		
60 Months		11/1/2020	2,560.88	464.67	-	-	3,025.55		
		12/1/2020	2,573.05	452.50	-	-	3,025.55	**36,306.60**	**2020**
		1/1/2021	2,585.38	440.17	-	-	3,025.55		
		2/1/2021	2,597.72	427.83	-	-	3,025.55		
		3/1/2021	2,610.13	415.42	-	-	3,025.55		
		4/1/2021	2,622.58	402.97	-	-	3,025.55		
		5/1/2021	2,635.12	390.43	-	-	3,025.55		
		6/1/2021	2,647.68	377.87	-	-	3,025.55		
		7/1/2021	2,660.36	365.19	-	-	3,025.55		
		8/1/2021	2,673.04	352.51	-	-	3,025.55		
		9/1/2021	2,685.81	339.74	-	-	3,025.55		
		10/1/2021	2,698.63	326.92	-	-	3,025.55		
		11/1/2021	2,711.53	314.02	-	-	3,025.55		
		12/1/2021	2,724.50	301.05	-	-	3,025.55	**36,306.60**	**2021**
		837-1003557-020 Total	**61,934.91**	**10,678.29**	**-**	**-**	**72,613.20**		

Lease Schedule #	Acquisition Costs	Row Labels	Sum of principal_paid	Sum of interest_paid	Sum of contingent_paid	Sum of executory_paid	Total Monthly Payment	Annual Lease Payments	Year
837-1003557-021		**837-1003557-021**							
2019 International w/Telelect #30	**298,437.00**	1/1/2020	2,463.03	877.70	-	-	3,340.73		
		2/1/2020	2,472.67	868.06	-	-	3,340.73		
08/01/19 - 07/01/26		3/1/2020	2,482.35	858.38	-	-	3,340.73		
		4/1/2020	2,492.08	848.65	-	-	3,340.73		
84 Months		5/1/2020	2,501.83	838.90	-	-	3,340.73		
		6/1/2020	2,511.62	829.11	-	-	3,340.73		
		7/1/2020	2,521.46	819.27	-	-	3,340.73		
		8/1/2020	2,531.33	809.40	-	-	3,340.73		
		9/1/2020	2,541.25	799.48	-	-	3,340.73		
		10/1/2020	2,551.19	789.54	-	-	3,340.73		
		11/1/2020	2,561.18	779.55	-	-	3,340.73		
		12/1/2020	2,571.21	769.52	-	-	3,340.73	**40,088.76**	**2020**
		1/1/2021	2,581.28	759.45	-	-	3,340.73		
		2/1/2021	2,591.38	749.35	-	-	3,340.73		
		3/1/2021	2,601.53	739.20	-	-	3,340.73		
		4/1/2021	2,611.71	729.02	-	-	3,340.73		
		5/1/2021	2,621.94	718.79	-	-	3,340.73		
		6/1/2021	2,632.21	708.52	-	-	3,340.73		
		7/1/2021	2,642.51	698.22	-	-	3,340.73		
		8/1/2021	2,652.86	687.87	-	-	3,340.73		
		9/1/2021	2,663.24	677.49	-	-	3,340.73		
		10/1/2021	2,673.67	667.06	-	-	3,340.73		
		11/1/2021	2,684.14	656.59	-	-	3,340.73		
		12/1/2021	2,694.65	646.08	-	-	3,340.73	**40,088.76**	**2021**
		837-1003557-021 Total	**61,852.32**	**18,325.20**	**-**	**-**	**80,177.52**		
837-1003557-022		**837-1003557-022**							
2019 Chevrolet Colorado #22 - SEA	**34,604.00**	1/1/2020	4,272.27	691.63	-	250.00	5,213.90		
2019 Sure-Trac Utility Trailer #27 SEA	**34,604.00**	2/1/2020	4,282.96	680.94	-	-	4,963.90		
2019 Chevrolet Colorado #35- SEA	**25,244.00**	3/1/2020	4,293.69	670.21	-	-	4,963.90		
2019 Flatbed Trailer - SEA	**175,955.00**	4/1/2020	4,304.43	659.47	-	-	4,963.90		
2019 Self-Loading Trailer T-3- SEA	**31,623.00**	5/1/2020	4,315.23	648.67	-	-	4,963.90		
2019 Self-Loading Trailer T-5- CAP	**31,623.25**	6/1/2020	4,326.02	637.88	-	-	4,963.90		
	333,653.25	7/1/2020	4,336.86	627.04	-	-	4,963.90		
02/01/20 - 01/01/25		8/1/2020	4,347.70	616.20	-	-	4,963.90		
		9/1/2020	4,358.61	605.29	-	-	4,963.90		
60 Months		10/1/2020	4,369.50	594.40	-	-	4,963.90		
		11/1/2020	4,380.46	583.44	-	-	4,963.90		
		12/1/2020	4,391.43	572.47	-	-	4,963.90	**59,816.80**	**2020**
		1/1/2021	4,402.40	561.50	-	-	4,963.90		
		2/1/2021	4,413.45	550.45	-	-	4,963.90		
		3/1/2021	4,424.48	539.42	-	-	4,963.90		
		4/1/2021	4,435.59	528.31	-	-	4,963.90		
		5/1/2021	4,446.66	517.24	-	-	4,963.90		
		6/1/2021	4,457.83	506.07	-	-	4,963.90		
		7/1/2021	4,468.97	494.93	-	-	4,963.90		
		8/1/2021	4,480.16	483.74	-	-	4,963.90		
		9/1/2021	4,491.37	472.53	-	-	4,963.90		
		10/1/2021	4,502.62	461.28	-	-	4,963.90		
		11/1/2021	4,513.91	449.99	-	-	4,963.90		
		12/1/2021	4,525.20	438.70	-	-	4,963.90	**59,566.80**	**2021**
		837-1003557-022 Total	**105,541.80**	**13,591.80**	**-**	**250.00**	**119,383.60**		

Lease Schedule #	Acquisition Costs	Row Labels	Sum of principal_paid	Sum of interest_paid	Sum of contingent_paid	Sum of executory_paid	Total Monthly Payment	Annual Lease Payments	Year
837-1003557-19		**837-1003557-19**							
2018 International w/Telelect #23 - CAP	**240,582.00**	1/1/2020	4,274.60	1,078.78	-	-	5,353.38		
2018 International w/Telelect #28 - SEA	**240,558.00**	2/1/2020	4,290.67	1,062.71	-	-	5,353.38		
	481,140.00	3/1/2020	4,306.79	1,046.59	-	-	5,353.38		
02/01/18 - 01/01/25		4/1/2020	4,322.97	1,030.41	-	-	5,353.38		
		5/1/2020	4,339.21	1,014.17	-	-	5,353.38		
84 Months		6/1/2020	4,355.52	997.86	-	-	5,353.38		
		7/1/2020	4,371.88	981.50	-	-	5,353.38		
		8/1/2020	4,388.32	965.06	-	-	5,353.38		
		9/1/2020	4,404.80	948.58	-	-	5,353.38		
		10/1/2020	4,421.35	932.03	-	-	5,353.38		
		11/1/2020	4,437.98	915.40	-	-	5,353.38		
		12/1/2020	4,454.65	898.73	-	-	5,353.38	**64,240.56**	**2020**
		1/1/2021	4,471.38	882.00	-	-	5,353.38		
		2/1/2021	4,488.19	865.19	-	-	5,353.38		
		3/1/2021	4,505.04	848.34	-	-	5,353.38		
		4/1/2021	4,521.98	831.40	-	-	5,353.38		
		5/1/2021	4,538.98	814.40	-	-	5,353.38		
		6/1/2021	4,556.03	797.35	-	-	5,353.38		
		7/1/2021	4,573.14	780.24	-	-	5,353.38		
		8/1/2021	4,590.34	763.04	-	-	5,353.38		
		9/1/2021	4,607.58	745.80	-	-	5,353.38		
		10/1/2021	4,624.89	728.49	-	-	5,353.38		
		11/1/2021	4,642.28	711.10	-	-	5,353.38		
		12/1/2021	4,659.71	693.67	-	-	5,353.38	**64,240.56**	**2021**
		837-1003557-19 Total	**107,148.28**	**21,332.84**	**-**	**-**	**128,481.12**		
837-1003557-23		**837-1003557-23**							
2019 Toyota Pneumatic Tire Forklift - SEA	**60,261.00**	1/1/2020	745.37	221.74	-	250.00	1,217.11		
		2/1/2020	748.61	218.50	-	-	967.11		
02/01/20 - 01/01/25		3/1/2020	751.87	215.24	-	-	967.11		
		4/1/2020	755.13	211.98	-	-	967.11		
60 Months		5/1/2020	758.43	208.68	-	-	967.11		
		6/1/2020	761.72	205.39	-	-	967.11		
		7/1/2020	765.03	202.08	-	-	967.11		
		8/1/2020	768.37	198.74	-	-	967.11		
		9/1/2020	771.70	195.41	-	-	967.11		
		10/1/2020	775.06	192.05	-	-	967.11		
		11/1/2020	778.44	188.67	-	-	967.11		
		12/1/2020	781.82	185.29	-	-	967.11	**11,855.32**	**2020**
		1/1/2021	785.22	181.89	-	-	967.11		
		2/1/2021	788.63	178.48	-	-	967.11		
		3/1/2021	792.07	175.04	-	-	967.11		
		4/1/2021	795.51	171.60	-	-	967.11		
		5/1/2021	798.98	168.13	-	-	967.11		
		6/1/2021	802.45	164.66	-	-	967.11		
		7/1/2021	805.94	161.17	-	-	967.11		
		8/1/2021	809.44	157.67	-	-	967.11		
		9/1/2021	812.97	154.14	-	-	967.11		
		10/1/2021	816.50	150.61	-	-	967.11		
		11/1/2021	820.05	147.06	-	-	967.11		
		12/1/2021	823.63	143.48	-	-	967.11	**11,605.32**	**2021**
		837-1003557-23 Total	**18,812.94**	**4,397.70**	**-**	**250.00**	**23,460.64**		
880-1003557-026		**880-1003557-026**							
2020 Toyota Electric Rider Forklift - SEA #40	**64,906.00**	1/1/2021	1,363.68	177.36	-	250.00	1,791.04		
2020 Toyota Pneumatic Tire Forklift - CAP #56	**37,014.00**	2/1/2021	1,366.45	174.59	-	-	1,541.04		
	101,920.00	3/1/2021	1,369.24	171.80	-	-	1,541.04		
02/01/21 - 01/01/26		4/1/2021	1,372.04	169.00	-	-	1,541.04		
		5/1/2021	1,374.84	166.20	-	-	1,541.04		
60 Months		6/1/2021	1,377.63	163.41	-	-	1,541.04		
		7/1/2021	1,380.45	160.59	-	-	1,541.04		
		8/1/2021	1,383.27	157.77	-	-	1,541.04		
		9/1/2021	1,386.09	154.95	-	-	1,541.04		
		10/1/2021	1,388.92	152.12	-	-	1,541.04		
		11/1/2021	1,391.75	149.29	-	-	1,541.04		
		12/1/2021	1,394.58	146.46	-	-	1,541.04	**18,742.48**	**2021**
		880-1003557-026 Total	**16,548.94**	**1,943.54**	**-**	**250.00**	**18,742.48**		

Lease Schedule #	Acquisition Costs	Row Labels	Sum of principal_paid	Sum of interest_paid	Sum of contingent_paid	Sum of executory_paid	Total Monthly Payment	Annual Lease Payments	Year
880-1003557-027		880-1003557-027							
2020 Three-In-One Trailer SEA T-7	21,215.20	1/1/2021	589.05	76.62	-	250.00	915.67		
2020 Pole Trailer SEA T-8	25,270.80	2/1/2021	590.26	75.41	-	-	665.67		
	46,486.00	3/1/2021	591.46	74.21	-	-	665.67		
02/01/21 - 01/01/26		4/1/2021	592.67	73.00	-	-	665.67		
		5/1/2021	593.88	71.79	-	-	665.67		
60 Months		6/1/2021	595.08	70.59	-	-	665.67		
		7/1/2021	596.31	69.36	-	-	665.67		
		8/1/2021	597.51	68.16	-	-	665.67		
		9/1/2021	598.74	66.93	-	-	665.67		
		10/1/2021	599.96	65.71	-	-	665.67		
		11/1/2021	601.18	64.49	-	-	665.67		
		12/1/2021	602.41	63.26	-	-	665.67	8,238.04	2021
		880-1003557-027 Total	7,148.51	839.53	-	250.00	8,238.04		
880-1003557-24		880-1003557-24							
2020 International w/Telelect #21 SEA	260,962.00	7/1/2020	2,222.20	553.38	-	250.00	3,025.58		
		8/1/2020	2,228.09	547.49	-	-	2,775.58		
08/01/20 - 07/01/27		9/1/2020	2,234.00	541.58	-	-	2,775.58		
		10/1/2020	2,239.92	535.66	-	-	2,775.58		
84 Months		11/1/2020	2,245.86	529.72	-	-	2,775.58		
		12/1/2020	2,251.81	523.77	-	-	2,775.58	16,903.48	2020
		1/1/2021	2,257.77	517.81	-	-	2,775.58		
		2/1/2021	2,263.77	511.81	-	-	2,775.58		
		3/1/2021	2,269.76	505.82	-	-	2,775.58		
		4/1/2021	2,275.78	499.80	-	-	2,775.58		
		5/1/2021	2,281.81	493.77	-	-	2,775.58		
		6/1/2021	2,287.86	487.72	-	-	2,775.58		
		7/1/2021	2,293.93	481.65	-	-	2,775.58		
		8/1/2021	2,300.00	475.58	-	-	2,775.58		
		9/1/2021	2,306.10	469.48	-	-	2,775.58		
		10/1/2021	2,312.22	463.36	-	-	2,775.58		
		11/1/2021	2,318.34	457.24	-	-	2,775.58		
		12/1/2021	2,324.49	451.09	-	-	2,775.58	33,306.96	2021
		880-1003557-24 Total	40,913.71	9,046.73	-	250.00	50,210.44		
880-1003557-25		880-1003557-25							
2020 Ford F150 - CAP 11	36,038.84	7/1/2020	2,746.06	439.73	-	250.00	3,435.79		
2020 Ford F150 - SEA 12	35,643.92	8/1/2020	2,752.86	432.93	-	-	3,185.79		
2020 Ford F150 - CAP 14	42,357.00	9/1/2020	2,759.71	426.08	-	-	3,185.79		
2020 Ford F150 - SEA 14	36,039.00	10/1/2020	2,766.52	419.27	-	-	3,185.79		
2020 Ford F150 - CAP 15	36,039.84	11/1/2020	2,773.39	412.40	-	-	3,185.79		
2020 Ford F150 - CAP 45	35,643.00	12/1/2020	2,780.27	405.52	-	-	3,185.79	19,364.74	2020
	221,761.60	1/1/2021	2,787.13	398.66	-	-	3,185.79		
08/01/20 - 07/01/25		2/1/2021	2,794.07	391.72	-	-	3,185.79		
		3/1/2021	2,800.99	384.80	-	-	3,185.79		
60 Months		4/1/2021	2,807.93	377.86	-	-	3,185.79		
		5/1/2021	2,814.89	370.90	-	-	3,185.79		
		6/1/2021	2,821.86	363.93	-	-	3,185.79		
		7/1/2021	2,828.87	356.92	-	-	3,185.79		
		8/1/2021	2,835.86	349.93	-	-	3,185.79		
		9/1/2021	2,842.91	342.88	-	-	3,185.79		
		10/1/2021	2,849.94	335.85	-	-	3,185.79		
		11/1/2021	2,857.00	328.79	-	-	3,185.79		
		12/1/2021	2,864.10	321.69	-	-	3,185.79	38,229.48	2021
		880-1003557-25 Total	50,484.36	6,859.86	-	250.00	57,594.22	Annual Lease Totals	
		837-1003557 Total	969,410.83	134,046.92	(1,846.96)	1,500.00	1,103,110.79	539,536.48	2020
		Grand Total	969,410.83	134,046.92	(1,846.96)	1,500.00	1,103,110.79	563,574.31	2021
							-	1,103,110.79	Grand Total

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 4

Date Request Received: 08/05/2021 Date of Response: 08/19/2021
Request No. DOE 4-38 Witness: C. Goulding and D. Nawazelski

REQUEST:

Reference Operating Leases, response to DOE 3-2. Where has the Company reflected the 2021 incremental increase in operating lease payments in its rate request?

RESPONSE:

The Company has not reflected the 2021 incremental increase in operating lease payments as a part of its rate request as an individual line item. Instead the Company has included an inflation adjustment on Schedule RevReq-3-15 page 1 in which the 2020 test year operating lease payments have been increased for inflation.

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 6

Date Request Received: 10/07/2021 Date of Response: 10/22/2021
Request No. Energy 6-3 Witness: C. Goulding / D. Nawazelski

REQUEST:

Incentive Compensation: Follow Up to DOE 3-11 and DOE 3-13 Attachment 1(a). Please provide the amount reflected within the Company's rate increase for the Unitil Corporation *Management* Incentive Plan broken down by expense and capital. Also include the amount allocated from the Service Company.

RESPONSE:

Please refer to Energy 6-03 Attachment 1 for the requested information.

Unitil Energy Systems, Inc.
Bonus/Incentive Compensation Costs

Line No.	Description	2020
1	<u>Unitil Corporation Management Incentive Program</u>	
2	Officer - Gross Expense	$ 1,024,943
3	Allocation to UES	27.50%
4	Officer - Gross Expense Allocable to UES	$ 281,859
5	USC Capitalization Rate	28.45%
6	Officer - Capitalization	$ 80,189
7	Officer - Net Expense	$ 201,670
8	Total Unitil Corporation Management Incentive Program Net Expense	$ 201,670
9	<u>Unitil Corporation Incentive Program</u>	
10	USC (excluding Officers) - Gross Expense	$ 2,387,200
11	Allocation to UES	27.50%
12	USC (excluding Officers) - Gross Expense Allocable to UES	$ 656,480
13	USC Capitalization Rate	28.45%
14	USC (excluding Officers) - Capitalization	$ 186,769
15	USC (excluding Officers) - Net Expense	$ 469,711
16	Exempt - UES Non Union - Gross Expense	$ 93,701
17	Non-Exempt - UES Non-Union - Gross Expense	$ 10,378
18	UES Gross Expense	$ 104,079
19	UES Capitalization Rate	82.00%
20	UES - Capitalization	$ 85,345
21	UES - Net Expense	$ 18,734
22	Total Unitil Corporation Incentive Program Net Expense	$ 488,446
23	Grand Total Unitil Corporation Incentive Program Net Expense	$ 690,116

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 6

Date Request Received: 10/07/2021 Date of Response: 10/22/2021
Request No. Energy 6-2 Witness: J. Closson / J. Conneely

REQUEST:

Non-Qualified Deferred Compensation Plan: Follow up to DOE 5-9

a. For each year 2016, 2017, 2018, and 2019, please provide the Non-Qualified Deferred Compensation Plan Expenses and a list of the employees with name and position that participated in the Non-Qualified Deferred Compensation Plan.

RESPONSE:

Please see Energy 6-2 Attachment 1. Please note, the Non-Qualified Deferred Compensation Plan began in 2019 and amounts shown are Unitil Service Corp. gross expense.

Non-Qualified Deferred Compensaton Plan Expenses by Year

		Company Expense				
Name	**Title**	**2016**	**2017**	**2018**	**2019**	
Christine Vaughan	SVP, CFO & Treasurer	$ -	$ -	$ -	$ 18,150	
Laurence Brock	SVP & Chief Financial Officer	$ -	$ -	$ -	$ 14,550	
		$ -	$ -	**$ -**	**$ 32,700**	**Total**

Unitil Energy Systems, Inc.
Docket No. DE 21-030
NHPUC Staff Data Requests – Set 3

Date Request Received: 07/07/2021 Date of Response: 07/21/2021
Request No. DOE 3-21 Witness: C. Goulding & D. Nawazelski

REQUEST:

Insurance: Please provide the amount of insurance expense, by insurance type (i.e., property insurance, liability insurance, workers compensation, directors & officers liability insurance, etc.) for the test year and preceding three years. Please provide the comparable amount included in O&M for each of the respective years.

RESPONSE:

Please refer to DOE 3-21 Attachment 1. The Company has also provided actual 2021 policies as they reflect the most current known and measurable property and liability costs.

As described in the direct testimony of C. Goulding & D. Nawazelski, page 17 of 64, the Company will provide actual 2022 insurance policies when they become available during the course of this proceeding.

Unitil Energy Systems, Inc.
2017-2021 Property & Liability Insurance Analysis

Line No.	Description	2017	2018	2019	2020	2021
1	Unitil Energy Systems, Inc. (UES) Property & Liability Expense					
2	Current Coverage Periods					
3	Property:					
4	All Risk	$ 56,415	$ 64,987	$ 69,166	$ 84,960	$ 99,663
5	Crime	1,919	1,861	1,834	1,882	2,374
6	K&E	341	341	325	325	325
7	Transit (1)	5,267	5,267	7,813	-	-
8	Total Property	$ 63,942	$ 72,455	$ 79,137	$ 87,167	$ 102,362
9	Liability:					
10	Workers' Compensation	$ 103,879	$ 91,767	$ 93,044	$ 76,716	$ 58,096
11	Excess	328,169	321,878	354,512	380,488	412,325
12	Automobile	23,218	25,546	24,522	27,110	35,225
13	Directors & Officers	56,115	51,190	50,599	54,457	85,816
14	Cyber	11,329	10,984	10,649	12,963	21,919
15	Fiduciary	4,457	4,414	4,731	4,731	5,848
16	Total Liability	$ 527,167	$ 505,780	$ 538,057	$ 556,465	$ 619,229
17	Total Property & Liability Insurances (Lines 8 Plus 16)	591,109	578,235	617,194	643,632	721,591
18	Less: Amounts Chargeable to Capital	338,574	326,750	346,245	367,615	409,405
19	Amount to O&M Expense	$ 252,535	$ 251,485	$ 270,949	$ 276,017	$ 312,185
20	Unitil Service Company (USC) Property & Liability Expense Allocated to UES					
21	USC Cost For Current Coverage Periods					
22	Property:					
23	All Risk	6,506	5,399	5,581	6,489	7,274
24	Crime	690	756	733	506	1,013
25	K&E	116	116	130	130	130
26	Total Property	$ 7,311	$ 6,270	$ 6,444	$ 7,125	$ 8,416
27	Liability:					
28	Workers' Compensation	111,442	97,653	92,581	85,858	65,019
29	Excess	117,964	130,788	141,750	102,385	118,410
30	Automobile	6,054	5,933	8,029	7,120	9,206
31	Directors and Officers	20,171	20,800	20,232	14,654	24,644
32	Cyber	3,843	3,948	4,327	3,488	5,898
33	Fiduciary	1,512	1,794	1,892	1,892	1,679
34	Total Liability	$ 260,986	$ 260,917	$ 268,811	$ 215,397	$ 224,857
35	Total Property & Liability Insurances (Lines 26 Plus 34)	268,297	267,187	275,255	222,522	233,273
36	Allocation to UES	27.46%	28.22%	28.17%	27.50%	27.50%
37	Total USC Property & Liability Insurances Allocated to UES	$ 73,674	$ 75,400	$ 77,539	$ 61,194	$ 64,150
38	Less: Amounts Chargeable to Capital	$ 20,423	$ 19,958	$ 21,385	$ 18,003	$ 18,873
39	Amount to O&M Expense	$ 53,252	$ 55,442	$ 56,154	$ 43,190	$ 45,277
40	Total UES & USC Allocated O&M Expense	$ 305,787	$ 306,927	$ 327,103	$ 319,208	$ 357,463

Notes:
(1) In 2020 the Company changed brokers and now the transit premium is included in the all risk property premium

Unitil Energy Systems, Inc.
Docket No. DE 21-030
NHPUC Staff Data Requests – Set 3

Date Request Received: 07/07/2021 Date of Response: 07/21/2021
Request No. DOE 3-22 Witness: C. Goulding & D. Nawazelski

REQUEST:

D&O: Does the Company carry Directors & Officers' Liability Insurance? If so, what is the amount included within the request for recovery as an operating expense? How much has been capitalized? Provide a summary of who is and what activities are covered under the policy.

RESPONSE:

Yes, the Company has Directors & Officers' Liability (D&O) Insurance.

The Company's initially filed revenue requirement included gross D&O expense of $66,772 with $40,643 being capitalized for a net operating expense requested for recovery of $26,129.

The Company has provided actual 2021 policies currently in effect in response to DOE 3-21. These amounts reflect gross D&O expense of $92,594 with $56,642 being capitalized for a net operating expense requested for recovery of $35,952.

As described in the direct testimony of C. Goulding & D. Nawazelski, page 17 of 64, the Company will provide actual 2022 insurance policies when they become available during the course of this proceeding.

Directors and officers (D&O) liability insurance protects the personal assets of corporate directors and officers in the event they are personally sued by employees, vendors, competitors, investors, customers, or other parties, for actual or alleged wrongful acts in managing a company. Unitil pays for this coverage so executives can serve confidently as leaders of their organization without fear of personal financial loss.

Covered under our D&O Insurance policy are:
- -Officers of Unitil Corporation
- -Officers of Unitil Corporation's Subsidiaries
- -Unitil's Board of Directors

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Tech Session Set 1

Date Request Received: 09/28/2021 Date of Response: 10/12/2021
Request No. Energy TS 1-5 Witness: N. Allis / C. Goulding / D. Nawazelski

REQUEST:

Depreciation. Reference DOE 5-12 Attachment 2 and Schedule RevReq 3-16 (Bates 000173).

a. Please confirm that using Whole Life as provided in DOE 5-12 the Total Pro Forma Depreciation expense is $12,854,711 as compared to as filed Remaining Life Total Pro Forma Depreciation expense of $12,799,754.
b. Please confirm that the Theoretical Reserve Imbalance is $7,205,142?
c. Does the Whole Life Total Pro Forma Depreciation expense of $12,854,711 include the amortization of the Theoretical Reserve Imbalance? If not, please confirm that an additional adjustment will be required to amortize the Theoretical Reserve Imbalance of $7,205,142.

RESPONSE:

a. Confirmed

b. Confirmed. However, this amount includes general plant amortization accounts, for which a five-year recovery is proposed for the adjustment to amortization accounting. Mr. Allis would include a similar proposal if whole life depreciation rates were used.

c. No, with the exception of the reserve adjustment for amortization of $89,515. It is often appropriate to make an additional adjustment for the theoretical reserve imbalance to ensure the full recovery of the Company's assets over their service lives. The determination of an adjustment requires the selection of an approach for the recovery and the period of time over which the theoretical reserve imbalance is recovered. Generally, Mr. Allis's opinion is that an amortization over the remaining life of the Company's assets (either by account or in total) is most equitable, although different periods have been used in various circumstances. For a given account, the amortization of the theoretical reserve imbalance over the remaining life produces an overall expense that is similar to the use of the remaining life technique.

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 5

Date Request Received: 09/02/2021 Date of Response: 09/17/2021
Request No. DOE 5-14 Witness: C. Goulding / D. Nawazelski

REQUEST:

Amortization. Reference W7.1, W7.2, W7.3, and W7.4. The attached spreadsheet [DE 21-030 Unitil Amortization] compares the projects and amortization in the Test Year to those in the Company's proposed Rate Year. The items in yellow within the first two tabs identify differences between the Test Year and the Rate Year.

a. On Tab Utility – TY RY Comparison, explain the reason for the difference in amortization expense between the Test Year and Rate Year amounts on lines 61–66, 68–73, and 75–88.
b. On Tab Utility – TY RY Comparison, line 88, 2017 CIS Amortization project costs increased from $9,199,227 to $9,756,286, or $557,059. Please provide a description of the increase and when it was placed in service.
c. On Tab USC – TY RY Comparison, explain the reason for the difference in amortization expense between the Test Year and Rate Year amount for USC, lines 10–11 and 15–17.
d. On Tab USC – TY RY Comparison, line 19, SOX Modernization $75,517, please provide a description of the project and when it was placed in service.
e. On Tab USC – TY RY Comparison, line 20 USC Time & Billing Upgrade/Replacement $587,704, please provide a description of the project and when it was placed in service.
f. On Tab USC – TY RY Comparison, line 21, 2020 Flexi Upgrade $25,531, please provide a description of the project and when it was placed in service.

RESPONSE:

a. The reason for the difference is to account for a full year (Rate Year) of the final costs of the projects placed in service during 2020. Some projects only reflect a month(s) in the test year and others incorporate the final true-up of costs during 2020.

b. The $9,199,227 amount on line 88 of W7.1 is the unamortized December 31, 2020 balance for the CIS investment. The $9,756,286 amount on line 75 of W7.2 is the total project cost prior to any amortization. In preparing the response, the Company determined that the $9,756,286 amount is incorrect. The amount should be $9,701,357. The correction has no impact on the revenue requirement because the amortization expense of $512,318 is correctly based on the total project cost of $9,701,357. When

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 5

Date Request Received: 09/02/2021 Date of Response: 09/17/2021
Request No. DOE 5-14 Witness: C. Goulding / D. Nawazelski

the Company submits its updated revenue requirements, the update to the amount on W7.2 will be made.

c. For lines 10 and 11, the Company inadvertently included only two months of amortization for the rate year instead of twelve. When the Company submits its updated revenue requirements, the line 10 and 11 amounts will be updated to $687.48 and $2,377.32, respectively. These amounts correspond to the full year of amortization, which can be seen on Workpaper 7.3, Column 2, Lines 10 and 11. Next, for lines 15-17 these differences reflect a full year of amortization for the rate year while the test year only reflects a partial year of amortization.

d. The SOX Modernization project was placed in service in February 2021. Please see DOE 5-14 Attachment 1 for the authorizations with the description of the project.

e. The Time & Billing Upgrade/Replacement project is expected to close in October 2021. Please see DOE 5-14 Attachment 2 for the authorizations with the description of the project.

f. The Flexi Upgrade was placed in service in February 2021. Please see DOE 5-14 Attachment 3 for the authorizations with the description of the project.

Unitil Energy Systems, Inc.
Docket No. DE 21-030
DOE Data Requests – Set 5

Date Request Received: 09/02/2021 Date of Response: 09/17/2021
Request No. DOE 5-13 Witness: C. Goulding / D. Nawazelski

REQUEST:

Amortization. Reference Schedule RevReq-3-17, W7.1, W7.2, W7.3, and W7.4.

a. Please explain the “Reset in Service Date” of $11,313 on W7.1, line 42, that is carried forward to line 5 Unitil Energy Systems Test Year Adjustment on RevReq-3-17.
b. Please identify the projects and amounts that were not in service as of 12/31/2020.

RESPONSE:

a. When projects are placed into Completed Construction Not Classified (FERC 106) in the Company’s Power Plan Accounting system, they begin amortizing over the life of the amortized asset (FERC 303). In this instance, projects began amortizing as software, but when the project was closed to Plant in Service (FERC 101), they were placed into another FERC account and began depreciating. This caused the Power Plan Accounting system to start reversing the amortization over the life of the assets, which in this case was five years. The “Reset in Service Date” represents the amount of negative amortization of $11,313 charged in the test year. The Company corrected its Power Plan Accounting System in March of 2021 for this issue.

   The Company has made a test year adjustment to remove this negative amortization as shown on Schedule RevReq-3-17, Column 2, Line 5, as it is not representative of test year amortization expense.

b. There are no projects listed on Workpapers 7.1, 7.2 and 7.3 that were not in service as of 12/31/2020.

   There are three projects listed on Workpaper 7.4 that were not in service as of 12/31/2020. These projects are shown on lines 15-17, which are SOX Modernization, USC Time & Billing Upgrade/Replacement, and 2020 Flexi Upgrade.

UNITIL ENERGY SYSTEMS, INC.

DIRECT TESTIMONY OF

CHRISTOPHER J. GOULDING

EXHIBIT CJG-1

NEW HAMPSHIRE PUBLIC UTILITIES COMMISSION

Docket No. DE 21-xxx

I. INTRODUCTION

Q. Please state your name and business address.

A. My name is Christopher J. Goulding, and my business address is 6 Liberty Lane West, Hampton, New Hampshire 03842.

Q. Mr. Goulding, what is your position and what are your responsibilities?

A. I am the Director of Rates and Revenue Requirements for Unitil Service Corp. ("Unitil Service"), a subsidiary of Unitil Corporation that provides managerial, financial, regulatory and engineering services to Unitil Corporation's utility subsidiaries including Unitil Energy Systems, Inc., ("UES" or the "Company"). My responsibilities include all rate and regulatory filings related to the financial requirements of UES and Unitil's other subsidiaries.

Q. Please describe your business and educational background.

A. In 2000 I was hired by NSTAR Electric & Gas Company ("NSTAR," now Eversource Energy) and held various positions with increasing responsibilities in Accounting, Corporate Finance and Regulatory. I was hired by Unitil Service Corp. in early 2019 to perform my current job responsibilities. I earned a Bachelor of Science degree in Business Administration from Northeastern University in 2000 and a Master's in Business Administration from Boston College in 2009.

Q. Have you previously testified before the Commission or other regulatory agencies?

A. Yes.

Q. What is the purpose of your testimony?

A. The purpose of my testimony is to provide the Company's request for approval of recovery of the increase in property taxes associated with HB 700.

II. COST RECOVERY PROPOSAL

Q. What did HB 700 allow for?

A. HB 700 established a methodology for valuing utility distribution assets for property tax purposes, codified as RSA 72:8-d and -e. Part of that law established a new methodology for assessing utility property, and a five-year phase-in period to fully transition to that new methodology. The first property tax year of the phase-in period is the tax year beginning April 1, 2020. The law also requires the Commission to establish by order a rate recovery mechanism for the property taxes paid by a public utility.

Q. Did HB 700 allow for increases in all property taxes to be recovered?

A. No, HB 700 allowed for the recovery of increases in property taxes associated with "Utility company Assets" defined as:

> "Utility company assets" means the following property not exempt under RSA 72:23:
>
> (1) For an electric company providing electricity service to retail customers: the distribution poles, wires, conductors, attachments, meters, transformers, and substations accounted for by the utility in accordance with FERC Form 1, buildings, contributions in aid of construction (CIAC), construction works in progress (CWIP), and land rights, including

use of the public rights of way, easements on private land owned by third parties, and land owned in fee by the electric company, so long as such easements and fee land are associated solely with distribution power lines classified as distribution according to FERC standards.

Q. Is the Company's property tax recovery proposal limited to the recovery for increases associated with local – utility plant assets only?

A. No. For administrative efficiencies and simplified reconciliation, the Company is proposing that the annual recovery includes the reconciliation of all local property taxes (local building and utility plant assets).

Q. How does the Company propose to address the change in state related property taxes?

A. The Company is proposing to exclude the changes in the state related property taxes from the recovery proposal consistent with the language of HB 700. Recovery of the state portion of the property taxes would continue to occur as it does now as part of the normal rate case process.

Q. How has the Company calculated the increase in property taxes related to local property taxes?

A. The Company compared the amount of property tax recovery currently in rates to the actual 2020 property tax expense.

Q. How did the Company calculate the amount of property tax recovery currently in rates and the amount related to local property taxes?

A. The Company calculated that the amount of property tax recovery currently in rates is $7,002,664 by adding the allowed property tax recovery amounts allowed as part of the last rate case in Docket No. DE 16-384 and the property tax recovery amounts allowed in the subsequent step increases in Docket No. 16-384, 18-036 and 19-043. The amount was then further assigned to the following three categories: 1) state property tax recovery; 2) local – building property tax recovery; and 3) local - utility plant property tax recovery, based on the proportion of recovery from the last rate case. This resulted in $1,432,967 of state property tax recovery, $104,375 of local – building property tax recovery and $5,465,322 of local – utility plant property tax recovery. The calculation can be seen on lines 1 through 6 on page 1 of Schedule CJG-1.

Q. What was the property tax expense for 2020?

A. As shown on line 7 of Schedule CJG-1, the total property tax expense for the Company in 2020 was $7,238,469 of which $1,495,354 was for state property taxes, $78,660 was for local – building property taxes, and $5,664,455 was for local – utility plant property taxes.

Q. How much higher was the 2020 property tax expense than the amount currently included in rates?

A. As shown on line 8 of Schedule CJG-1, the 2020 property tax expense was $235,805 higher than the amount currently included in rates.

Q. How much was the increase in local property taxes above the amount currently recovered in rates?

A. The total 2020 local property tax expense was $173,418 higher than the amount currently recovered in rates as shown on col 5, line 9 of Schedule CJG-1. The 2020 local – building property tax expense was $25,715 lower and the 2020 local – utility plant property tax expense was $199,133 higher than the amount currently recovered in rates.

Q. What mechanism is the Company proposing to recover the increase in property taxes?

A. The Company is proposing to recover the increase in property taxes associated with HB 700 as part of the Company's External Delivery Charge ("EDC").

Q. Are there changes that need to be made to the EDC tariff?

A. Yes, the Company is proposing to include the following language in the EDC tariff:

"The EDC shall include the reconciliation of the prior year's local property tax recovery included in distribution rates and the actual property tax expense for the calendar year. The over- or under-recovery associated with the reconciliation shall be charged or credited to the EDC on January 1 of the following calendar year."

If the Company's proposed methodology is approved by the Commission, the Company will file a compliance tariff at that time.

Q. Please describe the timing of the recovery associated with the increase in the 2020 local property tax expense.

A. For 2020, the total local property tax reconciliation under-recovery was $173,418. This under-recovery would be charged to the EDC reconciliation in January 2021 and would be included as part of the EDC rate change effective August 1, 2021.

Q. Please provide a summary of the Company's request.

A. The Company is requesting that the Commission approve the recovery of $173,418 of increased property taxes in 2020 related to the impacts of HB 700 through the Company's EDC tariff, and the proposed modification to the EDC necessary to allow for the ongoing recovery of the reconciliation of local property taxes.

Q. Does this conclude your testimony?

A. Yes, it does.

New Hampshire Property Tax Expense Analysis
Unitil Energy Systems, Inc.

Line No.	(1) Description	(2) Total Amount	(3) State	(4) Local Buildings	(5) Local Utility Plant	(6) Source
1	Property Tax Allocation by Type	100%	20%	1%	78%	Allocator Based on Test Year Split
2	Base Rates (May 1, 2017)	$ 6,209,678	$ 1,270,697	$ 92,556	$ 4,846,426	DE 16-384, Sch. 3-10 Prop Tx Revised + Add 'l Kingston Adj.
3	Step 1 (May 1, 2017)	104,638	21,412	1,560	81,666	DE 16-384, Step Adj. P1 of 5
4	Step 2 (May 1, 2018)	501,138	102,549	7,469	391,120	DE 18-036, Step Adj. filed on 3/1/2018, P1 of 5
5	Step 3 (May 1, 2019)	187,210	38,309	2,790	146,111	DE 19-043, Step Adj. filed on 2/28/2019, P1 of 5
6	Total UES Property Tax Recovery	$ 7,002,664	$ 1,432,967	$ 104,375	$ 5,465,322	Sum Lines 2 through 5
7	2020 Property Tax Expense	$ 7,238,469	$ 1,495,354	$ 78,660	$ 5,664,455	G/L 10-20-10-00-408-09-01
8	2020 UES Exp. Above Level Recovered in Rates	$ 235,805	$ 62,387	$ (25,715)	$ 199,133	Line 7 - Line 6
9	Local Property Tax Under-Recovery [1]				$ 173,418	Sum of Col 4 & 5, Line 8

Notes:
(1) Proposed recovery through Company's External Delivery Charge

Unitil Energy Systems, Inc.
DE 21-030
NHPUC Staff Set 1 Data Requests

Date Request Received: 04/23/21 Date of Response: 04/30/21
Request No. Staff 1-1 Witness: Christopher Goulding / Daniel Nawazeski

REQUEST:

Reference Goulding-Nawazelski Testimony Schedules, Bates 135-240.

a. Please provide all supporting schedules in live Excel, native format, with all links and equations intact.

b. Please specify which worksheets, including those which may not have been included as schedules in the filing, were used to determine temporary rates.

RESPONSE:

a. Please refer to the attached Filing Requirement Schedules and RevReq Schedules, Schedule CGDN-2 and Schedule CGDN-3 in live Excel format.

b. All schedules used for determining temporary rates are provided for in the attached Schedule CGDN-3.