

APPENDIX I

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Unitil Energy Systems, Inc.
Capital Distribution Operations Center

Schedule of Fees and Charges
POLE ATTACHMENTS

(A) Attachments

1. General

The licensee shall pay the Licensor as rental for use of each and every pole covered by this Agreement, any portion of which is occupied or reserved at the Licensee's request for its attachment during a calendar year or any portion thereof, an attachment fee as herein specified. Such fee shall be payable to the respective Licensor as detailed below:

2. Annual Attachment Fee

Electric Company:

The Licensee shall pay to Unitil Energy Systems, Inc. - Capital Distribution Operations Center, as rental for the use of each and every pole covered by this Agreement, any portion of which is occupied or reserved at the Licensee's request for its attachments, an Annual Attachment Fee for each attachment for each calendar year or any portion thereof. Such fees shall be payable quarterly on May 1, August 1, November 1, and February 1 of each year for each pole occupied or reserved at any time during any calendar year while this Agreement is in effect. For poles jointly owned or occupied by the Telephone Company and Unitil Energy Systems, Inc. - Capital Distribution Operations Center, fees shall be paid as herein provided with a portion paid to each Company in accordance with the agreed upon rate.

Areas providing telecommunications services:

* \$24.13 per solely owned Unitil Energy Systems, Inc. - Capital Distribution Operations Center pole.

* \$6.03 per attachment per jointly owned or used Telephone Company and Electric Company pole.

Areas providing only cable and/or internet services:

* \$15.84 per solely owned Unitil Energy Systems, Inc. - Capital Distribution Operations Center pole.

* \$5.01 per attachment per jointly owned or used Telephone Company and Electric Company pole.

3. Unauthorized Attachment Fee

For each pole on which the Licensee has made an unauthorized attachment, payment shall be made by the Licensee to Licensor as follows:

Areas providing telecommunications services: Solely owned pole* \$129.21
Jointly owned pole* \$32.30
Areas providing cable and/or internet services: Solely owned pole* \$84.83
Jointly owned pole* \$26.84

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(B) Other Charges

Computation

All charges for field survey, inspections, removal of Licensee's facilities from Licensor's poles and any other work performed for Licensee shall be based upon the full cost and expense to Licensor of such work or for having such work performed by an authorized representative plus, unless waived by Licensor or either of them, an amount equal to ten (10%) percent of Licensor's full cost.

(C) Cost of Facility Modifications or Additions

1. Modifications or Additions Benefiting Only Licensee

After Licensee's initial attachment, if a modification benefits Licensee in that it there- by adds to, adjusts or modifies its attachments, Licensee shall be obligated to assume any costs associated with the modification to Licensor's facilities.

2. Modification or Addition Benefiting Multiple Parties

After Licensee's initial attachment, if a modification or addition benefits multiple parties, including Licensee, by allowing the parties to obtain access to the facility or add to, adjust or modify existing attachments, Licensee shall pay a proportionate share of all costs associated with the modification.

A. Each party's proportionate share of the total cost shall be based on the ratio of the amount of new space occupied by a party to the total amount of new space occupied by all of the parties joining in the modification.

3. Modifications or Additions Initiated or Requested by Licensee

After Licensee's initial attachments, if Licensee seeks to add to, adjust or modify its attachment in any way, any costs associated with modifying a facility shall be borne by the Licensee.

A. Licensee shall reimburse Licensor on an actual cost basis for any labor or administrative costs incident to providing maps, plats and other data in response to inquiries regarding access.

B. In the event that a modification or addition by Licensee results in excess capacity that permits additional parties to attach, Licensee may request such parties to reimburse Licensee for costs of the modification to the extent allowed by law.

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- C. In the event that a modification or addition by Licensee results in excess capacity that permits additional parties to attach, Licensor shall not be required to maintain any records regarding the modification or to otherwise facilitate any collection of reimbursement for Licensee from attaching parties.
- D. In the event that a modification or addition by Licensee results in excess capacity that permits additional parties to attach, Licensor shall not be required to apply any after-earned revenues from excess capacity to reimburse Licensee.

(D) Payment Date and Interest Charges

Failure to pay all fees and charges within thirty (30) days after presentment of the bill therefore or on the specified payment date, whichever is later, shall constitute a default of this Agreement.

Interest – Electric Company

Unitil Energy Systems, Inc. - Capital Distribution Operations Center will include an interest charge of one and one-half percent (1 ½%) per month (equivalent to an eighteen percent (18%) annual rate) on all charges outstanding beyond thirty (30) days after the payment date as defined above. The payment of any such interest charge shall not cure or excuse any default by Licensee under this agreement. Licensor, at its sole discretion, may change this late fee from time to time during the term of this Agreement to reflect prevailing market conditions.

(E) Fee Revisions - Electric Company*

The Annual Attachment Fee(s) set forth in (A) 2 and the Unauthorized Attachment Fee(s) set forth in (A) 3 payable to Unitil Energy Systems, Inc. - Capital Distribution Operations Center shall be computed in accordance with the formulas attached hereto as Exhibit A and Exhibit B, respectively. The fees will be calculated annually, based on data for the preceding calendar year.

*The new rates on this Twenty-First Revised Appendix I become effective May 1, 2012, and amends the Twentieth Revised Appendix I of the License Agreement.

UNITIL ENERGY SYSTEMS, INC.
Capital Distribution Operations Center

UNITIL ENERGY SYSTEMS, INC.
CALCULATION OF ANNUAL POLE RENTAL FEES
FOR LICENSEE ATTACHMENTS

1. Net Investment in Bare Poles. Net investment in bare poles for solely and jointly owned poles may be expressed as gross pole investment minus depreciation reserve minus accumulated deferred income taxes. Gross pole investment is the appropriate portion of A/C 364 represented by poles, anchors, stubs, and pushbraces based on the Company's Pole Accountability Reporting (A/C 364). The percentage of gross pole investment to the total of A/C 364 has been allocated to the depreciation reserve for A/C 364. The percentage of gross pole investment less depreciation reserve to gross plant investment less depreciation reserve has been allocated to the total accumulated deferred income tax.

	<u>Sole Investment</u>	<u>Joint Investment</u>
Gross Pole Investment	\$11,894,005	\$20,687,863
Less: Depreciation Reserve	\$4,977,805	\$8,658,156
<u>Less: Accumulated Deferred Income Taxes</u>	<u>\$1,195,654</u>	<u>\$2,079,664</u>
= Net Investment in Bare Pole	\$5,720,546	\$9,950,044

2. Net Investment Per Bare Pole. Net investment per bare pole for solely and jointly owned poles may be expressed as the quotient of net investment in bare poles divided by the number of poles.

	<u>Sole Investment</u>	<u>Joint Investment</u>
Net Investment in Bare Pole	\$5,720,546	\$9,950,044
<u>÷ Number of Poles</u>	<u>9,036</u>	<u>49,725</u>
= Net Investment Per Bare Pole	\$633.08	\$200.10

3. Average Number of Attaching Entities. The average number of attaching entities is determined by comparing the total existing attachments to poles including electric and telephone, plus an estimate of expected attachments during the year, to total number of poles.

Average Number of Attaching Entities Solely Owned Pole =	3.0
Average Number of Attaching Entities Jointly Owned Pole =	4.0

4. Carrying Charge. The carrying charge consists of maintenance expense, depreciation, administrative and amortization expense, normalized taxes, and cost of capital.

a. Maintenance Expense. Maintenance expense for poles may be expressed as a percentage of net investment by dividing overhead lines (A/C 593) by the net investment in pole (A/C 364), in overhead conductors (A/C 365), and in services (A/C 369). Net pole investment is gross pole investment less depreciation reserve less accumulated deferred income taxes. Net conductor and services investment is gross investment in conductors and services less depreciation less accumulated deferred income taxes. The percentage of gross investment in Accounts 364, 365, 369 less depreciation to gross plant investment less depreciation reserve has been allocated to total accumulated deferred income tax.

Overhead Lines	\$2,873,767
Gross Pole Investment	\$42,933,085
Less: Depreciation Reserve	\$17,968,087
<u>Less: Accumulated Deferred Income Taxes</u>	<u>\$4,315,882</u>
= Net Pole Investment	20,649,116
Gross Conductor Investment	\$56,362,508
Less: Depreciation Reserve	\$17,512,585
<u>Less: Accumulated Deferred Income Taxes</u>	<u>\$6,716,271</u>
= Net Overhead Conductor Investment	\$32,133,652
Gross Services Investment	\$17,037,781
Less: Depreciation Reserve	\$9,578,040
<u>Less: Accumulated Deferred Income Taxes</u>	<u>\$1,289,620</u>
= Net Services Investment	\$6,170,121
Total Net Investment (Pole + Conductor + Services)	\$58,952,888
Maintenance Expense = Overhead Lines / Total Net Investment	4.87%

b. Depreciation. The depreciation rate may be adjusted for application to net by multiplying by the ratio of gross to net pole investment.

Depreciation Rate for Gross Pole Investment	3.800%
Gross Pole Investment	\$42,933,085
Less: Depreciation Reserve	\$17,968,087
<u>Less: Accumulated Deferred Income Taxes</u>	<u>\$4,315,882</u>
Net Pole Investment	\$20,649,116
Depreciation Expense	
= Depreciation Rate * Gross Pole Investment / Net Pole Investment	7.90%

c. Administrative and FAS 109 Amortization Expense. The administrative and FAS 109 amortization expense may be expressed as a percentage of net plant investment by dividing the total administrative and general expense plus FAS 109 amortization expense by the net plant investment. Net plant investment equals gross plant investment less depreciation reserve less accumulated deferred income taxes.

Administrative and General Expense	\$8,295,025
<u>Plus: FAS 109 Amortization Expense</u>	<u>\$305,872</u>
Total Administrative & Amortization Expense	\$8,600,897

Gross Plant Investment	\$230,641,602
Less: Plant Depreciation Reserve	\$74,907,202
<u>Less: Accumulated Deferred Income Taxes</u>	<u>\$26,922,946</u>
Net Plant Investment	\$128,811,454

Administrative and Amortization Expense
= Total Administrative & Amortization Expense / Net Plant Investment 6.68%

d. Normalized Taxes. Normalized Taxes may be expressed as a percentage of net plant by dividing taxes other than income taxes (A/C 408.1) plus federal income taxes and other income taxes (A/C 409.1) plus provision for deferred income tax (A/C 410.1) plus investment tax credit adjustment (A/C 411.4) less provision for deferred income tax credit (A/C 411.1) by net plant investment.

Taxes Other Than Income Taxes	\$4,175,914
Plus: Federal Income Taxes	\$1,312,554
Plus: Other Income Taxes	\$358,621

Plus: Provision for Deferred Income Tax + Investment Tax Credit	
<u>Adjustment - Provision for Deferred Income Tax Credit</u>	<u>\$2,013,326</u>
Total Tax	\$7,860,416

Gross Plant Investment	\$230,641,602
Less: Plant Depreciation Reserve	\$74,907,202
<u>Less: Accumulated Deferred Income Taxes</u>	<u>\$26,922,946</u>
Net Plant Investment	\$128,811,454

Normalized Taxes = Total Tax / Net Plant Investment 6.10%

e. Cost of Capital. Cost of Capital (return on equity and interest on debt) shall be the embedded cost of capital.
Cost of Capital = 9.01%

f. Total Carrying Charge. Adding the various percentage components, the appropriate carrying charge is:

Maintenance Expense	4.87%
Plus: Depreciation	7.90%
Plus: Administrative & Amortization Expense	6.68%
Plus: Normalized Taxes	6.10%
<u>Plus: Cost of Capital</u>	<u>9.01%</u>
TOTAL CARRYING CHARGE	34.56%
Maintenance Expense + Administrative & Amortization Expense Carrying Charge Only	11.55%

5. Space Factor (cable). The space factor may be expressed as the quotient of the space occupied per pole by cable and the average usable space per pole. (Exhibit A-1)

$$\frac{\text{Space Per Pole Occupied by CATV}}{\text{Average Usable Space Per Pole}} = \text{Space Factor} \quad \frac{1 \text{ Foot}}{13.82 \text{ Feet}} = 7.24\%$$

6. Space Factor (telecommunications). The space factor may be expressed as the quotient of (i) the space occupied per pole by a telecommunications attachment, plus the product of 2/3 and the ratio of unusable space to the number of attaching entities, and (ii) the pole height. (Exhibit A-1)

For Solely Owned Poles:

$$\frac{(\text{Space Per Pole Occupied by CATV}) + (2/3 * \text{unusable space} / \text{no. attaching entities})}{\text{pole height}} = \text{Solely Owned Pole Space Factor}$$

$$\frac{1 \text{ Foot} + (2/3 \times 23.76 \text{ Feet} / 3.0)}{37.57 \text{ Feet}} = 16.71\%$$

For Jointly Owned Poles:

$$\frac{(\text{Space Per Pole Occupied by CATV}) + (2/3 * \text{unusable space} / \text{no. attaching entities})}{\text{pole height}} = \text{Jointly Owned Pole Space Factor}$$

$$\frac{1 \text{ Foot} + (2/3 \times 23.76 \text{ Feet} / 4.0)}{37.57 \text{ Feet}} = 13.20\%$$

For areas providing telecommunications services:

7. Calculated Rate. The calculated rate shall be the higher of the rate yielded using the following formulae:

(a) the product of space factor and cost, where cost equals 0.66 times the product of the net cost of a bare pole and the carrying charge rate.

$$\begin{aligned} \text{Solely Owned Pole: } & 16.71\% \times (0.66 \times (\$633.08 \times 34.56\%)) = \$24.13 \\ \text{Jointly Owned Pole: } & 13.20\% \times (0.66 \times (\$200.10 \times 34.56\%)) = \$6.03 \end{aligned}$$

or

(b) the product of space factor and net investment per bare pole and the maintenance and administrative carrying charge rate.

$$\begin{aligned} \text{Solely Owned Pole: } & 16.71\% \times \$633.08 \times 11.55\% = \$12.22 \\ \text{Jointly Owned Pole: } & 13.20\% \times \$200.10 \times 11.55\% = \$3.05 \end{aligned}$$

For areas providing only cable and/or internet services:

10. Calculated Rate per Sole Owned Pole. The calculated rate is the product of net investment per bare pole times carrying charge times space factor..

$$\$633.08 \times 34.56\% \times 7.24\% = \$15.84$$

11. Calculated Rate Per Joint Owned Pole. The calculated rate is the product of net investment per bare pole times carrying charge times space factor.

$$\$200.10 \times 34.56\% \times 7.24\% = \$5.01$$

UNITIL ENERGY SYSTEMS, INC.
CALCULATION OF AVERAGE USABLE SPACE PER POLE

The average usable space is calculated by multiplying the number of poles of a given height (actual survey count) by the pole height and dividing the resulting total footage by the total number of poles. Average usable space is then determined by deducting clearance and setting depth, as follows:

POLE HEIGHT	X	NUMBER OF POLES WITH ATTACHMENTS	=	TOTAL POLE HEIGHT
25	X	120	=	3,000
30	X	4,250	=	127,500
35	X	16,163	=	565,705
40	X	13,932	=	557,280
45	X	4,494	=	202,230
50	X	503	=	25,150
55	X	55	=	3,025
60	X	21	=	1,260
65	X	16	=	1,040
		39,554		1,486,190
Average pole height (feet)		37.57		total pole height / total # poles with attachments
Clearance (feet)		18.00		
Setting (feet)		5.76		
Average usable space (feet)		13.82		Average pole height - clearance - setting
Average unusable space (feet)		23.76		Average pole height - usable space

**UNITIL ENERGY SYSTEMS, INC.
PROCEDURE FOR CALCULATION OF
UNAUTHORIZED ATTACHMENT FEES**

Calculation of the Unauthorized Attachment Fee:

The unauthorized attachment per pole fee to be paid to Unitil Energy Systems, Inc. by the Licensee for unauthorized attachment to Unitil Energy Systems, Inc.'s pole plant will be calculated for the two categories of pole ownership; sole and joint. The fees will be calculated annually to be effective for the period May 1 through April 30, based on data of the preceding calendar year. The fees are the product of (a) times (b) plus (c) where (a) equals the annual rental fee for the appropriate pole ownership category, (b) equals a three year rental compound factor and (c) equals an inspection and administration fee. The three year rental compound factor shall be determined by the following formula:

$$b = (1+d) + (1+d)^2 + (1+d)^3$$

wherein (d) equals the fixed charge Rate of Return herein.

The inspection and administration fee (c) shall be 50% of the product of (a) times (b).

Computations of the Unauthorized Attachment Fees in implementation of this Exhibit are shown on Exhibit B-1 attached hereto.

UNITIL ENERGY SYSTEMS, INC.
CALCULATION OF PER POLE
UNAUTHORIZED ATTACHMENT FEES
In areas providing only cable and/or internet services

Exhibit B-1

Sole Owned Pole

(a) Annual Rental Fee	=	\$15.84
(b) Rate of Return Compound Factor $(1 + d) + (1 + d)^2 + (1 + d)^3$	=	3.57
(a) x (b)	=	\$56.55
Plus		
(c) <u>.50 (a x b)</u>	=	<u>\$28.28</u>

Sole Owned Pole Unauthorized Attachment Fee = \$84.83

Joint Owned Pole

(a') Annual Rental Fee	=	\$5.01
(b') Rate of Return Compound Factor $(1 + d) + (1 + d)^2 + (1 + d)^3$	=	3.57
(a') x (b')	=	\$17.89
Plus		
(c') <u>.50 (a' x b')</u>	=	<u>\$8.95</u>

Joint Owned Pole Unauthorized Attachment Fee = \$26.84

UNITIL ENERGY SYSTEMS, INC.
CALCULATION OF PER POLE
UNAUTHORIZED ATTACHMENT FEES
In areas providing telecommunications services

Sole Owned Pole

(a) Annual Rental Fee	=	\$24.13
(b) Rate of Return Compound Factor (1 + d) + (1 + d) ² + (1+d) ³	=	3.57
(a) x (b)	=	\$86.14
Plus		
(c) .50 (a x b)	=	\$43.07
<hr/>		
Sole Owned Pole Unauthorized Attachment Fee	=	\$129.21

Joint Owned Pole

(a') Annual Rental Fee	=	\$6.03
(b') Rate of Return Compound Factor (1 + d) + (1 + d) ² + (1+d) ³	=	3.57
(a') x (b')	=	\$21.53
Plus		
(c') .50 (a' x b')	=	\$10.77
<hr/>		
Joint Owned Pole Unauthorized Attachment Fee	=	\$32.30