January 30, 2024

BY ELECTRONIC MAIL

Jared S. Chicoine, Commissioner
New Hampshire Department of Energy
21 S. Fruit Street, Suite 10
Concord, NH 03301-2964

Re: RSA 366:3 – Affiliate Lease Agreements (Kensington, NH)

Commissioner Chicoine:

Pursuant to RSA 366:3 I submit to the Department the following:

- Lease Agreement between Unitil Energy Systems, Inc. and Unitil Realty Corp. in connection with certain land and improvements located at 114 Drinkwater Road, Kensington, New Hampshire;
- Sublease Agreement between Unitil Realty Corp. and Unitil Service Corp.
- Affidavit of Todd R. Diggins, Chief Accounting Officer and Controller for Unitil Corporation, verifying that these are true and accurate copies of the enclosed lease agreements.

Though made effective January 1, 2024, these agreements were signed by the parties on January 24, 2024, and thus this filing is timely pursuant to RSA 366:3.

Thank you for your attention to this matter. Please do not hesitate to contact me should you have any questions.

Sincerely,

Patrick H. Taylor
Chief Regulatory Counsel

Patrick H. Taylor
Chief Regulatory Counsel
taylorp@unitil.com

T 603.773.6544

6 Liberty Lane West
Hampton, NH 03842

www.unitil.com

AFFIDAVIT OF TODD R. DIGGINS

Todd R. Diggins, does hereby state as follows:

1. I am over eighteen years of age; I am competent to provide this affidavit; and I have personal knowledge of the facts set forth below.

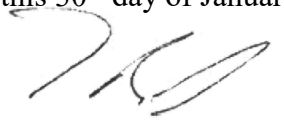
2. I am Chief Accounting Officer and Controller for Unitil Corporation, which is the parent Company to subsidiaries Unitil Energy Systems, Inc., Unitil Realty Corp., and Unitil Service Corp.

3. I verify that the Lease Agreement between Unitil Energy Systems, Inc. and Unitil Realty Corp. is a true and accurate copy of the Lease Agreement.

4. I verify that the Sublease Agreement between Unitil Realty Corp. and Unitil Service Corp. is a true and accurate copy of the Sublease Agreement

5. The Lease Agreement and sublease Agreement were signed by the parties on January 24, 2024.

Signed under the pains and penalties of perjury as of this 30th day of January, 2024.



Todd R. Diggins

SUBLEASE

This SUBLEASE (this "**Sublease**") is effective this first day of January, 2024, between UNITIL REALTY CORP., a New Hampshire corporation, having an office at 6 Liberty Lane West, Hampton, New Hampshire 03842 (hereinafter referred to as "**Sublessor**") and Unitil Service Corp., having an office at 6 Liberty Lane West, Hampton, New Hampshire 03842 (hereinafter referred to as "**Sublessee**").

W I T N E S S E T H :

WHEREAS, pursuant to a Lease effective as of January 1, 2024 between UNITIL ENERGY SYSTEMS, INC., as Lessor, and UNITIL REALTY CORP., as Lessee, a copy of which lease is attached hereto as **Exhibit A** (hereinafter referred to as the "**Lease**"), the Sublessor is leasing certain land and improvements located at 114 Drinkwater Road, Kensington, New Hampshire and described in Exhibit A to the Lease (hereinafter referred to as the "**Demised Premises**"); and

WHEREAS, Sublessee desires to sublease from Sublessor and Sublessor desires to sublease unto Sublessee the Demised Premises.

NOW, THEREFORE, in consideration of the mutual undertakings, covenants, promises, and agreements of the parties, IT IS AGREED AS FOLLOWS:

1. Sublessor hereby leases to Sublessee and Sublessee hereby rents from the Sublessor the Demised Premises, subject to the rents, terms, covenants, conditions, and provisions set forth in the Lease and this Sublease. The term of this Sublease shall commence as of January 1, 2024 (the "**Commencement Date**") and end on December 31, 2033 ("**Lease Term**"), unless such term shall be sooner terminated as herein provided.

2. The Sublessor may terminate this Sublease, with or without cause, as to all or part of the Demised Premises, upon thirty (30) days prior written notice to the Sublessee.

3. The Sublessee represents and warrants that it has read the Lease and agrees that: (a) the terms, covenants, promises, and conditions of the Lease are incorporated herein; and (b) Sublessee shall fulfill, comply with and be bound by all of the terms, covenants, promises, and conditions of the Lease.

4. The Sublessee shall use the Demised Premises in accordance with the terms of the Lease and shall not do or omit to do anything which will breach any of the terms of the Lease. If the Lease is terminated, this Sublease shall terminate simultaneously and any unearned rent paid in advance shall be refunded to the Sublessee, if such termination is not the result of a breach by the Sublessee of the within sublease. The Sublessee shall assume the obligation for performance of all of the Sublessor's obligations under the Lease.

5. Rent:

(a) Additional Rent.

For the Lease Term, in addition to the rent set forth in Section 2 of the Lease, the Sublessee shall pay to the Sublessor, Additional Rent as set forth on **Schedule A** appended hereto and made a part hereof.

(b) Payment of Additional Rent.

Additional Rent shall be paid in equal monthly installments in advance on the first day of each calendar month during the Lease Term.

6. Sublessor covenants and warrants that upon performance by Sublessee of its obligations hereunder, Sublessor will keep and maintain Sublessee in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Demised Premises during the term of this Sublease.

7. Default. If default shall at any time be made by Sublessee in the payment of rent when due to Sublessor as herein provided, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to Sublessee by Sublessor, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Sublessee, and such default shall continue for thirty (30) days after notice thereof in writing to Sublessee by Sublessor without correction thereof then having been commenced and thereafter diligently prosecuted, Lessor may declare the term of this Lease ended and terminated by giving Lessee written notice of such intention, and if possession of the Leased Premises is not surrendered, Lessor may reenter said premises. Lessor shall have, in addition to the remedy above provided, any other right or remedy available to Lessor on account of any Lessee default, either in law or equity. Lessor shall use reasonable efforts to mitigate its damages.

8. Alterations and Improvements. Sublessee shall have no right to remodel, redecorate, and make additions, improvements and replacements (collectively, "Improvements") of and to all or any part of the Demised Premises. Any request for Improvements shall be made to Sublessor for Sublessor to address under the terms of the Lease. To the extent Sublessor makes Improvements, the cost of the Improvements shall be Additional Rent to be paid commercially reasonable terms established by Sublessor.

9. Indemnification. Sublessee shall indemnify, defend and hold Sublessor and its officers, employees, agents, representatives, contractors, and invitees (collectively, "**Sublessor Parties**") harmless from any damage, claim, injury, cost or liability arising from or related to the a breach of the Lease or other injury or damage caused by Sublessee or its officers, employees, agents, representatives, contractors, and invitees (collectively, "**Sublessor Parties")**, including, but not limited to, attorneys' fees, and court costs, except to the extent caused by the intentional misconduct or negligence of the Sublessor Parties.

10. Notices. Any notice required or permitted under this Lease shall be in writing and deemed sufficiently given or served when (i) hand-delivered to the party to be given such notice; or (b) on the first business day following the day such notice is sent by overnight mail or other overnight delivery service; or (c) upon acknowledgement as having been read by recipient if sent by email, all addressed as follows:

If to Sublessor to:

Unitil Realty Corp.
6 Liberty Lane West
Hampton, NH 03842

If to Lessee to:

Unitil Service Corp.
6 Liberty Lane West
Hampton, NH 03842

Lessor and Lessee shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

11. This Sublease contains the entire agreement and understanding between the parties hereto with respect to the Demised Premises, and there are no other terms, covenants, obligations, or representations, oral or written, of any kind whatsoever.

12. This Sublease shall be binding upon, and shall inure to the benefit of, the parties hereto, their respective heirs, executors, administrators, successors, and assigns, and may not be revoked or amended, except by instrument, in writing, subscribed by the party sought to be charged therewith.

13. This Sublease shall be interpreted and governed by the laws of the State of New Hampshire.

[Remainder of page intentionally blank; signature page follows]

IN WITNESS WHEREOF, the parties have executed this Sublease effective as of the day and year first above written.

SUBLESSOR: UNITIL REALTY CORP.

By: _____
Duly Authorized
Print
Name: Todd Diggins
Title: VP, Controller

SUBLESSEE: UNITIL SERVICE CORP.

By: _____
Duly Authorized
Print
Name: Dan Hurstak
Title: VP, Treasurer

Unitil Realty Corp. to Unitil Service Corp.
Cost of Service for Drinkwater Rd Building
Used for Calculation of 2024 Rent

Ln. No.		Kensington	
1	Total Rent Paid to UES	$ 403,445	
2	O&M Expense charges to URC	-	*source: Shared O&M (URC)*
3	Amortization of Leasehold Improvements	118,667	*see rate base calculations below*
4	Income Tax	30,374	*source: Rate Base * Tax Rate (URC Capital Structure L.13)*
5	Return	127,092	*source: Rate Base * ROR (URC Capital Structure L.6)*
6	**Costs to be Charged to Unitil Service Corp.**	**$ 679,578**	***or $ 56,632 per month***
7	Costs to be allocated to NuNH	$ 217,879.97	*or $ 18,157 per month*
8	Costs to be allocated to NuME	$ 249,005.68	*or $ 20,750 per month*
9	Costs to be allocated to FGE-G	$ 176,379.02	*or $ 14,698 per month*
10	Costs to be allocated to Granite	$ 36,313.33	*or $ 3,026 per month*
11	**Total costs to be allocated**	**$ 679,578**	***or $ 56,632 per month***
12	**Balance to stay with USC**	**$ -**	

	Supporting Information	**Amount**	
7	**Rate Base Estimate:**		
8	Leasehold Improvements		
9	Leasehold Improvements @ Original Cost	$ 1,780,000	*source: Building Plant and Deferred Tax*
10	Less: Accumulated Amortization	-	*source: Building Plant and Deferred Tax*
11	Net Property, Plant and Equipment	1,780,000	
12	Add: Deferred Tax Asset	-	*source: Building Plant and Deferred Tax*
13	Total Rate Base	$ 1,780,000	
14	**Annual Amortization Expense:**	$ 118,667	*source: Building Plant and Deferred Tax*

		Proof	
15	Total Revenue	$ 679,578	
16	O&M Expense	522,112	
17	Operating Income before Tax	157,466	
18	Interest Expense	44,678	*source: Rate Base * ROR (URC Capital Structure L.2 + L.3)*
19	Taxable Income	112,788	
20	Effective Tax Rate	26.93%	
21	Income Tax	$ 30,374	*rounding, if any*
22	Net Income	$ 82,414	
23	ROE * Rate Base	$ 82,414	*source: Rate Base * ROR (URC Capital Structure L.4 + L.5)*
	Difference	-	

Unitil Energy Systems to Unitil Realty Corp.
Cost of Service for Drinkwater Rd Building
Used for Calculation of 2024 Rent

Ln. No.		Kensington	
1	O&M Expense	$ 57,753	*source: Shared O&M*
2	Depreciation	31,773	*see rate base calculations below*
3	Property Tax	234,885	*source: Building Property Tax*
4	Income Tax	16,142	*source: Rate Base * Tax Rate (UES Capital Structure L.13)*
5	Return	62,892	*source: Rate Base * ROR (UES Capital Structure L.6)*
6	***Total Cost of Service***	**$ 403,445**	
7	Unitil Service Corp Allocation Percentage	100.00%	
8	**Costs to be Allocated to URC for Unitil Service Corp.**	**$ 403,445**	***or $ 33,620 per month***
9	**Balance to stay with Unitil Energy Systems, Inc.**	**$ (0)**	

	Supporting Information	Amount	
10	**Rate Base Estimate:**		
11	Property, Plant and Equipment		
12	Building @ Original Cost	$ 1,521,683	*source: Building Plant and Deferred Tax*
13	Less: Accumulated Depreciation	646,575	*source: Building Plant and Deferred Tax*
14	Net Property, Plant and Equipment	875,108	
15	Less: Deferred Taxes	37,668	*source: Building Plant and Deferred Tax*
16	Total Rate Base	$ 837,440	
17	**Annual Depreciation Expense:**	$ 31,773	*source: Building Plant and Deferred Tax*

		Proof	
18	Total Revenue Requirement	$ 403,445	
19	O&M Expense	324,411	
20	Operating Income before Tax	79,034	
21	Interest Expense	19,094	*source: Rate Base * ROR (UES Capital Structure L.2 + L.3)*
22	Taxable Income	59,940	
23	Effective Tax Rate	26.93%	
24	Income Tax	$ 16,142	*rounding, if any*
25	Net Income	$ 43,798	
26	ROE * Rate Base	$ 43,798	*source: Rate Base * ROR (UES Capital Structure L.4 + L.5)*
	Difference	-	

Drinkwater Road, Kensington property

Description	%	Techs	Total
Northern Utilities - NH	28.00%	42	150
Northern Utilities - ME	32.00%	48	150
FGE - G	22.67%	34	150
Granite	4.67%	7	150
Shared	12.67%	19	150
Total	100%	150	150

Source: Breakdown of Students by each DOC who require Operator Qualifications as part of their Job Descr

Drinkwater Road, Kensington property
2024 Estimates

GPA	Building @ Orig Cost	Acc Depr	Net Book	2024 Depr/Amort Expense	Description	NTV	Book/Tax Diff	Tax Rate	ADIT
14.30.00.00.101.03.00	$ 1,780,000	$ -	$ 1,780,000	$ 118,667	Leasehold Improvements	$ 1,780,000	$ -	26.93%	$ -
URC:	**$ 1,780,000**	**$ -**	**$ 1,780,000**	**$ 118,667**			Add'l Amounts for URC Calculation		**$ -**

Source: Plant and Tax Accounting

Effective Tax Rate Calc	
$ 100.00	Revenue
7.50%	State Rate
$ (7.50)	
$ 92.50	
21.00%	Fed Rate
$ 19.43	
$ 26.93	
26.93%	**Effective Tax Rate**

Unitil Realty Corp.
Cost of Capital

Source of data: Manager, Revenue Requirements and Tax Manager

			Ratio (%)	Cost (%)	Effective Rate (%)	
1	Capital Structure/Rate of Return:					
2	Long Term Debt	$ 513,200,000	51.19%	4.88%	**2.51%**	*source: Capital Structure & Cost of Capital as of 12/31/23*
3	Short Term Debt	$ -	0.00%	0.00%	**0.00%**	*source: Capital Structure & Cost of Capital as of 12/31/23*
4	Preferred Stock Equity	$ 172,700	0.02%	6.00%	**0.00%**	*source: Capital Structure & Cost of Capital as of 12/31/23*
5	Common Equity	$ 489,096,558	48.79%	9.50%	**4.63%**	*source: Capital Structure & Cost of Capital as of 12/31/23*
6	Total	$ 1,002,469,258	100.00%		**7.14%**	
7	Effective Tax Rate				26.93%	*source: Federal rate 21%. State rate 7.5%*
8	Revenue Factor				73.07%	
9	Total Rate of Return				4.63%	Line 4
10	Revenue Factor				73.07%	Line 8
11	ROR/Revenue Factor				6.34%	Line 9 / Line 10
12	Effective Tax Rate				26.93%	Line 7
13	Rate to be applied to Rate Base for Allocation				**1.71%**	Line 11 * Line 12

Lease Agreement

This Lease Agreement ("Lease") is made and effective the 1st day of January, 2024 (the **"Effective Date**"), by and between Unitil Energy Systems, Inc. ("**Lessor**") and Unitil Realty Corp. ("**Lessee**"). Lessor is the owner of certain land and improvements located at 114 Drinkwater Road, Kensington, New Hampshire described in **Exhibit A** appended hereto and made a part hereof (the "**Property**"). Lessor desires to lease the Property to Lessee, and Lessee desires to lease the same from Lessor for the term, at the rental and upon the covenants, conditions and provisions herein set forth.

NOW THEREFORE, in consideration of the mutual promises herein contained and other good and valuable consideration, the parties hereto agree as follows:

1. **Term**.

A. Lessor hereby leases the Property described in **Exhibit A,** including improvements thereon (the "**Leased Premises**") to Lessee, and Lessee hereby leases the Leased Premises from Lessor, subject to and together with all easements, covenants, restrictions and encumbrances of record for an "**Initial Term**" beginning January 1, 2024 (the "**Commencement Date**") and ending December 31, 2033 (the "**Termination Date**").

B. Lessee may renew the Lease for one extended term of ten (10) years. Lessee shall exercise such renewal option, if at all, by giving written notice to Lessor not less than ninety (90) days prior to the Termination Date. The renewal term shall be at the rental set forth below and otherwise upon the same covenants, conditions and provisions as provided in this Lease.

2. **Rental**.

Lessee shall pay to Lessor a rental amount equal to the annual Total Cost of Service of the Leased Premises, in equal monthly installments, on or before the first of each month. As of the Commencement Date, the annual Total Cost of Service of the Leased Premises is set forth in **Exhibit B** appended hereto and made a part hereof. The annual Total Cost of Service shall be updated on January 1 of each year of the Initial Term and any extension thereof. The Total Cost of Service shall be determined by Lessor in a manner that is substantially similar to the calculation set forth in **Exhibit B**.

3. **Use**

The Lessee shall use the Leased Premises only for a training center and other general and corporate purposes provided, however, that Lessee may use the Leased Premises for other lawful purposes with the prior written consent of the Lessor, which consent Lessor may withhold in its absolute discretion. Notwithstanding the forgoing, Lessee shall not use the Leased Premises for the purposes of storing, manufacturing, selling or disposing of hazardous substances, hazardous wastes, or any explosives, flammables or other inherently dangerous substance, chemical, thing or device, except that Lessee may store and use such substances or devices to the extent of any normal household or business use.

4. **Sublease and Assignment**.

Lessee shall have the right without Lessor's consent to assign this Lease to a corporation with which Lessee may merge or consolidate, to any subsidiary of Lessee, to any corporation under common control with Lessee, or to a purchaser of substantially all of Lessee's assets. Except as set forth above, Lessee shall not sublease all or any part of the Leased Premises, or assign this Lease in whole or in part without Lessor's consent.

5. **Repairs**.

During the Initial Term and any extensions thereof, Lessee shall be responsible for all repairs and replacements to the Leased Premises necessary to keep the Leased Premises clean and in substantially the same condition as it existed on the Effective Date, subject only to reasonably wear and tear. All repairs and replacements shall be in accordance with all present and future laws, regulations, codes and ordinances.

6. **Alterations and Improvements**.

Lessee shall have the right following Lessor's consent to remodel, redecorate, and make additions, improvements and replacements of and to all or any part of the Leased Premises from time to time as Lessee may deem desirable, provided the same are made in a workmanlike manner and utilizing good quality materials. Lessor consents to the improvements that are listed in **Exhibit C**. Lessee shall have the right to place and install personal property, trade fixtures, equipment and other temporary installations in and upon the Leased Premises. All personal property, equipment, machinery, trade fixtures and temporary installations, whether acquired by Lessee at the commencement of the Initial Term or placed or installed on the Leased Premises by Lessee thereafter, shall remain Lessee's property free and clear of any claim by Lessor. Lessee shall have the right to remove the same at any time during the term of this Lease provided that all damage to the Leased Premises caused by such removal shall be repaired by Lessee at Lessee's sole expense.

7. **Property Taxes**.

Lessee shall be responsible for all taxes imposed upon its business operations, its personalty, and any fixtures or appurtenances included as part of the Leased Premises. In addition, Lessee shall be responsible for all real estate taxes assessed against the Leased Premises.

8. **Insurance**.

A. If the Leased Premises is damaged by fire or other casualty resulting from any act or negligence of Lessee or any of Lessee's agents, employees or invitees, rent shall not be diminished or abated while such damages are under repair, and Lessee shall be responsible for the costs of repair not covered by insurance.

B. Lessee shall maintain fire and extended coverage insurance on the Leased Premises in such amounts as Lessor shall deem appropriate. Lessee shall be responsible for fire and extended coverage insurance on all of its personal property, including removable trade fixtures, located in the Leased Premises.

C. As of the Commencement Date, Lessee and Lessor are named insureds in a certain commercial general liability insurance policy and/or excess liability Insurance policy with respect to their activities at the Leased Premises. Lessee and Lessor each agree to maintain such insurance continuously throughout the Initial Term of this Lease and any extension thereof in amounts and on terms and conditions reasonably acceptable to each party.

9. **Utilities.**

Lessee shall be responsible for all charges for water, sewer, gas, electricity, telephone, cable, internet and other services and utilities used by Lessee at the Leased Premises during the term of this Lease.

10. **Signs**.

Following Lessor's consent, Lessee shall have the right to place on the Leased Premises, at locations selected by Lessee, any signs which are permitted by applicable zoning ordinances and private restrictions. Lessor may refuse consent to any proposed signage that is in Lessor's opinion too large, deceptive, unattractive or otherwise inconsistent with or inappropriate to the Leased Premises or use of any other Lessee. Lessor shall assist and cooperate with Lessee in obtaining any necessary permission from governmental authorities or adjoining owners and occupants for Lessee to place or construct the foregoing signs. Lessee shall repair all damage to the Leased Premises resulting from the removal of signs installed by Lessee.

11. **Entry**.

Upon no less than twenty-four (24) hours' advance notice, Lessor shall have the right to enter upon the Leased Premises at reasonable hours to inspect the same, make repairs, or show the Leased Premises provided Lessor shall not thereby unreasonably interfere with Lessee's business at the Leased Premises. In the event of an emergency, Lessor shall have no obligation to provide twenty-four (24) hours' advance notice but shall provide notice of entry to Lessee as soon as practicable under the circumstances.

12. **Parking**.

During the term of this Lease, the Lessee Parties shall have the non-exclusive use in common with Lessor Parties (as those terms are defined in Section 18) of the non-reserved common automobile parking areas, driveways, and footways, subject to rules and regulations for the use thereof as prescribed from time to time by Lessor. Lessor reserves the right to designate parking areas within a reasonable proximity of the building, for Lessee and Lessee's agents and employees.

13. **Damage and Destruction**.

Subject to Section 8 A. above, if the Leased Premises or any part thereof or any appurtenance thereto is so damaged by fire, casualty or structural defects that the same cannot be used for Lessee's purposes, then Lessee shall have the right within ninety (90) days following damage to elect by notice to Lessor to terminate this Lease as of the date of such damage. In the event of minor damage to any part of the Leased Premises,

and if such damage does not render the Leased Premises unusable for Lessee's purposes, Lessor shall promptly repair such damage at the cost of the Lessor. In making the repairs called for in this paragraph, Lessor shall not be liable for any delays resulting from strikes, governmental restrictions, inability to obtain necessary materials or labor or other matters which are beyond the reasonable control of Lessor. Lessee shall be relieved from paying rent and other charges during any portion of the Lease term that the Leased Premises are inoperable or unfit for occupancy, or use, in whole or in part, for Lessee's purposes. Rentals and other charges paid in advance for any such periods shall be credited on the next ensuing payments, if any, but if no further payments are to be made, any such advance payments shall be refunded to Lessee. The provisions of this paragraph extend not only to the matters aforesaid, but also to any occurrence which is beyond Lessee's reasonable control and which renders the Leased Premises, or any appurtenance thereto, inoperable or unfit for occupancy or use, in whole or in part, for Lessee's purposes.

14. **Default**.

If default shall at any time be made by Lessee in the payment of rent when due to Lessor as herein provided, and if said default shall continue for fifteen (15) days after written notice thereof shall have been given to Lessee by Lessor, or if default shall be made in any of the other covenants or conditions to be kept, observed and performed by Lessee, and such default shall continue for thirty (30) days after notice thereof in writing to Lessee by Lessor without correction thereof then having been commenced and thereafter diligently prosecuted, Lessor may declare the term of this Lease ended and terminated by giving Lessee written notice of such intention, and if possession of the Leased Premises is not surrendered, Lessor may reenter said premises. Lessor shall have, in addition to the remedy above provided, any other right or remedy available to Lessor on account of any Lessee default, either in law or equity. Lessor shall use reasonable efforts to mitigate its damages.

15. **Quiet Possession**.

Lessor covenants and warrants that upon performance by Lessee of its obligations hereunder, Lessor will keep and maintain Lessee in exclusive, quiet, peaceable and undisturbed and uninterrupted possession of the Leased Premises during the term of this Lease.

16. **Condemnation**.

If any legally, constituted authority condemns the Leased Premises or such part thereof which shall make the Leased Premises unsuitable for leasing, this Lease shall cease when the public authority takes possession, and Lessor and Lessee shall account for rental as of that date. Such termination shall be without prejudice to the rights of either party to recover compensation from the condemning authority for any loss or damage caused by the condemnation. Neither party shall have any rights in or to any award made to the other by the condemning authority.

17. **Subordination.**

Lessee accepts this Lease subject and subordinate to any mortgage, deed of trust or other lien presently existing or hereafter arising upon the Leased Premises, and to any renewals, refinancing and extensions thereof, but Lessee agrees that any such mortgagee shall have the right at any time to subordinate such mortgage, deed of trust or other lien to this Lease on such terms and subject to such conditions as such mortgagee may deem appropriate in its discretion. Lessor is hereby irrevocably vested with full power and authority to subordinate this Lease to any mortgage, deed of trust or other lien now existing or hereafter placed upon the Leased Premises, and Lessee agrees upon demand to execute such further instruments subordinating this Lease or attorning to the holder of any such liens as Lessor may request. In the event that Lessee should fail to execute any instrument of subordination herein required to be executed by Lessee promptly as requested, Lessee hereby irrevocably constitutes Lessor as its attorney-in-fact to execute such instrument in Lessee's name, place and stead, it being agreed that such power is one coupled with an interest. Lessee agrees that it will from time to time upon request by Lessor execute and deliver to such persons as Lessor shall request a statement in recordable form certifying that this Lease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as so modified), stating the dates to which rent and other charges payable under this Lease have been paid, stating that Lessor is not in default hereunder (or if Lessee alleges a default stating the nature of such alleged default) and further stating such other matters as Lessor shall reasonably require.

18. **Responsibility for Environmental Conditions; "As Is" Condition; Indemnifications**

a. The Property is subject to ongoing environmental assessment and remediation efforts arising from existing conditions described in the following documents (the "**Existing Environmental Conditions**"): (i) groundwater management permit (GMP), No. 199404022-K-005, which expires on April 29, 2025, but may be renewed thereafter; (ii) reports on environmental conditions available at the New Hampshire Department of Environmental Services (NHDES) OneStop website under NHDES Interest ID # 199404022[1]; and (iii) site investigations evaluating the nature, location, and extent of pentachlorophenol (PCP), polychlorinated biphenyls (PCBs), certain polycyclic aromatic hydrocarbons (PAHs), arsenic and per- and polyflouroakly substances (PFAS) detected in soil and/or groundwater at the Property. Lessor shall remain solely responsible for the existing Environmental Conditions (the **"Retained Environmental Liability"**) and shall indemnify, defend and hold Lessee and its officers, employees, agents, representatives, contractors, and invitees (collectively, "**Lessee Parties**") harmless from any damage, claim, injury, cost or liability arising from or related to the Retained Environmental Liability, including, but not limited to, all assessment, remediation, and other response action costs, consultant fees, attorneys' fees, and court costs, except to the extent caused by the intentional misconduct or negligence of the Lessee Parties.

[1] *See* https://www4.des.state.nh.us/DESOnestop/BasicSearch.aspx

b. Except to the extent of the Retained Environmental Liability, Lessee takes the Leased Premises “AS IS”, both as to title and physical condition, there being no representations or warranties by Lessor concerning the title to or physical condition of the Leased Premises, except as expressly provided in this Lease.

c. Lessee shall cooperate reasonably with Lessor’s assessment, remediation, and other response actions with respect to the Retained Environmental Liability and shall not (i) damage any monitoring wells or other structures or devices installed to address the Retained Environmental Liability; (ii) exacerbate any of the Existing Environmental Conditions; or (iii) cause new releases of hazardous waste or substances (clauses (i), (ii) and (iii) referred to herein collectively as “New Environmental Conditions”). Lessee shall indemnify, defend and hold Lessor and its officers, employees, agents, representatives, contractors, and invitees (collectively, “**Lessor Parties**”) harmless from any damage, claim, injury, cost or liability arising from or related to New Environmental Conditions , except to the extent caused by the intentional misconduct or negligence of the Lessor Parties.

19. **Notice**.

Any notice required or permitted under this Lease shall be in writing and deemed sufficiently given or served when (i) hand-delivered to the party to be given such notice; or (b) on the first business day following the day such notice is sent by overnight mail or other overnight delivery service; or (c) upon acknowledgement as having been read by recipient if sent by email, all addressed as follows:

If to Lessor to:

Unitil Energy Systems, Inc.
6 Liberty Lane West
Hampton, NH 03842

If to Lessee to:

Unitil Realty Corp.
6 Liberty Lane West
Hampton, NH 03842

Lessor and Lessee shall each have the right from time to time to change the place notice is to be given under this paragraph by written notice thereof to the other party.

20. **Brokers**.

Lessee represents that Lessee was not shown the Leased Premises by any real estate broker or agent and that Lessee has not otherwise engaged in, any activity which could form the basis for a claim for real estate commission, brokerage fee, finder's fee or other similar charge, in connection with this Lease.

21. **Waiver**.

No waiver of any default of Lessor or Lessee hereunder shall be implied from any omission to take any action on account of such default if such default persists or is repeated, and no express waiver shall affect any default other than the default specified in the express waiver and that only for the time and to the extent therein stated. One or more waivers by Lessor or Lessee shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition.

22. **Memorandum of Lease**.

The parties hereto contemplate that this Lease should not and shall not be filed for record, but in lieu thereof, at the request of either party, Lessor and Lessee shall execute a Memorandum of Lease in a form mutually agreed upon, which Lessor, at its sole expense, may record with the applicable registry of deeds for the purpose of giving record notice of this Lease.

23. **Headings; Invalidity of Provisions**.

The headings used in this Lease are for convenience of the parties only and shall not be considered in interpreting the meaning of any provision of this Lease. If any term or provision of this Lease or the application thereof to any person or circumstance shall, to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term and provision of this Lease shall be valid and shall be enforced to the fullest extent permitted by law.

24. **Successors**.

The provisions of this Lease shall extend to and be binding upon Lessor and Lessee and their respective successors and assigns.

25. **Consent**.

Lessor shall not unreasonably withhold, condition, or delay its consent with respect to any matter for which Lessor's consent is required or desirable under this Lease.

26. **Performance**.

If Lessee, at any time after the lapse of any grace or cure period provided in paragraph 14, shall fail to make any payment or perform any other act on its part to be made or performed, then Lessor, without waiving Lessee’s default, may (but shall be under no obligation to) make any payment or perform any other act on Lessee’s part to be made or performed as provided in this Lease. All sums paid by Lessor and all reasonable costs and expenses incurred by Lessor in connection with the performance of any act, shall constitute additional rent and shall be paid by Lessee to Lessor upon demand. If there is a default with respect to any of Lessor's covenants, warranties or representations under this Lease, and if the default continues more than fifteen (15) days after notice in writing from Lessee to Lessor specifying the default, Lessee may, at its option and without affecting any other remedy hereunder, cure such default and deduct the cost thereof

from the next accruing installment or installments of rent payable hereunder until Lessee shall have been fully reimbursed for such expenditures.

27. **Compliance with Law**.

Lessee shall comply with all laws, orders, ordinances and other public requirements now or hereafter pertaining to Lessee's use of the Leased Premises or affective the Lease Premises, except to the extent that such compliance is Lessor's obligation under the Retained Environmental Liabilities. With respect to the Retained Environmental Liabilities, Lessee shall cooperate reasonably with Lessor in Lessor's efforts to address the Existing Environmental Conditions, including by providing access and temporarily removing or relocating personal property to the extent necessary to accommodate Lessor's actions.

28. **Final Agreement**.

This Agreement terminates and supersedes all prior understandings or agreements on the subject matter hereof. This Agreement may be modified only by a further writing that is duly executed by both parties.

29. **Governing Law**.

This Agreement shall be governed, construed and interpreted by, through and under the Laws of the State of New Hampshire.

[Remainder of page intentionally left blank; signature page follows]

IN WITNESS WHEREOF, the parties have executed this Lease effective as of the day and year first above written.

Unitil Energy Systems, Inc.

By: Raymond A. Letourneau, Jr.

Name: Raymond A. Letourneau, Jr.

Unitil Realty Corp.

By: _____

Name: Todd Diggins

EXHIBIT A

Property Description

Land comprising three tracts and described as follows:

Tract 1:

A certain tract of land, situate in Kensington, in the County of Rockingham, and State of New Hampshire, on the Easterly side of the Drinkwater Road, so-called, bounded and described as follows: Commencing at a point on the Easterly side of said Drinkwater Road at the junction of two stone walls, distant in a direction N. 1° 14' E., as said road runs, 25.1 feet from a hub marking the Northwesterly corner of land of Earl F. Wilbur and Marjorie E. Wilbur, and at land of Steve Michalchuck and Mary L. Michalchuck; thence running N. 58° 52' E. following line of said stone wall in part, crossing a pond, by land of said Michalchuck in part, and in part by land of Joseph Laconis, 361.3 feet to an angle point at the end of a stone wall; thence N. 57° 42' E. 322.1 feet to an angle point; thence N. 59° 22' E., all by land of said Michalchuck and land of said Laconis, 175.3 feet to an iron pipe driven in the ground at other land of said John W. York; thence by said York's other land S. 00° 09' W. 982 feet to a drill hole in a boulder at land of Christie Poultry Farms, Inc.; thence S. 60° 27' W. following in part line of stone wall and by land of said Christie Poultry Farms, Inc. in part, and in part by land of Thomas W. Tobin and Rose A. Tobin 854.8 feet to a point in the Easterly side line of said Drinkwater Road at the Northwesterly corner of land of said Tobins; thence by said Drinkwater Road, following in part line of stone wall as it now exists, N. 2° 32' E. 125.1 feet to an angle point; thence N. 2° 34' W. 145.4 feet to an angle point; thence N. 1° 14' E. 438.5 feet to a point in the Southwesterly corner of land of Earl F. Wilbur and Marjorie E. Wilbur; thence by said Wilbur land N. 78° 36' E., following line of fence as it now exists, 258.2 feet to a point at land herein conveyed; thence by said land herein conveyed N. 1° 53' E. 138.6 feet to a hub at land herein conveyed; thence N. 82° 47' W. 255 feet to a hub at said Drinkwater Road marking the Northwesterly corner of said Wilbur land; thence N. 1° 14' E. by said Drinkwater Road 25.1 feet to the point of beginning.

Tract 2:

A certain parcel of land without buildings situate in Kensington, County of Rockingham, State of New Hampshire, on the Easterly side of Drinkwater Road, so-called, bounded and described as follows:

Westerly by said Drinkwater Road, 292 feet, more or less; Northerly in part by land of Arthur H. and Marion J. Chapman 155 feet, more or less, and in part by land of Exeter & Hampton Electric Company 855 feet, more or less; Easterly by land formerly of Gardener Gilman; Southerly by land formerly of H. B. Hubbard, now said to be of Cyrus J. and Edna M. Wardwell.

Tract 3:

A certain tract or land situate in Kensington, County of Rockingham, State of New Hampshire, near the Easterly side of Drinkwater Road, so-called, bounded and described as follows:

Beginning on the present division line between land of Chapman on the South and land of Exeter & Hampton Electric Company on the North 40.0 feet from said Drinkwater Road, measured on a course North 60° 27' East along said present division line 107.5 feet to an iron pipe; thence running South 1° 04' 30" West along other land of said Exeter & Hampton Electric Company 53.72 feet; thence running North 89° 34' 20" West along remaining land of Arthur H. and Marion J. Chapman 92.51 feet to the point of beginning.

Excepting and reserving from all three tracts (Tracts 1, 2 and 3 above) those parcels conveyed to Arthur H. Chapman and Marion J. Chapman by Warranty Deed of Exeter & Hampton Electric Company dated December 26, 1968 and recorded in the Rockingham County Registry of Deeds at Book 1955, Page 09.

EXHIBIT B

Annual Total Cost of Service

Unitil Energy Systems to Unitil Realty Corp.
Cost of Service for Drinkwater Rd Building
Used for Calculation of 2024 Rent

Ln. No.			Kensington	
1	O&M Expense	$	57,753	*source: Shared O&M*
2	Depreciation		31,773	*see rate base calculations below*
3	Property Tax		234,885	*source: Building Property Tax*
4	Income Tax		16,142	*source: Rate Base * Tax Rate (UES Capital Structure L.13)*
5	Return		62,892	*source: Rate Base * ROR (UES Capital Structure L.6)*
6	***Total Cost of Service***	**$**	**403,445**	
7	Unitil Service Corp Allocation Percentage		100.00%	
8	**Costs to be Allocated to URC for Unitil Service Corp.**	**$**	**403,445**	***or $ 33,620 per month***
9	**Balance to stay with Unitil Energy Systems, Inc.**	**$**	**(0)**	

	Supporting Information		**Amount**	
10	**Rate Base Estimate:**			
11	Property, Plant and Equipment			
12	Building @ Original Cost	$	1,521,683	*source: Building Plant and Deferred Tax*
13	Less: Accumulated Depreciation		646,575	*source: Building Plant and Deferred Tax*
14	Net Property, Plant and Equipment		875,108	
15	Less: Deferred Taxes		37,668	*source: Building Plant and Deferred Tax*
16	Total Rate Base	$	837,440	
17	**Annual Depreciation Expense:**	$	31,773	*source: Building Plant and Deferred Tax*

			Proof	
18	Total Revenue Requirement	$	403,445	
19	O&M Expense		324,411	
20	Operating Income before Tax		79,034	
21	Interest Expense		19,094	*source: Rate Base * ROR (UES Capital Structure L.2 + L.3)*
22	Taxable Income		59,940	
23	Effective Tax Rate		26.93%	
24	Income Tax	$	16,142	*rounding, if any*
25	Net Income	$	43,798	
26	ROE * Rate Base	$	43,798	*source: Rate Base * ROR (UES Capital Structure L.4 + L.5)*
	Difference		-	

Drinkwater Road, Kensington property
2024 Estimates

GPA	Building @ Orig Cost	Acc Depr	Net Book	2024 Depr/Amort Expense	Description	NTV	Book/Tax Diff	Tax Rate	ADIT
390-00	$ 1,521,683	$ 646,575	$ 875,108	$ 31,773	Building	$ 735,235	$ (139,873)	26.93%	$ 37,668
UES:	**$ 1,521,683**	**$ 646,575**	**$ 875,108**	**$ 31,773**		**$ 735,235**	Total for UES Calculation		**$ 37,668**

Source: Plant and Tax Accounting

Effective Tax Rate Calc		
$	100.00	Revenue
	7.50%	State Rate
$	(7.50)	
$	92.50	
	21.00%	Fed Rate
$	19.43	
$	26.93	
	26.93%	**Effective Tax Rate**

Drinkwater Road, Kensington property
Operations and Maintenance Costs
Based on Budgeted 12 Months Ended December 31, 2024

Account Number							Account Description	Amount
10	20	22	00	921	01	10	GEN OFFICE SUPPLIES – TRAINING CTR	6,000.00
10	20	22	00	921	38	10	PC SOFTWARE & SUPPLY - TRAINING CTR	1,800.00
10	20	22	00	926	06	10	EMPLOYEE BENEFITS OTHER – TRAINING CTR	6,000.00
10	20	22	00	931	02	10	LEASE EXPENSE – TRAINING CTR	3,468.00
10	20	22	00	935	02	00	MAINTENANCE - OFFICE EQUIPMENT - TRAINING CTR	1,080.00
10	20	22	00	935	10	10	MAINTENANCE - TRAINING CTR	39,405.00
							Total	**57,753.00**

Unitil Energy Systems
Taxes Assessed - Year ending December 2023

	Assessed Value	Tax Rate per thousand		
MAP 18, LOT 31 114 DRINKWATER RD KENSINGTON, NH	$ 14,516,230	12.08%	$ 175,356.00	*Source: Town of Kensington Property Tax Bills*

TOTAL STATE PROPERTY TAXES PAID

Calculation of Allocation Percent:

(Total taxes paid on Drinkwater Rd / Total taxes paid to Town of Kensington)

Total taxes paid on Drinkwater Rd =	$ 175,356			
Total taxes paid to Town of Kensington	$ 178,370	=	98.31%	*Source: Ledger 10.20.00.00.165.11.00* *Payments to the Town of Kensington*

Allocation of State Tax:

Taxes paid to State on behalf of Kensington * allocation % = State tax on Drinkwater Rd Property

State Tax Market Value for Kensington Property:	$ 9,174,530					*Source: https://www.revenue.nh.gov/mun-prop/property/utilities-railroads.htm* *Report: 2023 Certified Utility Values, Company Order, page 20*
divided by:	$ 1,000					
Market Value per Thousand	$ 9,174.53					
State Tax Rate, per thousand	$ 6.60					*Source: Tax bill*
Tax paid to State for Town of Kensington =	$ 60,551.90	X	98.31%	=	$ 59,528.57	

Total Kensington Property Taxes Paid	$ 175,356.00
Total State Property Taxes Paid	$ 59,528.57
Total Property Taxes Paid	**$ 234,884.57**

Unitil Energy Systems, Inc.
Cost of Capital

Source of data: Manager, Revenue Requirements and Tax Manager

			Ratio (%)	Cost (%)	Effective Rate (%)	
1	Capital Structure/Rate of Return:					
2	Long Term Debt	$ 94,500,000	43.10%	5.28%	**2.28%**	*source: Capital Structure & Cost of Capital as of 12/31/23*
3	Short Term Debt	$ -	0.00%	5.46%	**0.00%**	*source: Capital Structure & Cost of Capital as of 12/31/23*
4	Preferred Stock Equity	$ 172,700	0.08%	6.00%	**0.00%**	*source: Capital Structure & Cost of Capital as of 12/31/23*
5	Common Equity	$ 124,592,592	56.82%	9.20%	**5.23%**	*source: Capital Structure & Cost of Capital as of 12/31/23*
6	Total	$ 219,265,292	100.00%		**7.51%**	
7	Effective Tax Rate				26.93%	*source: Federal rate 21%. State rate 7.5%*
8	Revenue Factor				73.07%	
9	Total Rate of Return				5.23%	Line 4
10	Revenue Factor				73.07%	Line 8
11	ROR/Revenue Factor				7.16%	Line 9 / Line 10
12	Effective Tax Rate				26.93%	Line 7
13	Rate to be applied to Rate Base for Allocation				**1.93%**	Line 11 * Line 12

Exhibit C

Approved Alterations & Improvements & Personal Property

Lessee Leasehold Improvements to the Premises

- Building Renovations by PROCON, Inc./Design/Build Contractor
  - AIA Document A141-2014 Standard Form of Agreement Between Owner and Design-Builder.
- Fire Alarm System Additions and Upgrades by Eastern Alarms/Fire Alarm Contractor
- Security Systems Additions by Integrated Security/Security Systems Integrator

Lessee Owned Personal Property on Premises

- Furniture & Material Handling Assets in Gas Ops Training, PJQ, and Virtual Reality Labs
- Paint Booth in Gas Ops Training Lab
- Gantry Crane in Gas Ops Training Lab
- Multifunction (Printer/Scanner/Copier) Device in Virtual Reality Lab
- IT Equipment in Server Room
- Mobile Emergency Operations Center outside under lean-to (used by all G & E DOCs)
- ZVAC Equipment and Trailer inside former garage area (NU Assets)
- Vacuum Evacuation Trailer inside former garage area (NUNH Asset)