

Affiliates of Gas and Electric Companies

THE COMMONWEALTH OF MASSACHUSETTS

ANNUAL RETURN

OF THE

HARBOR ELECTRIC ENERGY COMPANY

TO THE

DEPARTMENT OF PUBLIC UTILITIES

FOR THE YEAR ENDED DECEMBER 31,

2019

Annual Report of Harbor Electric Energy Company Year ended December 31, 2019

1. Full title of the Company..... Harbor Electric Energy Company
  
2. Location of principal business office, 800 Boylston Street  
Boston, MA 02199
  
3. Date of organization, December 22, 1989 as a Massachusetts corporation under the laws of the Commonwealth of Massachusetts
  
4. Date of annual meeting,..... Consent in lieu of meeting dated  
June 18, 2019
  
5. Number of stockholders,..... 1
  
6. Number of stockholders in Massachusetts, 1
  
7. Amount of stock held in Massachusetts,... 1,000 shares of \$1.00 par value  
common stock

Name of officer to whom correspondence should be addressed regarding this report,

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>
Jay S. Buth	Vice President, Controller and Chief Accounting Officer	107 Selden Street Berlin, CT 06037

Annual Report of Harbor Electric Energy Company Year ended December 31, 2019

DIRECTORS AND PRINCIPAL OFFICERS

Directors or Trustees

<u>Name</u>	<u>Address</u>	<u>Date of Expiration of Term</u>
Gregory B. Butler	56 Prospect Street Hartford, CT 06103	Next Annual Meeting
Philip J. Lembo	800 Boylston Street Boston, MA 02199	Next Annual Meeting
Werner J. Schweiger	107 Selden Street Berlin, CT 06037	Next Annual Meeting

PRINCIPAL OFFICERS

<u>Title</u>	<u>Name</u>	<u>Official's Address</u>
President	Werner J. Schweiger	107 Selden Street Berlin, CT 06037
Executive Vice President and Chief Financial Officer	Philip J. Lembo	800 Boylston Street Boston, MA 02199
Executive Vice President and General Counsel	Gregory B. Butler	56 Prospect Street Hartford, CT 06103
Senior Vice President - Financial and Regulatory and Treasurer	John M. Moreira	247 Station Drive Westwood, MA 02090
Vice President, Controller and Chief Accounting Officer	Jay S. Buth	107 Selden Street Berlin, CT 06037
Assistant Treasurer - Corporate Finance and Cash Management	Emilie G. O'Neil	247 Station Drive Westwood, MA 02090
Secretary and Clerk	Richard J. Morrison	800 Boylston Street Boston, MA 02199
Independent Accountant	Deloitte & Touche LLP	City Place 185 Asylum Street 32 <sup>nd</sup> Floor Hartford, CT 06103

Annual Report of Harbor Electric Energy Company Year ended December 31, 2019

IF ANY OF THE DIRECTORS, TRUSTEES OR OFFICERS HOLD ANY OFFICE IN ANY OF THE COMPANIES OR ASSOCIATIONS RECEIVING SERVICES FROM THE REPORTING COMPANY, STATE THE TITLE AND THE COMPANY OR ASSOCIATION WITH WHICH SUCH DIRECTOR, TRUSTEE OR OFFICER IS ASSOCIATED.

Harbor Electric Energy Company does not provide any services to any affiliated company.

Annual Report of Harbor Electric Energy Company Year ended December 31, 2019

LIST ALL CONTRACTS ENTERED INTO FOR THE FURNISHING OF SERVICES, PURCHASE OF MATERIALS, SUPPLIES, EQUIPMENT, ETC. SUBMIT CONTRACT FORM.

<u>Date</u>	<u>For What Time</u>
2019	Year ended December 31, 2019

The Company was incorporated on December 22, 1989 pursuant to the laws of the Commonwealth of Massachusetts. The Company commenced operations in January 1990. A service agreement was entered into between Harbor Electric Energy Company and Eversource Energy Service Company (formerly known as Northeast Utilities Service Company), and such agreement was amended and restated on January 1, 2014. Substantially all organizational, general and administrative, and operation and maintenance services required, are provided by Eversource Energy Service Company.

Annual Report of Harbor Electric Energy Company Year ended December 31, 2019

INCOME ACCOUNT FOR THE YEAR

<u>INCOME</u>	<u>Amount</u>
Services Rendered	\$ 1,293,297
Other Electric Revenue (Page 8)	2,443,626
Interest Income	<u>378,466</u>
Total Income	<u>\$ 4,115,389</u>
 <u>EXPENSES</u>	
Insurance	\$ 551,272
Other Deductions	424,376
AFUDC	-495,161
Regulatory Credit (Page 8)	-715,717
Depreciation and Amortization	710,609
Outside Services	71,260
Provision for Deferred Income Tax	-848,846
Other Expenses	180,258
Taxes, Current	2,093,757
Interest on Debt, Associated Companies	866,456
Interest, Commitment Fees	<u>26,796</u>
Total Expenses	<u>2,865,060</u>
 Net Income	 <u><u>\$ 1,250,329</u></u>

Annual Report of Harbor Electric Energy Company Year ended December 31, 2019

# BALANCE SHEET

## ASSETS

### INVESTMENTS

Property, Plant & Equipment (Page 8)	\$84,679,177
Organization	285,274
Asset Retirement Obligation	<u>29,560,900</u>
Total Investments	<u>114,525,351</u>

### CURRENT ASSETS

Cash & Equivalents	51,594
Accounts Receivable, Associated Companies	-0-
Accounts Receivable	-0-
Deposits with Trustee	<u>-0-</u>
Total Current Assets	<u>51,594</u>

### DEFERRED CHARGES

Prepayments	525,216
Other Regulatory Assets	1,633,132
Other Deferred Charges (primarily Income Taxes)	<u>16,918,176</u>
Total Deferred Charges	<u>19,076,524</u>

TOTAL ASSETS	<u>\$133,653,469</u>
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## LIABILITIES

Capital Stock	\$ 2,101,000
Other Paid in Capital (Page 8)	<u>37,800,000</u>
Total Capital Stock and Paid in Capital	<u>39,901,000</u>

### CURRENT LIABILITIES

Accounts Payable, Associated Companies (Page 9)	235,907
Accounts Payable (Page 9)	7,959,911
Asset Retirement Obligation (Page 8)	1,000,000
Deferred Revenues	33,476
Accrued Taxes	<u>-1,593,404</u>
Total Current Liabilities	<u>7,635,890</u>

Asset Retirement Obligation (Page 8)	29,519,151
Notes Payable to Eversource Parent	30,300,000
Reserve for Depreciation	35,440,919
Earned Deficit	<u>-9,143,491</u>

TOTAL LIABILITIES	<u>\$133,653,469</u>
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Annual Report of Harbor Electric Energy Company Year ended December 31, 2019

# OTHER ELECTRIC REVENUE\*

Other Electric Revenue \$2,443,626

Other electric revenue is the return on rate base, or the equity component of the revenue requirement. MWRA will be billed these amounts once approved by the MA DPU.

# REGULATORY CREDIT\*

Regulatory Credit \$-715,717

Regulatory credit is the deferred depreciation expense expected to be in new distribution rates once approved by the MA DPU.

# PROPERTY PLANT & EQUIPMENT\*

Property Plant & Equipment \$84,679,177

Property Plant & Equipment increased \$44.0M due to the completion of the new distribution cable across Boston Harbor to Deer Island. Cable was placed into service August 2019.

\$40.7M Old Line

44.0M New Line

\$84.7M Total Property Plant & Equipment

Total investment in the new distribution line is \$106.5M as balance is net with CIAC and a revenue credit given to MWRA.

\$106.5M Total Investment

-45.0M CIAC

-17.5M Revenue Credit

\$44.0M New Line

# OTHER PAID IN CAPITAL\*

Total Other Paid In Capital \$37,800,000

Capital contributions of \$22M were made in 2019 from NSTAR Electric.

# ASSET RETIREMENT OBLIGATION\*

Asset Retirement Obligation \$30,519,151

A \$29.5M Asset Retirement obligation was recorded in 2019 for the New cable line.

\$29.5M New Line

1.0M Old Line

\$30.5M Total Asset Retirement Obligation



Annual Report of Harbor Electric Energy Company Year ended December 31, 2019

# ACCOUNTS PAYABLE\*

Accounts Payable	\$ <u>7,959,911</u>
New Distribution Cable	
Accounts Payable Associated Companies	
NSTAR Electric Company	\$120,172
Eversource Parent	78,210
Eversource Energy Service Company	37,525
Total Accounts Payable	\$ <u>8,195,818</u>

# ANALYSIS OF CHARGES FOR SERVICES\*

<u>COMPANY OR CUSTOMER</u>	<u>TOTAL AMOUNT BILLED</u>
Operation, maintenance and management services provided by Parent Corp., NSTAR Electric Company	\$19,331*
General and administrative services provided by Eversource Energy Service Company.	\$61,532

\* Estimated billings are subject to subsequent true up to actual cost

Annual Report of Harbor Electric Energy Company Year ended December 31, 2019

SIGNATURES AND OATH TO RETURN

See excel file for signature page, listing all Trustees.

NOT USED

UNDER THE PENALTIES OF PERJURY

We hereby certify that the statements contained in the foregoing Return are full,  
just and true.

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SIGNATURES OF ABOVE PARTIES AFFIXED OUTSIDE THE COMMONWEALTH OF MASSACHUSETTS MUST BE  
PROPERLY SWORN TO

\_\_\_\_\_ SS. \_\_\_\_\_ 2020

Then personally appeared

and severally made oath that the foregoing statement by them subscribed is,  
to the best of their knowledge and belief, true.

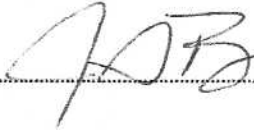
Notary Public or  
Justice of the Peace  
\_\_\_\_\_

Annual Report of

Harbor Electric Energy Company

Year Ended December 31, 2019

THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY



Jay S. Buth

Vice President, Controller and  
Chief Accounting Officer

John M. Moreira

Senior Vice President- Finance  
and Regulatory and TreasurerDirectors:

Gregory B. Butler

Director

Philip J. Lembo

Director

Werner J. Schweiger

Director

SIGNATURE OF ABOVE PARTIES MUST BE PROPERLY SWORN TO

State of: \_\_\_\_\_

County of: \_\_\_\_\_

City of: \_\_\_\_\_

April 15, 2020

Then personally appeared \_\_\_\_\_ and made oath to the truth of the  
foregoing statement by him subscribed according to his best knowledge and belief.\_\_\_\_\_  
Notary Public

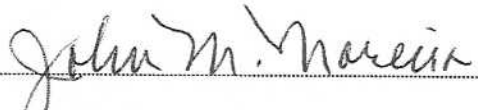
My commission expires: \_\_\_\_\_

Annual Report of

Harbor Electric Energy Company

Year Ended December 31, 2019

## THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

\_\_\_\_\_ Jay S. Buth Vice President, Controller and  
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 \_\_\_\_\_ John M. Moreira Senior Vice President- Finance  
 and Regulatory and Treasurer

Directors:

\_\_\_\_\_ Gregory B. Butler Director  
 \_\_\_\_\_ Philip J. Lembo Director  
 \_\_\_\_\_ Werner J. Schweiger Director

## SIGNATURE OF ABOVE PARTIES MUST BE PROPERLY SWORN TO

State of: \_\_\_\_\_

County of: \_\_\_\_\_

City of: \_\_\_\_\_

April 15, 2020

Then personally appeared \_\_\_\_\_ and made oath to the truth of the  
 foregoing statement by him subscribed according to his best knowledge and belief.

\_\_\_\_\_  
Notary Public

My commission expires: \_\_\_\_\_

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..... Jay S. Buth Vice President, Controller and  
Chief Accounting Officer

..... John M. Moreira Senior Vice President- Finance  
and Regulatory and Treasurer

Directors:

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..... Philip J. Lembo Director

..... Werner J. Schweiger Director

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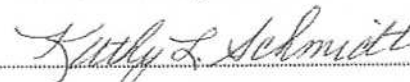
State of: Connecticut

County of: Hartford

City of: Hartford

..... April 15, 2020

Then personally appeared Gregory B. Butler and made oath to the truth of the  
foregoing statement by him subscribed according to his best knowledge and belief.

 ..... Kirby L. Schmitt Notary Public  
My commission expires: 11-30-2024

Annual Report of

Harbor Electric Energy Company

Year Ended December 31, 2019

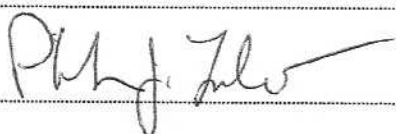
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..... Jay S. Buth Vice President, Controller and  
Chief Accounting Officer

..... John M. Moreira Senior Vice President- Finance  
and Regulatory and Treasurer

Directors:

..... Gregory B. Butler Director

 Philip J. Lembo Director

..... Werner J. Schweiger Director

## SIGNATURE OF ABOVE PARTIES MUST BE PROPERLY SWORN TO

State of: .....

County of: .....

City of: .....

..... April 15, 2020

Then personally appeared \_\_\_\_\_ and made oath to the truth of the  
foregoing statement by him subscribed according to his best knowledge and belief.

..... Notary Public

My commission expires: .....