

***THE COMMONWEALTH OF MASSACHUSETTS***

**ANNUAL RETURN**

**OF THE**

**NANTUCKET ELECTRIC COMPANY**

**TO THE**

**DEPARTMENT OF PUBLIC UTILITIES**

**For the Year Ended December 31,**

**2013**

**nationalgrid**

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## SUBSTITUTE PAGES FOR NONMAJOR RESPONDENTS USING ACCOUNTS DESIGNATED FOR MAJOR CLASSIFICATION (Part 101)

III	Comparative Balance Sheet (110-113)
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## INSTRUCTIONS FOR FILING FERC Form No. 1-F

### GENERAL INFORMATION

#### I. Purpose

FERC Forms 1-F and 3-Q are designed to collect financial and operational information from nonmajor public utilities and licensees subject to the jurisdiction of the Federal Energy Regulatory Commission.

and Licensees Subject to the Provisions of the Federal Power Act (18 CFR Part 101 (U.S. of A.) must submit FERC Form 1-F (18 C.F.R. § 141.2). Filers required to submit FERC Form 1-F must also submit FERC Form 3-Q (18 C.F.R. § 141.400).

#### II. Who Must Submit

Each Nonmajor Public Utility or Licensee, as classified in the Commission's Uniform System of Accounts Prescribed for Public Utilities

Each Nonmajor public utility or licensee classified as Class C or Class D prior to January 1, 1984, may continue to file only the basic financial statements -Parts III, IV and V.

Note: Nonmajor means having total annual sales of 10,000 megawatt-hours or more in the previous calendar year and not classified as "Major."

# GENERAL INFORMATION (Continued)

- III. What and Where to Submit
- (a) Submit an original and one (1) copy of this form to:
- Office of the Secretary Federal Energy  
Regulatory Commission 888 First Street,  
N E. Washington, DC 2042

1. For the CPA certification, submit with the original submission or within 30 days after the filing date of FERC Form 1-F, a letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984):
1. Attesting to the conformity, in all material aspects, of the below listed (schedules and) pages with the Commission's applicable Uniform Systems of Accounts (including applicable notes relating thereto and the Chief Accountant's published accounting releases), and
- (11) Signed by independent certified public accountants or an independent licensed public accountant, certified or licensed by a regulatory authority of a State or other political subdivision of the U.S. (See 18 C.F.R. §§ 41.10 41.12 for specific qualifications.)

## Schedules

Comparative Balance Sheet  
Statement of Income  
Statement of Retained  
Earnings Statement of Cash  
Flows Notes to Financial  
Statements

The following format must be used for the CPA Certification Statement for the letter or report unless unusual circumstances or conditions, explained in the letter or report, demand that it be varied. Insert parenthetical phrases only when exceptions are reported.

In connection with our regular examination of the financial statements of for the year ended on which we have reported separately under date of we have also reviewed schedules of Form 1-F for the year filed with the Federal Energy Regulatory Commission, for conformity in all material respects with the requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases. Our review for this purpose included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

The letter or report must state which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

Federal, State and Local Governments and other authorized users may obtain blank copies of the FERC Form 1-F free of charge from <http://www.ferc.gov/docs-filing/hard-fil.asp>.

When to Submit Submit FERC Form 1-F on or before April 18<sup>th</sup> of the year following the calendar year covered by this report (18 C.F.R. § 141.2). Submit FERC Form 3-Q within 70 days from the end of the reporting quarter (18 C.F.R. § 141.400).

## Where to Send Comments on Public Reporting Burden

The public reporting burden for this collection of information is estimated to average 116 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any aspect of this collection of information, including suggestions for reducing this burden, to the Federal Energy Regulatory Commission, 888 First Street NE., Washington, DC 20426 (Attention: Michael Miller, CI-1; and to the Office of Management and Budget, Washington, DC 20503 (Attention: Desk Officer for the Federal Energy Regulatory Commission).

## GENERAL INSTRUCTIONS

Report data as outlined in the U.S. of A. (18 C.F.R. Part 101) as designed for "Nonmajor" electric utilities. If the "Major" designated accounts are maintained, then the following schedules may be substituted:

Nonmajor Accounts Part Number	Major Accounts Schedule Page (FERC Form No. 1)
III	110-113
IV	114-117
V	118-119
XII	219
XVI	300-301
XVII	320-323
XVIII	310-311
XIX	326-327
XX	200-201, 204-207

Enter in whole dollars only.

Indicate negative amounts by enclosing the figures in parenthesis ( ), except where otherwise noted (debit or credit).

When making revisions, resubmit only those pages that have been changed from the original. Include with your resubmission Part I, Identification and Part II, Attestation.

Use Part XXII, Footnote Data, to footnote any entry made to parts II through XXI.

Enter Not applicable whenever a particular part is not applicable.

SPECIFIC INSTRUCTIONS Item No. Instruction All Refer to the form. All items are self-explanatory.

**FERC FORM NO. 1/3-Q:  
REPORT OF MAJOR ELECTRIC UTILITIES, LICENSEES AND OTHER**

**IDENTIFICATION**

01 Exact Legal Name of Respondent Nantucket Electric Company		02 Year/Period of Report End of <u>2013/Q4</u>
03 Previous Name and Date of Change (if name changed during year) / /		
04 Address of Principal Office at End of Period (Street, City, State, Zip Code) 40 Sylvan Road, Waltham, MA 02451		
05 Name of Contact Person Mia DeMontigny		06 Title of Contact Person Assitant Controller
07 Address of Contact Person (Street, City, State, Zip Code) One MetroTech Center, Brooklyn, NY 11201		
08 Telephone of Contact Person, Including Area Code (929) 324-4271	09 This Report Is (1) <input checked="" type="checkbox"/> An Original      (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) 09/16/2014

**ANNUAL CORPORATE OFFICER CERTIFICATION**

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements, and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

01 Name Charles DeRosa	03 Signature  Charles DeRosa	04 Date Signed (Mo, Da, Yr) 09/16/2014
02 Title VP, US Controller and Tax		

Title 18, U.S.C. 1001 makes it a crime for any person to knowingly and willingly to make to any Agency or Department of the United States any false, fictitious or fraudulent statements as to any matter within its jurisdiction.



Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**OFFICERS**

1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions.
2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	President	Reed, Marcy L.	2,623
2	Senior Vice President	Madej, James	833
3	Senior Vice President	Owyang, Colin	473
4	Senior Vice President and Chief Procurement Officer	Schlaff, Raymond C	751
5			
6			
7			
8	Resignation:		
9			
10			
11	Senior Vice President (02/28/2013)	Root, Christopher	
12	Vice President (08/02/2013)	Campbell, David	629
13			
14			
15			
16	Appointments:		
17			
18	Senior Vice President (03/14/2013)	Bruckner, John	37
19	Senior Vice President (03/14/2013)	Jordan, Marie	459
20	Vice President and Chief Financial Officer (08/05/2013)	Nigloschey, Stephen	266
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Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report 2013/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

**Schedule Page: 104 Line No.: 1 Column: c**

1)Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$327,116. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2013 through 12-31-2013.

**Schedule Page: 104 Line No.: 2 Column: c**

2)Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$334,994. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2013 through 12-31-2013.

**Schedule Page: 104 Line No.: 3 Column: c**

3)Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$349,964. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2013 through 12-31-2013.

**Schedule Page: 104 Line No.: 4 Column: c**

4)Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$409,249. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2013 through 12-31-2013.

**Schedule Page: 104 Line No.: 11 Column: c**

11)Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$52,667. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2013 through 12-31-2013.

**Schedule Page: 104 Line No.: 12 Column: c**

12)Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$202,008. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2013 through 12-31-2013.

**Schedule Page: 104 Line No.: 18 Column: c**

18)Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$309,411. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2013 through 12-31-2013.

**Schedule Page: 104 Line No.: 19 Column: c**

19)Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$282,562. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2013 through 12-31-2013.

**Schedule Page: 104 Line No.: 20 Column: c**

20)Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$207,801. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2013 through 12-31-2013.

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	<b>UTILITY PLANT</b>			
2	Utility Plant (101-106, 114)	200-201	128,919,864	124,968,841
3	Construction Work in Progress (107)	200-201	226,762	882,654
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		129,146,626	125,851,495
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	45,314,370	42,019,647
6	Net Utility Plant (Enter Total of line 4 less 5)		83,832,256	83,831,848
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		83,832,256	83,831,848
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	<b>OTHER PROPERTY AND INVESTMENTS</b>			
18	Nonutility Property (121)		293,317	293,317
19	(Less) Accum. Prov. for Depr. and Amort. (122)		209,528	204,965
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	0
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		794,042	732,196
29	Special Funds (Non Major Only) (129)		0	0
30	Long-Term Portion of Derivative Assets (175)		0	0
31	Long-Term Portion of Derivative Assets - Hedges (176)		0	0
32	TOTAL Other Property and Investments (Lines 18-21 and 23-31)		877,831	820,548
33	<b>CURRENT AND ACCRUED ASSETS</b>			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		935,456	1,312,944
36	Special Deposits (132-134)		47,131	45,612
37	Working Fund (135)		0	0
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		1,613,551	1,597,487
41	Other Accounts Receivable (143)		97,439	225,160
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		86,159	88,493
43	Notes Receivable from Associated Companies (145)		31,800,972	9,069,261
44	Accounts Receivable from Assoc. Companies (146)		29,816,005	20,611,826
45	Fuel Stock (151)	227	0	0
46	Fuel Stock Expenses Undistributed (152)	227	0	0
47	Residuals (Elec) and Extracted Products (153)	227	0	0
48	Plant Materials and Operating Supplies (154)	227	115,602	192,380
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0





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**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)**

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	1	1
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	22,839,243	23,116,660
8	Installments Received on Capital Stock (212)	252	0	0
9	(Less) Discount on Capital Stock (213)	254	0	0
10	(Less) Capital Stock Expense (214)	254b	0	0
11	Retained Earnings (215, 215.1, 216)	118-119	17,819,395	15,228,427
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	62,255	-56,151
16	Total Proprietary Capital (lines 2 through 15)		40,720,894	38,288,937
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	52,300,000	52,575,000
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	20,000,000	0
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
24	Total Long-Term Debt (lines 18 through 23)		72,300,000	52,575,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		453,799	380,883
29	Accumulated Provision for Pensions and Benefits (228.3)		0	0
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		0	0
35	Total Other Noncurrent Liabilities (lines 26 through 34)		453,799	380,883
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		4,619,348	1,014,480
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		7,145,066	4,635,396
41	Customer Deposits (235)		89,102	79,567
42	Taxes Accrued (236)	262-263	5,774,950	1,241,447
43	Interest Accrued (237)		11,553	16,097
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0



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**COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)** (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		-26,949	16,261
48	Miscellaneous Current and Accrued Liabilities (242)		304,140	300,984
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		17,917,210	7,304,232
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		0	0
57	Accumulated Deferred Investment Tax Credits (255)	266-267	0	435
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	3,043,089	4,330,008
60	Other Regulatory Liabilities (254)	278	17,533,684	15,771,942
61	Unamortized Gain on Reacquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		16,045,247	14,463,813
64	Accum. Deferred Income Taxes-Other (283)		3,618,930	2,273,074
65	Total Deferred Credits (lines 56 through 64)		40,240,950	36,839,272
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		171,632,853	135,388,324

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**STATEMENT OF INCOME**

**Quarterly**

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.
2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.
3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.
4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.
5. If additional columns are needed, place them in a footnote.

**Annual or Quarterly if applicable**

5. Do not report fourth quarter data in columns (e) and (f)
6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility column in a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.
7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	25,552,809	22,855,685		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	17,128,228	13,647,628		
5	Maintenance Expenses (402)	320-323	614,670	729,666		
6	Depreciation Expense (403)	336-337	3,693,649	3,645,934		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337				
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	519,756	525,622		
15	Income Taxes - Federal (409.1)	262-263	1,924,439	-138,523		
16	- Other (409.1)	262-263	150,242	759,513		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	-1,778,931	1,098,641		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	-297,395	94,140		
19	Investment Tax Credit Adj. - Net (411.4)	266	-109	-1,088		
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)					
22	(Less) Gains from Disposition of Allowances (411.8)					
23	Losses from Disposition of Allowances (411.9)					
24	Accretion Expense (411.10)					
25	TOTAL Utility Operating Expenses (Enter Total of lines 4 thru 24)		22,549,339	20,173,253		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		3,003,470	2,682,432		

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**STATEMENT OF INCOME FOR THE YEAR (Continued)**

9. Use page 122 for important notes regarding the statement of income for any account thereof.
10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.
- 11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.
12. If any notes appearing in the report to stockholders are applicable to the Statement of Income, such notes may be included at page 122.
13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.
14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.
15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
25,552,809	22,855,685					2
						3
17,128,228	13,647,628					4
614,670	729,666					5
3,693,649	3,645,934					6
						7
						8
						9
						10
						11
						12
						13
519,756	525,622					14
1,924,439	-138,523					15
150,242	759,513					16
-1,778,931	1,098,641					17
-297,395	94,140					18
-109	-1,088					19
						20
						21
						22
						23
						24
22,549,339	20,173,253					25
3,003,470	2,682,432					26

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**STATEMENT OF INCOME FOR THE YEAR (continued)**

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		3,003,470	2,682,432		
28	Other Income and Deductions					
29	Other Income					
30	Nonutility Operating Income					
31	Revenues From Merchandising, Jobbing and Contract Work (415)					
32	(Less) Costs and Exp. of Merchandising, Job. & Contract Work (416)					
33	Revenues From Nonutility Operations (417)		26,287			
34	(Less) Expenses of Nonutility Operations (417.1)		8,063	42,000		
35	Nonoperating Rental Income (418)		2,663	-3,803		
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		198,650	126,730		
38	Allowance for Other Funds Used During Construction (419.1)		12,668	8,381		
39	Miscellaneous Nonoperating Income (421)		23,019	2,573		
40	Gain on Disposition of Property (421.1)		4,588			
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		259,812	91,881		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		59,423	21,434		
46	Life Insurance (426.2)		5,531	6,164		
47	Penalties (426.3)		3,412			
48	Exp. for Certain Civic, Political & Related Activities (426.4)		4,767	6,756		
49	Other Deductions (426.5)		-2,915	-5,870		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		70,218	28,484		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	-2,037	-1,553		
53	Income Taxes-Federal (409.2)	262-263	65,298	35,938		
54	Income Taxes-Other (409.2)	262-263	12,969	7,138		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277				
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	3,163	16,475		
57	Investment Tax Credit Adj.-Net (411.5)					
58	(Less) Investment Tax Credits (420)					
59	TOTAL Taxes on Other Income and Deductions (Total of lines 52-58)		73,067	25,048		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		116,527	38,349		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		209,101	243,056		
63	Amort. of Debt Disc. and Expense (428)		196,684	202,432		
64	Amortization of Loss on Reaquired Debt (428.1)		96,187	53,746		
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)		8,698			
68	Other Interest Expense (431)		19,886	9,977		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		1,527	1,930		
70	Net Interest Charges (Total of lines 62 thru 69)		529,029	507,281		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		2,590,968	2,213,500		
72	Extraordinary Items					
73	Extraordinary Income (434)					
74	(Less) Extraordinary Deductions (435)					
75	Net Extraordinary Items (Total of line 73 less line 74)					
76	Income Taxes-Federal and Other (409.3)	262-263				
77	Extraordinary Items After Taxes (line 75 less line 76)					
78	Net Income (Total of line 71 and 77)		2,590,968	2,213,500		



Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**STATEMENT OF RETAINED EARNINGS**

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		15,228,427	13,014,927
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		2,590,968	2,213,500
17	Appropriations of Retained Earnings (Acct. 436)			
18				
19				
20				
21				
22	TOTAL Appropriations of Retained Earnings (Acct. 436)			
23	Dividends Declared-Preferred Stock (Account 437)			
24				
25				
26				
27				
28				
29	TOTAL Dividends Declared-Preferred Stock (Acct. 437)			
30	Dividends Declared-Common Stock (Account 438)			
31				
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)			
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		17,819,395	15,228,427



Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**STATEMENT OF RETAINED EARNINGS**

1. Do not report Lines 49-53 on the quarterly version.
2. Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
3. Each credit and debit during the year should be identified as to the retained earnings account in which recorded (Accounts 433, 436 - 439 inclusive). Show the contra primary account affected in column (b)
4. State the purpose and amount of each reservation or appropriation of retained earnings.
5. List first account 439, Adjustments to Retained Earnings, reflecting adjustments to the opening balance of retained earnings. Follow by credit, then debit items in that order.
6. Show dividends for each class and series of capital stock.
7. Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
8. Explain in a footnote the basis for determining the amount reserved or appropriated. If such reservation or appropriation is to be recurrent, state the number and annual amounts to be reserved or appropriated as well as the totals eventually to be accumulated.
9. If any notes appearing in the report to stockholders are applicable to this statement, include them on pages 122-123.

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		17,819,395	15,228,427
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**STATEMENT OF CASH FLOWS**

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.  
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.  
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.  
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	2,590,968	2,213,500
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	3,693,649	3,645,934
5	Amortization of Debt Discount and Expense	196,684	202,432
6	Amortization of Loss on Reacquired Debt	96,187	53,746
7			
8	Deferred Income Taxes (Net)	-1,484,699	988,026
9	Investment Tax Credit Adjustment (Net)	-435	-1,088
10	Net (Increase) Decrease in Receivables	-249,410	-16,681,792
11	Net (Increase) Decrease in Inventory	76,793	9,325
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	8,103,308	2,332,949
14	Net (Increase) Decrease in Other Regulatory Assets	307,989	64,851
15	Net Increase (Decrease) in Other Regulatory Liabilities	1,622,470	1,024,981
16	(Less) Allowance for Other Funds Used During Construction	12,668	8,381
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	-509,919	402,331
19	Prepaid and other current assets		-34,971
20	Net Increase (Decrease) in Deferred Credits	-1,286,920	879,998
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	13,143,997	-4,908,159
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-3,538,125	-2,838,347
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant	4,563	4,564
30	(Less) Allowance for Other Funds Used During Construction	-12,668	-8,381
31	Other (provide details in footnote):		
32	Cost of Removal	-143,367	
33	Utility Plant Retirement Costs	-12,565	-262,919
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-3,676,826	-3,088,321
35			
36	Acquisition of Other Noncurrent Assets (d)		
37	Proceeds from Disposal of Noncurrent Assets (d)		
38			
39	Investments in and Advances to Assoc. and Subsidiary Companies		
40	Contributions and Advances from Assoc. and Subsidiary Companies		
41	Disposition of Investments in (and Advances to)		
42	Associated and Subsidiary Companies		
43			
44	Purchase of Investment Securities (a)		
45	Proceeds from Sales of Investment Securities (a)		

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**STATEMENT OF CASH FLOWS**

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.  
(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.  
(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.  
(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase ) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):	133,978	5,302
54			
55	Affiliated money pool lending and receivables	-29,426,220	8,730,739
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-32,969,068	5,647,720
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)		
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65			
66	Net Increase in Short-Term Debt (c)		
67	Changes in Advance for Affiliate	20,000,000	
68			
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)	20,000,000	
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)	-275,000	-250,000
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):		
77	Affiliated money pool borrowing and payables		
78	Net Decrease in Short-Term Debt (c)		
79	Parent loss tax allocation	-277,417	641,597
80	Dividends on Preferred Stock		
81	Dividends on Common Stock		
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	19,447,583	391,597
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	-377,488	1,131,158
87			
88	Cash and Cash Equivalents at Beginning of Period	1,312,944	181,786
89			
90	Cash and Cash Equivalents at End of period	935,456	1,312,944

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report 2013/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

**Schedule Page: 120 Line No.: 18 Column: b**

**Change in Operating Activities:**

Changes in Miscellaneous Current and Accrued Assets (174)	\$	6,376
Changes in Unamortized Debt Expenses		(123,898)
Changes in Accumulated Provisions for Injuries and Damages		72,916
Changes in Clearing Accounts		(7,467)
Changes in Deferred Debits		8,053
Changes in Prepaid Assets		47,366
Changes in Deferred Tax Adjustment- FIN 48		(513,265)
	\$	(509,919)

**Schedule Page: 120 Line No.: 18 Column: c**

**Change in Operating Activities:**

Change in clearing accounts	\$	95,598
Change in miscellaneous and deferred debits		796
Change in accumulated provision for injuries and damages		280,883
Change in other comprehensive income		25,054
	\$	402,331

**Schedule Page: 120 Line No.: 53 Column: b**

**Change in Investing Activities:**

Special Funds	\$	(61,846)
Changes in Special Deposits		(1,519)
Change in Accumulated Other Comprehensive Income		197,343
	\$	133,978

**Schedule Page: 120 Line No.: 53 Column: c**

**Change in Investing Activities:**

Other investments	\$	82,742
Special funds		(87,947)
Change in other comprehensive income		10,507
	\$	5,302



Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report 09/16/2014	Year/Period of Report End of 2013/Q4
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**NOTES TO FINANCIAL STATEMENTS**

1. Use the space below for important notes regarding the Balance Sheet, Statement of Income for the year, Statement of Retained Earnings for the year, and Statement of Cash Flows, or any account thereof. Classify the notes according to each basic statement, providing a subheading for each statement except where a note is applicable to more than one statement.
2. Furnish particulars (details) as to any significant contingent assets or liabilities existing at end of year, including a brief explanation of any action initiated by the Internal Revenue Service involving possible assessment of additional income taxes of material amount, or of a claim for refund of income taxes of a material amount initiated by the utility. Give also a brief explanation of any dividends in arrears on cumulative preferred stock.
3. For Account 116, Utility Plant Adjustments, explain the origin of such amount, debits and credits during the year, and plan of disposition contemplated, giving references to Commission orders or other authorizations respecting classification of amounts as plant adjustments and requirements as to disposition thereof.
4. Where Accounts 189, Unamortized Loss on Reacquired Debt, and 257, Unamortized Gain on Reacquired Debt, are not used, give an explanation, providing the rate treatment given these items. See General Instruction 17 of the Uniform System of Accounts.
5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.
6. If the notes to financial statements relating to the respondent company appearing in the annual report to the stockholders are applicable and furnish the data required by instructions above and on pages 114-121, such notes may be included herein.
7. For the 3Q disclosures, respondent must provide in the notes sufficient disclosures so as to make the interim information not misleading. Disclosures which would substantially duplicate the disclosures contained in the most recent FERC Annual Report may be omitted.
8. For the 3Q disclosures, the disclosures shall be provided where events subsequent to the end of the most recent year have occurred which have a material effect on the respondent. Respondent must include in the notes significant changes since the most recently completed year in such items as: accounting principles and practices; estimates inherent in the preparation of the financial statements; status of long-term contracts; capitalization including significant new borrowings or modifications of existing financing agreements; and changes resulting from business combinations or dispositions. However were material contingencies exist, the disclosure of such matters shall be provided even though a significant change since year end may not have occurred.
9. Finally, if the notes to the financial statements relating to the respondent appearing in the annual report to the stockholders are applicable and furnish the data required by the above instructions, such notes may be included herein.

PAGE 122 INTENTIONALLY LEFT BLANK  
SEE PAGE 123 FOR REQUIRED INFORMATION.



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report 2013/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

**NANTUCKET ELECTRIC COMPANY  
NOTES TO THE FINANCIAL STATEMENTS**

**NOTE 1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION**

Nantucket Electric Company (the "Company") is a retail distribution company providing electric service to approximately 13,000 customers on the Island of Nantucket.

The Company is a wholly-owned subsidiary of National Grid USA ("NGUSA" or "Parent"), a public utility holding company with regulated subsidiaries engaged in the generation of electricity and the transmission, distribution and sale of both natural gas and electricity. NGUSA is a direct wholly-owned subsidiary of National Grid North America Inc. ("NGNA") and is an indirectly-owned subsidiary of National Grid plc, a public limited company incorporated under the laws of England and Wales.

The accompanying financial statements are prepared in accordance with accounting requirements of the Federal Energy Regulatory Commission ("FERC") as set forth in its applicable Uniform System of Accounts. This is a comprehensive basis for accounting other than accounting principles generally accepted in the United States of America ("U.S. GAAP"). The primary differences consist of the following:

- Intercompany accounts are presented on a gross basis for FERC reporting but are netted together by counterparty for U.S. GAAP reporting.
- The accumulated amounts collected in rates for cost of removal over spending are included within accumulated depreciation for FERC reporting, but are separately presented as a regulatory liability for U.S. GAAP reporting.
- For FERC reporting, regulatory assets and liabilities are presented on a gross basis and are classified as non-current. For U.S. GAAP reporting, regulatory assets and liabilities are presented on a net basis where appropriate but are classified as current or long term as applicable.
- All debt is classified as long-term in the balance sheet for FERC reporting. Under U.S. GAAP, the presentation reflects current and long-term debt separately.
- For FERC reporting, the liability for uncertain tax positions related to temporary differences is not recognized pursuant to FERC guidance and deferred taxes are recognized based on the difference between positions taken in filed tax returns and amounts reported in the financial statements. For U.S. GAAP reporting, the liability for uncertain tax positions related to temporary differences is recognized and deferred taxes are recognized based on the difference between the positions taken in filed tax returns adjusted for uncertain tax positions related to temporary differences and amounts reported in the financial statements.
- For FERC reporting, deferred tax assets and liabilities are presented on a gross basis and are classified as non-current. For U.S. GAAP reporting, deferred tax assets and liabilities are presented on a net basis, with current and non-current amounts separately presented.

The Company has evaluated subsequent events and transactions through September 16, 2014, the date of issuance of these financial statements, and concluded that there were no events or transactions that require adjustment to or disclosure in the financial statements as of and for the year ended December 31, 2013.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report 2013/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

## NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Use of Estimates

In preparing financial statements that conform to FERC requirements, the Company must make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenses, and the disclosure of contingent assets and liabilities included in the financial statements. Actual results could differ from those estimates.

### Regulatory Accounting

The Federal Energy Regulatory Commission ("FERC") and the Massachusetts Department of Public Utilities ("DPU") regulate the rates the Company charges its customers. In certain cases, the rate actions of the DPU can result in accounting that differs from non-regulated companies. In these cases, the Company defers costs (as regulatory assets) or recognizes obligations (as regulatory liabilities) if it is probable that such amounts will be recovered or refunded to customers through future rates. Regulatory assets and liabilities are amortized to the statements of income consistent with the treatment of the related costs in the ratemaking process.

### Revenue Recognition

Revenues are recognized for energy service provided on a monthly billing cycle basis. The Company records unbilled revenues for the estimated amount of services rendered from the time meters were last read to the end of the accounting period.

As approved by the DPU, the Company is allowed to pass through commodity-related costs to customers and also bills for other approved rate adjustment mechanisms. In addition, the Company has a revenue decoupling mechanism which requires the Company to adjust its base rates annually to reflect the over or under recovery of the Company's targeted base distribution revenues from the prior fiscal year.

### Other Taxes

The Company collects taxes and fees from customers such as sales taxes, other taxes, surcharges, and fees that are levied by state or local governments on the sale or distribution of electricity. The Company accounts for taxes that are imposed on customers (such as sales taxes) on a net basis (excluded from revenues).

### Income Taxes

Federal and state income taxes have been computed utilizing the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes also reflect the tax effect of net operating losses, capital losses and general business credit carryforwards.

The effects of tax positions are recognized in the financial statements when it is more likely than not that the position taken or expected to be taken in a tax return will be sustained upon examination by taxing authorities based on the technical merits of the position. The financial effect of changes in tax laws or rates is accounted for in the period of enactment. Deferred investment tax credits are amortized over the useful life of the underlying property.

NGNA files consolidated federal tax returns including all of the activities of its subsidiaries. Each subsidiary company determines its current and deferred taxes based on the separate return method. The Company settles its current tax liability or benefit each year with NGNA pursuant to a tax sharing arrangement between NGNA and its subsidiaries. Tax benefits attributable to the tax attributes of other group companies and allocated by NGNA are treated as capital contributions.

### Cash and Cash Equivalents

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Cash equivalents consist of short-term, highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at cost which approximates fair value.

### Special Deposits

Special deposits primarily include collateral paid to the Company's counterparties for health insurance and worker's compensation.

### Plant Materials and Operating Supplies

Plant materials and operating supplies are stated at the lower of weighted average cost or market and are expensed or capitalized as used. The Company's policy is to write-off obsolete plant materials and operating supplies; there were no material write-offs of obsolete plant materials and operating supplies for the years ended December 31, 2013 or 2012.

### Fair Value Measurements

The Company measures available for sale securities at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following is the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that a company has the ability to access as of the reporting date;
- Level 2: inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data; and
- Level 3: unobservable inputs, such as internally-developed forward curves and pricing models for the asset or liability due to little or no market activity for the asset or liability with low correlation to observable market inputs.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Company uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs.

### Utility Plant

Utility plant is stated at original cost. The cost of repairs and maintenance is charged to expense and the cost of renewals and betterments that extend the useful life of property, plant and equipment is capitalized. The capitalized cost of additions to property, plant and equipment includes costs such as direct material, labor and benefits, and an allowance for funds used during construction ("AFUDC").

Depreciation is computed over the estimated useful life of the asset using the composite straight-line method. Depreciation studies are conducted periodically to update the composite rates and are approved by the DPU. The average composite rates for each of the years ended December 31, 2013 and 2012 was 4.8% and 4.7%, respectively. The average service lives for each of the years ended December 31, 2013 and 2012 was 44 years.

Depreciation expense includes a component for estimated future cost of removal, which is recovered through rates charged to customers.

#### *Allowance for Funds Used During Construction*

In accordance with applicable accounting guidance, the Company records AFUDC, which represents the debt and equity costs of financing the construction of new property, plant and equipment. AFUDC equity is reported in the statements of income as non-cash income in other income, net, and AFUDC debt is reported as a non-cash offset to other interest, including affiliate interest. After construction is completed, the Company is permitted to recover these costs through their inclusion in rate base and corresponding depreciation expense. The Company recorded AFUDC related to equity of \$13 thousand and \$8 thousand each of the years ended December 31, 2013 and 2012, respectively, and AFUDC related to debt of \$2 thousand for each of the years ended December 31, 2013 and 2012. The average AFUDC rates for the years ended December 31, 2013 and 2012 were 2.9% and 3.3%, respectively.

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## Goodwill

The Company tests goodwill for impairment annually on January 31, and when events occur or circumstances change that would more likely than not reduce the fair value of the Company below its carrying amount. Goodwill is tested for impairment using a two-step approach. The first step compares the estimated fair value of the Company with its carrying value, including goodwill. If the estimated fair value exceeds the carrying value, then goodwill is considered not impaired. If the carrying value exceeds the estimated fair value, then a second step is performed to determine the implied fair value of goodwill. If the carrying value of goodwill exceeds its implied fair value, then an impairment charge equal to the difference is recorded.

The fair value of the Company was calculated in the annual goodwill impairment test for the year ended December 31, 2013 utilizing both income and market approaches.

- To estimate fair value utilizing the income approach, the Company used a discounted cash flow methodology incorporating its most recent business plan forecasts together with a projected terminal year calculation. Key assumptions used in the income approach were: (a) expected cash flows for the period from April 1, 2014 to March 31, 2019; (b) a discount rate of 5.5%, which was based on the Company's best estimate of its after-tax weighted-average cost of capital; and (c) a terminal growth rate of 2.25%, based on the Company's expected long-term average growth rate in line with estimated long-term U.S. economic inflation.
- To estimate fair value utilizing the market approach, the Company followed a market comparable methodology. Specifically, the Company applied a valuation multiple of earnings before interest, taxes, depreciation and amortization ("EBITDA"), derived from data of publicly-traded benchmark companies, to business operating data. Benchmark companies were selected based on comparability of the underlying business and economics. Key assumptions used in the market approach included the selection of appropriate benchmark companies and the selection of an EBITDA multiple of 10.0, which the Company believes is appropriate based on comparison of its business with the benchmark companies.

The Company determined the fair value of the business using 50% weighting for each valuation methodology, as it believes that each methodology provides equally valuable information. Based on the resulting fair value from the annual analyses, the Company determined that no adjustment of the goodwill carrying value was required at December 31, 2013 or 2012.

## Available-For-Sale Securities

The Company holds available-for-sale securities that include equities, municipal bonds and corporate bonds. These investments are recorded at fair value and are included in other non-current assets in the accompanying balance sheets. Changes in the fair value of the assets are recorded within other comprehensive income.

## Employee Benefits

The Company participates with other subsidiaries in defined benefit pension plans ("Pension Plans") and postretirement benefit other than pension ("PBOP") plans for its employees, administered by NGUSA. The Company recognizes its portion of the Pension Plans' and PBOP plans' funded status in the balance sheets as a net liability or asset. The cost of providing these plans is recovered through rates; therefore, the net funded status is offset by a regulatory asset or liability. The Pension Plans' and PBOP plans assets are commingled and cannot be allocated to an individual company. The Company measures and records its pension and PBOP funded status at the year-end date. Pension and PBOP plan assets are measured at fair value, using the year-end market value of those assets.

## NOTE 3. REGULATORY ASSETS AND LIABILITIES

The Company records regulatory assets and liabilities that result from the ratemaking process. The following table presents the regulatory assets and regulatory liabilities recorded in the accompanying balance sheets:

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	December 31,	
	2013	2012
	(in thousands of dollars)	
<i>Other regulatory assets</i>		
Pension expenses	\$ 3,465	\$ 3,450
Default (Basic) Service	4,704	5,332
Regulatory deferred tax assets - FAS 109	849	200
Revenue decoupling	-	190
Second cable deferral	-	15
Total	<u>\$ 9,018</u>	<u>\$ 9,187</u>
<i>Other regulatory liabilities</i>		
Transmission service	\$ 9,330	\$ 8,612
Energy efficiency	6,188	5,785
Regulatory deferred tax liabilities - FAS 109	819	819
Basic service administrative cost	599	481
Revenue decoupling	430	-
Second cable deferral	139	-
Transition charge	76	102
Other	(47)	(27)
Total	<u>17,534</u>	<u>15,772</u>
Net regulatory liabilities	<u>\$ (8,516)</u>	<u>\$ (6,585)</u>

**Energy efficiency:** This amount primarily represents the difference between the revenue billed to customers through the Company's energy efficiency charge and the costs of its energy efficiency programs as approved by the DPU.

**Postretirement benefits:** The amount primarily represents the excess costs of the Company's pension and PBOP plans over amounts received in rates that are deferred to a regulatory asset to be recovered in the future, and the non-cash accrual of net actuarial gains and losses.

**Regulatory deferred tax asset:** This amount represents unrecovered federal and state deferred taxes of the Company primarily as a result of regulatory flow through accounting treatment and tax rate changes. The income tax benefits or charges for certain plant related timing differences, such as equity AFUDC, are immediately flowed through to or collected from customers. The amortization of the related regulatory deferred tax asset, for these items, follows the book life of the underlying plant asset. The Company recorded an increase in the regulatory deferred tax asset in the current year as a result of the increase in deferred tax liabilities stemming from a Massachusetts state income tax rate change. The Company expects to address the recovery period of the regulatory asset created by the Massachusetts rate change in its next rate case.

**Rate adjustment mechanisms:** The Company is subject to a number of rate adjustment mechanisms such as for commodity costs, whereby an asset or liability is recognized resulting from differences between actual revenues and the underlying cost being recovered, or differences between actual revenues and targeted amounts as approved by the DPU.

The Company records carrying charges on all regulatory balances for which cash expenditures have been made and are subject to recovery, or for which cash has been collected and is subject to refund. Carrying charges are not recorded on items for which expenditures have not yet been made.

#### NOTE 4. RATE MATTERS

Pursuant to a settlement agreement associated with NGUSA's purchase of the Company in 1996 approved by the DPU, the Company is considered, along with its affiliate Massachusetts Electric Company ("Massachusetts Electric") as one regulated entity for the



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purpose of recovering its costs and establishing its rates assessed to its customers, with the exception of the recovery of the Company's investment in two undersea electric cables. Pursuant to the settlement agreement, the recovery of this investment is from all of the Company's customers on the Island of Nantucket. Except for the Company's Cable Facilities Surcharge, all rates and charges of the Company and Massachusetts Electric are identical. In the recovery of certain regulatory assets, funding of the recovery is from the customers of both companies. However, the mechanism by which recovery is ultimately achieved is through a single regulatory asset recorded on the balance sheet of Massachusetts Electric. Costs deferred and recovered in this manner are incremental storm costs of qualifying storm events, site investigation and remediation costs, solar generation costs, and any other costs incurred by the companies when taken as a single entity. The Company's share of these costs and recoveries are reflected through the DPU approved return on equity mechanism between the Company and Massachusetts Electric, as discussed in Note 11.

The Company records its own regulatory assets and liabilities associated with rate adjustment mechanisms, loss on reacquired debt, income taxes, postretirement benefits, and energy efficiency as they are specific to the Company. These regulatory assets and liabilities are shown in the table above.

#### *2009 Capital Investment Audit*

Rates for services rendered by the Company are subject to approval by the DPU. The DPU approved an RDM arising from the 2009 distribution rate case filed by the Company and its affiliate, Massachusetts Electric. As part of its RDM provision, the Company files a report by July 1<sup>st</sup> of each year on its capital investment for the prior calendar year. In connection with the Company's first capital expenditure ("CapEx") filing made in July 2010, the DPU opened a proceeding in March 2011, as requested by the Massachusetts Attorney General's Office ("Attorney General"), for an independent audit of the Company's 2009 capital investments which, in part, formed the basis for the Company's RDM rate adjustment. On July 31, 2014, the DPU issued an order approving the sole bidder's bid to perform the CapEx audit. As required by the Order, National Grid has conferred with the Attorney General and the auditor, and on August 21, 2014 National Grid submitted a revised work plan and final contract for the audit to the DPU. After a comment period the DPU will issue a final order on the revised work plan and contract, which will determine the next steps for the audit. The Company cannot currently predict the outcome of this proceeding.

#### *DPU Audit Settlement Agreement*

In the general rate case involving the Company's Massachusetts gas distribution affiliates, the DPU opened an investigation to address the allocation and assignment of costs to the gas affiliates by the National Grid service companies. The audit was later expanded to include the Company's Massachusetts electric distribution affiliates. The Company and the Attorney General's Office executed a Settlement Agreement that the DPU approved on July 25, 2014. As a result of the approval of the Settlement, there is no need for an audit, the Company will implement reporting and review practices similar to those in place for its New York affiliates, and NGUSA contributed \$1 million to the Massachusetts Association for Community Action that will be used for the benefit of Company's electric customers and customers of its Massachusetts gas distribution affiliates who are eligible for fuel assistance.

#### *Storm Management Audit*

In January 2011, the DPU opened an investigation into the Company and Massachusetts Electric's preparation and response to a December 2010 winter storm. The DPU has the authority to issue fines not to exceed approximately \$0.3 million for each violation for each day that the violation persists. On September 22, 2011, the DPU approved a settlement between the Company and the Attorney General that included a \$1.2 million refund to customers. The DPU also investigated the Company and Massachusetts Electric's response to Tropical Storm Irene and the October 2011 winter storm in a consolidated proceeding. On December 11, 2012, the DPU issued an order in which it assessed the Company and Massachusetts Electric a penalty of \$18.7 million associated with the Company and Massachusetts Electric's performance in responding to these two weather events, consisting of \$8.1 million for Tropical Storm Irene and \$10.6 million for the October 2011 winter storm. The Company and Massachusetts Electric appealed this ruling and on September 4, 2014 the Court affirmed all but two violations, reducing the penalty by \$0.9 million. Massachusetts Electric had recorded the original penalty and credited customers during March 2013. In addition, in the December 11, 2012 order, the DPU ordered a management audit of the Company and Massachusetts Electric's emergency planning, outage management, and restoration. The auditors have completed their audit, and submitted their Final Report to the DPU on July 9, 2014. No parties

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submitted comments on the Final Report. The Company cannot predict the outcome of the management audit.

#### NOTE 5. UTILITY PLANT AND NONUTILITY PROPERTY

The following table summarizes utility plant and nonutility property at cost along with accumulated depreciation and amortization:

	December 31,	
	2013	2012
	<i>(in thousands of dollars)</i>	
Plant and machinery	\$ 108,224	\$ 105,920
Goodwill	16,552	16,552
Land and buildings	4,437	4,416
Assets in construction	227	326
Total	129,440	127,214
Accumulated depreciation and amortization	(45,524)	(43,062)
Net utility plant and nonutility property	<u>\$ 83,916</u>	<u>\$ 84,152</u>

#### NOTE 6. FAIR VALUE MEASUREMENTS

The following tables present available for sale securities measured and recorded at fair value in the accompanying balance sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2013 and 2012:

	December 31, 2013			
	Level 1	Level 2	Level 3	Total
	<i>(in thousands of dollars)</i>			
Assets:				
Available for sale securities	\$ 342	\$ 452	\$ -	\$ 794

	December 31, 2012			
	Level 1	Level 2	Level 3	Total
	<i>(in thousands of dollars)</i>			
Assets:				
Available for sale securities	\$ 312	\$ 420	\$ -	\$ 732

A transfer into Level 3 represents existing assets or liabilities that were previously categorized at a higher level for which the inputs became unobservable during the year. A transfer out of Level 3 represents assets and liabilities that were previously classified as Level 3 for which the inputs became observable based on the criteria discussed previously for classification in Level 2. These transfers, which are recognized at the end of each period, result from changes in the observability of forward curves from the beginning to the end of each reporting period. There were no transfers between Level 1 and Level 2, and no transfers into or out of Level 3, during the years ended December 31, 2013 or 2012.

Available-for-sale securities are included in other non-current assets in the accompanying balance sheets and primarily include equity and debt investments based on quoted market prices (Level 1) and municipal and corporate bonds based on quoted prices of similar traded assets in open markets (Level 2).

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#### Other Fair Value Measurements

The Company's balance sheets reflect long-term debt at amortized cost. The fair value of the Company's long-term debt was estimated using quoted market prices for similar debt. The fair value of this debt at December 31, 2013 and December 31, 2012 was \$52.3 million and \$52.6 million, respectively.

All other financial instruments in the accompanying balance sheets such as accounts receivable, accounts payable, and the intercompany money pool are stated at cost, which approximates fair value.

#### NOTE 7. EMPLOYEE BENEFITS

The Company participates with other NGUSA subsidiaries in a qualified and non-qualified non-contributory defined benefit plan (the "Pension Plan") and PBOP plan (together with the Pension Plan (the "Plan") covering substantially all employees.

The Pension Plan is a defined benefit plan which provides union employees, as well as non-union employees hired before January 1, 2011, with a retirement benefit. Supplemental nonqualified, non-contributory executive retirement programs provide additional defined pension benefits for certain executives. The PBOP Plan provides health care and life insurance coverage to eligible retired employees. Eligibility is based on age and length of service requirements and, in most cases, retirees must contribute to the cost of their coverage.

During each of the years ended December 31, 2014 and 2013, the Company made contributions of approximately \$0.3 million to the Plan.

Plan assets are commingled and cannot be allocated to an individual company. The Plan's costs are first directly charged to the Company based on the Company's employees that participate in the Plan. Costs associated with affiliated service companies' employees are then allocated as part of the labor burden for work performed on the Company's behalf. The Company applies deferral accounting for pension and PBOP expenses associated with its regulated electric operations. Any differences between actual pension costs and amounts used to establish rates are deferred and collected from or refunded to customers in subsequent periods. Pension and PBOP expense is included in operations and maintenance expense in the accompanying statements of income.

The Company's net pension and PBOP expenses directly charged and allocated from affiliated service companies, net of capital, for the years ended December 31, 2013 and 2012 are as follows:

	December 31,	
	2013	2012
	<i>(in thousands of dollars)</i>	
Pension	\$ 363	\$ 315
PBOP	217	177
	<u>\$ 580</u>	<u>\$ 492</u>

#### Defined Contribution Plan

NGUSA has a defined contribution pension plan that covers substantially all employees. For the years ended December 31, 2013 and 2012, the Company recognized an expense in the accompanying statements of income of \$40 thousand and \$20 thousand, respectively, for matching contributions.

#### Other Benefits

The Company accrued \$0.2 million for the year ended December 31, 2013 regarding workers compensation, auto and general insurance claims which have been incurred but not yet reported

#### NOTE 8. CAPITALIZATION

##### Debt Authorizations

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The Company had regulatory approval from the FERC to issue up to \$15 million of short-term debt, which expired on November 30, 2013. Effective April 2014, the Company entered into an Equity Contribution Agreement with the Parent which provides the Company with the ability to call upon the Parent for contributions to the Company's capital, in an aggregate amount equal to the short-term borrowing limit until such time as regulatory approval for short-term borrowing is regained. The Company has not made use of this facility since its effective date. The Company had no short-term debt outstanding to third parties as of December 31, 2013 or 2012.

#### Long-term Debt

At December 31, 2013, the Company had \$52.3 million outstanding of Electric Revenue Bonds in tax exempt commercial paper mode with maturity dates ranging from 2016 through 2042. The debt is remarketed at periods of 1-270 days, and had variable interest rates ranging from 0.30% to 0.50% and from 0.4% to 0.7% for the years ended December 31, 2013 and 2012, respectively. The bonds were issued by the Massachusetts Development Finance Agency in connection with the Company's financing of its first and second underground and submarine cable projects. A sinking fund payment of \$275 thousand was made during the year ended December 31, 2013.

The Company has a Standby Bond Purchase Agreement ("SBPA") of \$52.6 million which expires on November 20, 2015. This agreement was available to provide liquidity support for \$52.0 million of the Company's long-term bonds in tax-exempt commercial paper mode. The Company has classified this debt as long-term due to its intent and ability to refinance the debt on a long-term basis if is not able to remarket it. At December 31, 2013 and 2012, there were no bond purchases made by the banks participating in this agreement.

Massachusetts Electric, an affiliated entity, unconditionally guarantees the full and prompt payment of the principal, premium, if any, and interest on certain tax exempt bonds issued by the Massachusetts Development Finance Agency in connection with the Company's financing of its first and second underground and submarine cable projects. Massachusetts Electric would be required to make any principal, premium, or interest payments if the Company failed to pay.

Long-term debt at December 31, 2013 and December 31, 2012 is as follows:

			December 31,	
	<u>Rate</u>	<u>Maturity</u>	<u>2013</u>	<u>2012</u>
			<i>(in thousands of dollars)</i>	
2004 MDFA Tax Exempt (progressive annual sinker) Variable		March 1, 2016	\$ 1,000	\$ 1,275
2004 MDFA Tax Exempt Variable		March 1, 2039	10,000	10,000
2005 MDFA Tax Exempt Variable		December 1, 2040	28,000	28,000
2007 MDFA Tax Exempt Variable		August 1, 2042	<u>13,300</u>	<u>13,300</u>
Total long-term debt			\$ 52,300	\$52,575

The aggregate maturities of long-term debt subsequent to December 31, 2013 are as follows:

<i>(in thousands of dollars)</i>	
<u>Years Ended December 31,</u>	
2014	305
2015	330
2016	365
2017	-
2018	-
Thereafter	51,300
Total	<u>\$ 52,300</u>

#### Dividend Restrictions



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The Company is obligated to meet certain financial and non-financial covenants as described below. The Company was in compliance with all such covenants during the years ended December 31, 2013 and 2012.

Pursuant to provisions in connection with the New England Electric System and Eastern Utilities Associates merger, payment of dividends on common stock are not permitted if, after giving effect to such payment of dividends, common equity becomes less than 30% of total capitalization. At December 31, 2013 and 2012 common equity was 36% and 42% of total capitalization, respectively. Under these provisions, none of the Company's retained earnings at December 31, 2013 and 2012 were restricted as to common dividends.

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## NOTE 9. INCOME TAXES

The components of federal and state income tax expense are as follows:

	Years Ended December 31,	
	2013	2012
	<i>(in thousands of dollars)</i>	
Current tax expense(benefit):		
Federal	\$ 1,990	\$ (103)
State	163	767
Total current tax expense	<u>2,153</u>	<u>664</u>
Deferred tax expense(benefit):		
Federal	(1,502)	1,274
State	17	(286)
	<u>(1,485)</u>	<u>988</u>
Amortized investment tax credits <sup>(1)</sup>	-	(1)
Total deferred tax expense	<u>(1,485)</u>	<u>987</u>
Total income tax expense	<u>\$ 668</u>	<u>\$ 1,651</u>
<sup>(1)</sup> Investment tax credits (ITC) are being deferred and amortized over the depreciable life of the property giving rise to the credits		
Total income taxes in the consolidated statements of operations:		
Income taxes charged to operations	\$ 593	\$ 1,624
Income taxes credited to "other income (deductions)"	75	27
Total	<u>\$ 668</u>	<u>\$ 1,651</u>

A reconciliation between the expected federal income tax expense, using the federal statutory rate of 35% to the Company's actual income tax expense for the years ended December 31, 2013 and December 31, 2012 is as follows:

	Years Ended December 31,	
	2013	2012
	<i>(in thousands of dollars)</i>	
Computed tax	\$ 1,141	\$ 1,352
Change in computed taxes resulting from:		
State income tax, net of federal benefit	125	313
Investment tax credit	-	(1)
Adjustments related to prior year, federal and state	(580)	-
Other items - net	<u>(18)</u>	<u>(13)</u>
Total	<u>(473)</u>	<u>299</u>
Federal and state income taxes	<u>\$ 668</u>	<u>\$ 1,651</u>

In September 2013, the IRS issued final regulations, effective for tax years beginning in 2014, that provide guidance on the appropriate tax treatment of costs incurred to acquire, produce or improve tangible property, as well as routine maintenance and repair costs. Proposed regulations were issued addressing the tax treatment of asset dispositions. The Company has evaluated tax accounting method changes that may be elected or required by the final regulations. The application of these regulations is not expected to have a material impact on the Company's financial position, results of operations or cash flow.

On July 24, 2013, Massachusetts legislature enacted into law transportation finance legislation which included significant tax changes affecting the classification of utility corporations. For tax years beginning on or after January 1, 2014, Massachusetts utility corporations will be taxed in the same manner as general business corporations. The state income tax rate will increase from 6.5% to 8.0%. Also, any unitary NOL generated post-2013 and allocated to the utilities will be allowed as a carry forward tax attribute. The application of this legislation is not expected to have a material impact on the Company's financial position, results of operations

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or liquidity.

Significant components of the Company's net deferred tax assets and liabilities at December 31, 2013 and December 31, 2012 are as follows:

	Years Ended December 31,	
	2013	2012
	(in thousands of dollars)	
Deferred tax assets:		
Other Regulatory assets/liabilities - net	\$ 6,896	\$ -
Pensions, OPEB and other employee benefits	2,074	1,702
Net operating losses	1,388	-
Future federal benefit on state taxes	416	387
Other items	63	3,901
Total deferred tax assets <sup>(1)</sup>	10,837	5,990
Deferred tax liabilities:		
Property related differences	16,045	14,464
Regulatory assets - other	2,139	-
Regulatory Assets - pension and OPEB	1,328	1,008
Investments	37	-
Other items	115	1,265
Total deferred tax liabilities	19,664	16,737
Net deferred income tax liability	8,827	10,747
Deferred investment tax credits	-	-
Net deferred income tax liability and investment tax credits	\$ 8,827	\$ 10,747

<sup>(1)</sup> There were no valuation allowances for deferred tax assets at December 31, 2013 or December 31, 2012.

The Company is a member of the National Grid North America Inc. ("NGNA") and subsidiaries consolidated federal income tax return. The Company has joint and several liability for any potential assessments against the consolidated group.

The following table presents the amounts and expiration dates of operating losses as of December 31, 2013:

Expiration of net operating losses:	Federal
	(in thousands of)
03/31/2029	\$ 3,966
03/31/2030	(3)

The Company adopted the provisions of FASB guidance which clarifies the accounting for uncertain tax positions as modified by FERC Docket AI07-2-000. FASB guidance provides that the financial effects of a tax position shall initially be recognized when it is more likely than not, based on the technical merits, that the position will be sustained upon examination, assuming the position will be audited and the taxing authority has full knowledge of all relevant information. FERC docket AI07-2-000 issues supplementary guidance requiring entities to continue to recognize deferred income taxes for Commission accounting and reporting purposes based on the difference between positions taken in tax returns filed or expected to be filed and amounts reported in the financial statements. As of December 31, 2013 and December 31, 2012, the Company did not have any unrecognized tax benefits.

The following table reconciles the changes to the Company's unrecognized tax benefits for the years ended December 31, 2013 and

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report 2013/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

December 31, 2012:

	Years Ended December 31,	
	2013	2012
	<i>(in thousands of dollars)</i>	
Beginning balance	\$ 1,242	\$ 2,658
Gross increases related to prior period	-	306
Gross decreases related to prior period	(4)	(1,722)
Gross increases related to current period	20	-
Gross decreases related to current period	(29)	-
Settlements with tax authorities	-	-
Reductions due to lapse of statute of limitations	-	-
Ending balance	\$ 1,229	\$ 1,242
Less unrecognized tax benefits on temporary differences	(1,229)	(1,242)
Balance at end of the year	\$ -	\$ -

As of December 31, 2013 and December 31, 2012, the Company has accrued for interest related to unrecognized tax benefits of \$0.4 thousand and \$7 thousand, respectively. During years ended December 31, 2013 and December 31, 2012, the Company recorded interest benefit of \$6.6 thousand and \$80 thousand, respectively. The Company recognizes accrued interest related to unrecognized tax benefits in other interest, including affiliate interest in the accompanying statement of income. Related penalties, if applicable, are recorded to other income (deductions). No penalties were recognized during the years ended December 31, 2013 and 2012.

It is reasonably possible that other events will occur during the next 12 months that would cause the total amount of unrecognized tax benefits to increase or decrease. However, the Company does not believe any such increases or decreases would be material to their results of operations, financial position, or cash flows.

Federal income tax returns have been examined and all appeals and issues have been agreed with the Internal Revenue Service (IRS) and the NGNA consolidated filing group, through March 31, 2007.

During fiscal year 2014 the IRS has concluded its examination of the NGNA consolidated filing group's corporate income tax returns for the periods ended March 31, 2008 and March 31, 2009. The examinations were completed on March 31, 2014, with an agreement on the majority of income tax issues for the years referenced above, as well as an acknowledgment that certain discrete items remain disputed. NGNA is in the process of appealing these disputed items with the IRS Office of Appeals. The Company does not anticipate a change in its unrecognized tax positions in the next twelve months as a result of the appeals. However, pursuant to the Company's tax sharing agreement, the audit or appeals may result in a change to allocated tax.

Fiscal years ended March 31, 2010 through March 31, 2014 remain subject to examination by the IRS.

The Company is a member of the National Grid USA Service Company Massachusetts unitary group since fiscal year ended March 31, 2010. The tax returns for the fiscal years ended March 31, 2010 through March 31, 2014 remain subject to examination by the State of Massachusetts.

The following table indicates the earliest tax year subject to examination:

Jurisdiction	Tax Year
Federal	March 31, 2008*
Massachusetts	March 31, 2010

\*The NGNA consolidated filing group is in the process of appealing certain disputed issues with the IRS Office of Appeals for the fiscal years ended March 31, 2008 through March 31, 2009.

#### NOTE 10. COMMITMENTS AND CONTINGENCIES

##### Capital Expenditures



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report 2013/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

The Company has various capital commitments related to the construction of property, plant and equipment. The Company's commitments under these contracts subsequent to December 31, 2013 are \$0.3 million, which is due to be spent within one year.

#### Legal Matters

The Company is subject to various legal proceedings, primarily injury claims, arising out of the ordinary course of its business. The Company does not consider any of such proceedings to be material, individually or in the aggregate, to its business or likely to result in a material adverse effect on its results of operations, financial position, or cash flows.

### 11. RELATED PARTY TRANSACTIONS

#### Advance from Affiliate

The Company had an agreement with NGUSA whereby the Company can borrow up to \$10 million from time to time for working capital needs. In November 2014, the Company entered into another agreement with NGUSA whereby the Company can borrow an additional \$10 million for working capital needs. The advance is non-interest bearing. At December 31, 2013 and 2012, the Company had an outstanding advance from affiliate of \$20 million and zero, respectively.

#### Accounts Receivable from and Accounts Payable to Affiliates

NGUSA and its affiliates provide various services to the Company, including executive and administrative, customer services, financial (including accounting, auditing, risk management, tax and treasury/finance), human resources, information technology, legal and strategic planning, that are charged between the companies and charged to each company.

The Company records short-term payables to and receivables from certain of its affiliates in the ordinary course of business. The amounts payable to and receivable from its affiliates do not bear interest and are settled through the intercompany money pool.

A summary of outstanding accounts receivable from affiliates and accounts payable to affiliates balances is as follows:

	Accounts Receivable From Associated Companies		Accounts Payable To Associated Companies	
	December 31, 2013	December 31, 2012	December 31, 2013	December 31, 2012
	(in thousands of dollars)			
Massachusetts Electric Co.	\$ 19,567	\$ 14,003	\$ 1,298	\$ 1,065
NG Engineering Svc, LLC	4,069	-	4,078	-
New England Power Co.	-	707	505	-
Narragansett Electric Co.	1,316	5,377	930	821
Niagara Mohawk Power Co.	166	-	133	1,671
NG Electric Services LLC	2	375	-	347
Boston Gas Company	3,526	-	1	-
NGUSA Service Company	453	-	171	548
Other	717	150	29	183
Total	<u>\$ 29,816</u>	<u>\$ 20,612</u>	<u>\$ 7,145</u>	<u>\$ 4,635</u>

#### Intercompany Money Pool

The settlement of the Company's various transactions with NGUSA and certain affiliates generally occurs via the intercompany money pool. The Company is a participant in the Regulated Money Pool and can both borrow and lend funds. Borrowings from the Regulated Money Pool bear interest in accordance with the terms of the intercompany money pool agreement. As the Company fully participates in the Regulated Money Pool rather than settling intercompany charges with cash, all changes in the intercompany money pool balance and accounts receivable and payable from affiliate balances, are reflected as investing or financing activities in the accompanying statements of cash flows. In addition, for the purpose of presentation in the statement of cash flows, it is assumed all amounts settled through intercompany money pool are constructive cash receipts and payments, and therefore are

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)**

- Report below the original cost of electric plant in service according to the prescribed accounts.
- In addition to Account 101, Electric Plant in Service (Classified), this page and the next include Account 102, Electric Plant Purchased or Sold; Account 103, Experimental Electric Plant Unclassified; and Account 106, Completed Construction Not Classified-Electric.
- Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.
- For revisions to the amount of initial asset retirement costs capitalized, included by primary plant account, increases in column (c) additions and reductions in column (e) adjustments.
- Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.
- Classify Account 106 according to prescribed accounts, on an estimated basis if necessary, and include the entries in column (c). Also to be included in column (c) are entries for reversals of tentative distributions of prior year reported in column (b). Likewise, if the respondent has a significant amount of plant retirements which have not been classified to primary accounts at the end of the year, include in column (d) a tentative distribution of such retirements, on an estimated basis, with appropriate contra entry to the account for accumulated depreciation provision. Include also in column (d)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)		
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights		
28	(331) Structures and Improvements		
29	(332) Reservoirs, Dams, and Waterways		
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)		
36	D. Other Production Plant		
37	(340) Land and Land Rights	358,968	
38	(341) Structures and Improvements		
39	(342) Fuel Holders, Products, and Accessories		
40	(343) Prime Movers		
41	(344) Generators		
42	(345) Accessory Electric Equipment		
43	(346) Misc. Power Plant Equipment		
44	(347) Asset Retirement Costs for Other Production		
45	TOTAL Other Prod. Plant (Enter Total of lines 37 thru 44)	358,968	
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	358,968	

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**ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)**

distributions of these tentative classifications in columns (c) and (d), including the reversals of the prior years tentative account distributions of these amounts. Careful observance of the above instructions and the texts of Accounts 101 and 106 will avoid serious omissions of the reported amount of respondent's plant actually in service at end of year.

7. Show in column (f) reclassifications or transfers within utility plant accounts. Include also in column (f) the additions or reductions of primary account classifications arising from distribution of amounts initially recorded in Account 102, include in column (e) the amounts with respect to accumulated provision for depreciation, acquisition adjustments, etc., and show in column (f) only the offset to the debits or credits distributed in column (f) to primary account classifications.

8. For Account 399, state the nature and use of plant included in this account and if substantial in amount submit a supplementary statement showing subaccount classification of such plant conforming to the requirement of these pages.

9. For each amount comprising the reported balance and changes in Account 102, state the property purchased or sold, name of vendor or purchase, and date of transaction. If proposed journal entries have been filed with the Commission as required by the Uniform System of Accounts, give also date

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
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					17
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					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					32
					33
					34
					35
					36
			358,968		37
					38
					39
					40
					41
					42
					43
					44
			358,968		45
			358,968		46

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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)					
Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)		
47	3. TRANSMISSION PLANT				
48	(350) Land and Land Rights				
49	(352) Structures and Improvements				
50	(353) Station Equipment				
51	(354) Towers and Fixtures				
52	(355) Poles and Fixtures				
53	(356) Overhead Conductors and Devices				
54	(357) Underground Conduit				
55	(358) Underground Conductors and Devices				
56	(359) Roads and Trails				
57	(359.1) Asset Retirement Costs for Transmission Plant				
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)				
59	4. DISTRIBUTION PLANT				
60	(360) Land and Land Rights	1,119,014	16,488		
61	(361) Structures and Improvements	81,060			
62	(362) Station Equipment	16,773,728	14,285		
63	(363) Storage Battery Equipment				
64	(364) Poles, Towers, and Fixtures	2,648,415	292,294		
65	(365) Overhead Conductors and Devices	3,352,727	393,586		
66	(366) Underground Conduit	18,344,042	117,762		
67	(367) Underground Conductors and Devices	47,031,133	1,689,808		
68	(368) Line Transformers	5,226,116	553,825		
69	(369) Services	3,525,139	495,528		
70	(370) Meters	1,134,739	3,475		
71	(371) Installations on Customer Premises				
72	(372) Leased Property on Customer Premises				
73	(373) Street Lighting and Signal Systems	312,703	9,540		
74	(374) Asset Retirement Costs for Distribution Plant				
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	99,548,816	3,586,591		
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT				
77	(380) Land and Land Rights				
78	(381) Structures and Improvements				
79	(382) Computer Hardware				
80	(383) Computer Software				
81	(384) Communication Equipment				
82	(385) Miscellaneous Regional Transmission and Market Operation Plant				
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper				
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)				
85	6. GENERAL PLANT				
86	(389) Land and Land Rights	31,005			
87	(390) Structures and Improvements	2,536,222			
88	(391) Office Furniture and Equipment				
89	(392) Transportation Equipment	65,163	547,593		
90	(393) Stores Equipment				
91	(394) Tools, Shop and Garage Equipment	40,979			
92	(395) Laboratory Equipment	38,819			
93	(396) Power Operated Equipment				
94	(397) Communication Equipment	5,797,319			
95	(398) Miscellaneous Equipment				
96	SUBTOTAL (Enter Total of lines 86 thru 95)	8,509,507	547,593		
97	(399) Other Tangible Property				
98	(399.1) Asset Retirement Costs for General Plant				
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	8,509,507	547,593		
100	TOTAL (Accounts 101 and 106)	108,417,291	4,134,184		
101	(102) Electric Plant Purchased (See Instr. 8)				
102	(Less) (102) Electric Plant Sold (See Instr. 8)				
103	(103) Experimental Plant Unclassified				
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	108,417,291	4,134,184		



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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)					
Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					47
					48
					49
					50
					51
					52
					53
					54
					55
					56
					57
					58
					59
			1,135,502		60
			81,060		61
			16,788,013		62
					63
472		3,683,350	6,623,587		64
84,039			3,662,274		65
		-4,720,102	13,741,702		66
11,326		179,454	48,889,069		67
1,062			5,778,879		68
16		754,850	4,775,501		69
21,083			1,117,131		70
					71
					72
		102,448	424,691		73
					74
117,998			103,017,409		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
			31,005		86
			2,536,222		87
					88
65,163			547,593		89
					90
			40,979		91
			38,819		92
					93
			5,797,319		94
					95
65,163			8,991,937		96
					97
					98
65,163			8,991,937		99
183,161			112,368,314		100
					101
					102
					103
183,161			112,368,314		104

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**ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)**

1. Explain in a footnote any important adjustments during year.
2. Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3. The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Section A. Balances and Changes During Year					
Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	41,173,653	41,173,653		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	3,693,649	3,693,649		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):				
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	3,693,649	3,693,649		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	183,161	183,161		
13	Cost of Removal	215,765	215,765		
14	Salvage (Credit)				
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	398,926	398,926		
16	Other Debit or Cr. Items (Describe, details in footnote):				
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	44,468,376	44,468,376		
Section B. Balances at End of Year According to Functional Classification					
20	Steam Production				
21	Nuclear Production				
22	Hydraulic Production-Conventional				
23	Hydraulic Production-Pumped Storage				
24	Other Production				
25	Transmission				
26	Distribution	40,265,404	40,265,404		
27	Regional Transmission and Market Operation				
28	General	4,202,972	4,202,972		

ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)	
1.	Explain in a footnote any important adjustments during year.
2.	Explain in a footnote any difference between the amount for book cost of plant retired, Line 11, column (c), and that reported for electric plant in service, pages 204-207, column 9d), excluding retirements of non-depreciable property.
3.	The provisions of Account 108 in the Uniform System of accounts require that retirements of depreciable plant be recorded when such plant is removed from service. If the respondent has a significant amount of plant retired at year end which has not been recorded and/or classified to the various reserve functional classifications, make preliminary closing entries to tentatively functionalize the book cost of the plant retired. In addition, include all costs included in retirement work in progress at year end in the appropriate functional classifications.
4.	Show separately interest credits under a sinking fund or similar method of depreciation accounting.

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
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[illegible]

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**ELECTRIC OPERATING REVENUES (Account 400)**

- The following instructions generally apply to the annual version of these pages. Do not report quarterly data in columns (c), (e), (f), and (g). Unbilled revenues and MWH related to unbilled revenues need not be reported separately as required in the annual version of these pages.
- Report below operating revenues for each prescribed account, and manufactured gas revenues in total.
- Report number of customers, columns (f) and (g), on the basis of meters, in addition to the number of flat rate accounts; except that where separate meter readings are added for billing purposes, one customer should be counted for each group of meters added. The -average number of customers means the average of twelve figures at the close of each month.
- If increases or decreases from previous period (columns (c),(e), and (g)), are not derived from previously reported figures, explain any inconsistencies in a footnote.
- Disclose amounts of \$250,000 or greater in a footnote for accounts 451, 456, and 457.2.

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	7,303,371	6,609,379
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	1,217,916	1,816,471
5	Large (or Ind.) (See Instr. 4)	742,995	-11
6	(444) Public Street and Highway Lighting	5,658	5,288
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	9,269,940	8,431,127
11	(447) Sales for Resale		
12	TOTAL Sales of Electricity	9,269,940	8,431,127
13	(Less) (449.1) Provision for Rate Refunds	408,140	557,295
14	TOTAL Revenues Net of Prov. for Refunds	8,861,800	7,873,832
15	Other Operating Revenues		
16	(450) Forfeited Discounts	14,507	12,207
17	(451) Miscellaneous Service Revenues	1,588,203	1,519,000
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	465,192	299,094
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	14,623,107	13,151,552
22	(456.1) Revenues from Transmission of Electricity of Others		
23	(457.1) Regional Control Service Revenues		
24	(457.2) Miscellaneous Revenues		
25			
26	TOTAL Other Operating Revenues	16,691,009	14,981,853
27	TOTAL Electric Operating Revenues	25,552,809	22,855,685



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**ELECTRIC OPERATING REVENUES (Account 400)**

6. Commercial and industrial Sales, Account 442, may be classified according to the basis of classification (Small or Commercial, and Large or Industrial) regularly used by the respondent if such basis of classification is not generally greater than 1000 Kw of demand. (See Account 442 of the Uniform System of Accounts. Explain basis of classification in a footnote.)

7. See pages 108-109, Important Changes During Period, for important new territory added and important rate increase or decreases.

8. For Lines 2,4,5,and 6, see Page 304 for amounts relating to unbilled revenue by accounts.

9. Include unmetered sales. Provide details of such Sales in a footnote.

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
99,801	93,807	11,238	11,253	2
				3
27,858	28,399	1,308	1,294	4
489	14	3	3	5
81	79	5	5	6
				7
				8
				9
128,229	122,299	12,554	12,555	10
				11
128,229	122,299	12,554	12,555	12
				13
128,229	122,299	12,554	12,555	14

Line 12, column (b) includes \$ 2,340,000 of unbilled revenues.

Line 12, column (d) includes 787 MWH relating to unbilled revenues

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Nantucket Electric Company			
FOOTNOTE DATA			

**Schedule Page: 300 Line No.: 17 Column: b**

Miscellaneous Service Revenue-Electric	87,381
Open Access Revenue-Demand Side Management	749,832
Open Access Revenue-Customer Charge	750,990
	-----
	1,588,203

**Schedule Page: 300 Line No.: 17 Column: c**

Miscellaneous Service Revenue-Electric	137,511
Open Access Revenue-Demand Side Management	638,839
Open Access Revenue-Customer Charge	742,650
	-----
	1,519,000

**Schedule Page: 300 Line No.: 21 Column: b**

Open Access Revenue-Access Charge	249,731
Open Access Revenue-Transmission	2,259,632
Open Access Revenue-Distribution	7,467,993
Open Access Revenue-Decoupling	(620,725)
Open Access Revenue-Miscellaneous	5,266,476
	-----
	14,623,107

**Schedule Page: 300 Line No.: 21 Column: c**

Open Access Revenue-Access Charge	141,305
Open Access Revenue-Transmission	1,894,644
Open Access Revenue-Distribution	7,268,447
Open Access Revenue-Decoupling	106,815
Open Access Revenue-Miscellaneous	3,740,341
	-----
	13,151,552

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**SALES FOR RESALE (Account 447)**

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).

2. Enter the name of the purchaser in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the purchaser.

3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:  
 RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.  
 LF - for long-term service. "Long-term" means five years or Longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for Long-term firm service which meets the definition of RQ service. For all transactions identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or setter can unilaterally get out of the contract.  
 IF - for intermediate-term firm service. The same as LF service except that "intermediate-term" means longer than one year but Less than five years.  
 SF - for short-term firm service. Use this category for all firm services where the duration of each period of commitment for service is one year or less.  
 LU - for Long-term service from a designated generating unit. "Long-term" means five years or Longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of designated unit.  
 IU - for intermediate-term service from a designated generating unit. The same as LU service except that "intermediate-term" means Longer than one year but Less than five years.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
				0	0	0
				0	0	0
				0	0	0

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**SALES FOR RESALE (Account 447) (Continued)**

OS - for other service. use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote.

AD - for Out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP)

demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts.

Footnote any demand not stated on a megawatt basis and explain.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
0	0	0	0	0	
0	0	0	0	0	
0	0	0	0	0	

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**ELECTRIC OPERATION AND MAINTENANCE EXPENSES**

If the amount for previous year is not derived from previously reported figures, explain in footnote.

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering	1,592	
5	(501) Fuel		
6	(502) Steam Expenses		
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses		
11	(507) Rents		
12	(509) Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)	1,592	
14	Maintenance		
15	(510) Maintenance Supervision and Engineering		
16	(511) Maintenance of Structures		
17	(512) Maintenance of Boiler Plant		
18	(513) Maintenance of Electric Plant		
19	(514) Maintenance of Miscellaneous Steam Plant		
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)		
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)	1,592	
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Maintenance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		



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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)					
If the amount for previous year is not derived from previously reported figures, explain in footnote.					
Line No.	Account (a)	Amount for Current Year (b)		Amount for Previous Year (c)	
60	D. Other Power Generation				
61	Operation				
62	(546) Operation Supervision and Engineering				
63	(547) Fuel	26		1,328	
64	(548) Generation Expenses				
65	(549) Miscellaneous Other Power Generation Expenses	402		7,500	
66	(550) Rents	65			
67	TOTAL Operation (Enter Total of lines 62 thru 66)	493		8,828	
68	Maintenance				
69	(551) Maintenance Supervision and Engineering				
70	(552) Maintenance of Structures	-4			
71	(553) Maintenance of Generating and Electric Plant			742	
72	(554) Maintenance of Miscellaneous Other Power Generation Plant				
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	-4		742	
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	489		9,570	
75	E. Other Power Supply Expenses				
76	(555) Purchased Power	9,099,117		8,012,655	
77	(556) System Control and Load Dispatching				
78	(557) Other Expenses				
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	9,099,117		8,012,655	
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	9,101,198		8,022,225	
81	2. TRANSMISSION EXPENSES				
82	Operation				
83	(560) Operation Supervision and Engineering				
84					
85	(561.1) Load Dispatch-Reliability				
86	(561.2) Load Dispatch-Monitor and Operate Transmission System				
87	(561.3) Load Dispatch-Transmission Service and Scheduling				
88	(561.4) Scheduling, System Control and Dispatch Services	41,326		68,632	
89	(561.5) Reliability, Planning and Standards Development				
90	(561.6) Transmission Service Studies				
91	(561.7) Generation Interconnection Studies				
92	(561.8) Reliability, Planning and Standards Development Services				
93	(562) Station Expenses	3,652		5,537	
94	(563) Overhead Lines Expenses				
95	(564) Underground Lines Expenses	9			
96	(565) Transmission of Electricity by Others	2,218,713		1,826,227	
97	(566) Miscellaneous Transmission Expenses	951		917	
98	(567) Rents			29	
99	TOTAL Operation (Enter Total of lines 83 thru 98)	2,264,651		1,901,342	
100	Maintenance				
101	(568) Maintenance Supervision and Engineering	37			
102	(569) Maintenance of Structures				
103	(569.1) Maintenance of Computer Hardware				
104	(569.2) Maintenance of Computer Software				
105	(569.3) Maintenance of Communication Equipment				
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant				
107	(570) Maintenance of Station Equipment			721	
108	(571) Maintenance of Overhead Lines				
109	(572) Maintenance of Underground Lines				
110	(573) Maintenance of Miscellaneous Transmission Plant				
111	TOTAL Maintenance (Total of lines 101 thru 110)	37		721	
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	2,264,688		1,902,063	

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)					
If the amount for previous year is not derived from previously reported figures, explain in footnote.					
Line No.	Account (a)	Amount for Current Year (b)		Amount for Previous Year (c)	
113	3. REGIONAL MARKET EXPENSES				
114	Operation				
115	(575.1) Operation Supervision				
116	(575.2) Day-Ahead and Real-Time Market Facilitation				
117	(575.3) Transmission Rights Market Facilitation				
118	(575.4) Capacity Market Facilitation				
119	(575.5) Ancillary Services Market Facilitation				
120	(575.6) Market Monitoring and Compliance				
121	(575.7) Market Facilitation, Monitoring and Compliance Services				
122	(575.8) Rents				
123	Total Operation (Lines 115 thru 122)				
124	Maintenance				
125	(576.1) Maintenance of Structures and Improvements				
126	(576.2) Maintenance of Computer Hardware				
127	(576.3) Maintenance of Computer Software				
128	(576.4) Maintenance of Communication Equipment				
129	(576.5) Maintenance of Miscellaneous Market Operation Plant				
130	Total Maintenance (Lines 125 thru 129)				
131	TOTAL Regional Transmission and Market Op Exps (Total 123 and 130)				
132	4. DISTRIBUTION EXPENSES				
133	Operation				
134	(580) Operation Supervision and Engineering	26,399		7,740	
135	(581) Load Dispatching	32,941		10,813	
136	(582) Station Expenses	46,118		147,726	
137	(583) Overhead Line Expenses	392,486		70,088	
138	(584) Underground Line Expenses	14,424		70,122	
139	(585) Street Lighting and Signal System Expenses	15,389		846	
140	(586) Meter Expenses	98,212		93,593	
141	(587) Customer Installations Expenses	90,990		33,759	
142	(588) Miscellaneous Expenses	266,983		319,769	
143	(589) Rents	9,122		1,340	
144	TOTAL Operation (Enter Total of lines 134 thru 143)	993,064		755,796	
145	Maintenance				
146	(590) Maintenance Supervision and Engineering	24,915		1,804	
147	(591) Maintenance of Structures	4,698		17,219	
148	(592) Maintenance of Station Equipment	80,660		82,804	
149	(593) Maintenance of Overhead Lines	478,727		567,387	
150	(594) Maintenance of Underground Lines	18,915		33,349	
151	(595) Maintenance of Line Transformers	1,168		2,329	
152	(596) Maintenance of Street Lighting and Signal Systems	5,130		13,860	
153	(597) Maintenance of Meters	381		3,830	
154	(598) Maintenance of Miscellaneous Distribution Plant	7		75	
155	TOTAL Maintenance (Total of lines 146 thru 154)	614,601		722,657	
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	1,607,665		1,478,453	
157	5. CUSTOMER ACCOUNTS EXPENSES				
158	Operation				
159	(901) Supervision	2,625		7,001	
160	(902) Meter Reading Expenses	48,996		33,086	
161	(903) Customer Records and Collection Expenses	197,186		221,859	
162	(904) Uncollectible Accounts	40,870		-38,510	
163	(905) Miscellaneous Customer Accounts Expenses	17,778		3,266	
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	307,455		226,702	

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)					
If the amount for previous year is not derived from previously reported figures, explain in footnote.					
Line No.	Account (a)	Amount for Current Year (b)		Amount for Previous Year (c)	
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES				
166	Operation				
167	(907) Supervision			20	
168	(908) Customer Assistance Expenses	635,451		252,290	
169	(909) Informational and Instructional Expenses	174,016		48,187	
170	(910) Miscellaneous Customer Service and Informational Expenses	53,757		5,277	
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	863,224		305,774	
172	7. SALES EXPENSES				
173	Operation				
174	(911) Supervision			106	
175	(912) Demonstrating and Selling Expenses	33,290		28,376	
176	(913) Advertising Expenses	3,205		15	
177	(916) Miscellaneous Sales Expenses			275	
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	36,495		28,772	
179	8. ADMINISTRATIVE AND GENERAL EXPENSES				
180	Operation				
181	(920) Administrative and General Salaries	477,040		209,698	
182	(921) Office Supplies and Expenses	131,614		387,405	
183	(Less) (922) Administrative Expenses Transferred-Credit				
184	(923) Outside Services Employed	780,332		360,283	
185	(924) Property Insurance	37,588		13,919	
186	(925) Injuries and Damages	230,122		281,083	
187	(926) Employee Pensions and Benefits	1,556,087		814,112	
188	(927) Franchise Requirements				
189	(928) Regulatory Commission Expenses	85,463		118,541	
190	(929) (Less) Duplicate Charges-Cr.				
191	(930.1) General Advertising Expenses	8,364		687	
192	(930.2) Miscellaneous General Expenses	-59,905		52,976	
193	(931) Rents	315,430		169,055	
194	TOTAL Operation (Enter Total of lines 181 thru 193)	3,562,135		2,407,759	
195	Maintenance				
196	(935) Maintenance of General Plant	38		5,546	
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	3,562,173		2,413,305	
198	TOTAL Elec Op and Maint Exps (Total 80,112,131,156,164,171,178,197)	17,742,898		14,377,294	

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**PURCHASED POWER (Account 555)**  
(Including power exchanges)

- Report all power purchases made during the year. Also report exchanges of electricity (i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges.
- Enter the name of the seller or other party in an exchange transaction in column (a). Do not abbreviate or truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with the seller.
- In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

RQ - for requirements service. Requirements service is service which the supplier plans to provide on an ongoing basis (i.e., the supplier includes projects load for this service in its system resource planning). In addition, the reliability of requirement service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term firm service. "Long-term" means five years or longer and "firm" means that service cannot be interrupted for economic reasons and is intended to remain reliable even under adverse conditions (e.g., the supplier must attempt to buy emergency energy from third parties to maintain deliveries of LF service). This category should not be used for long-term firm service firm service which meets the definition of RQ service. For all transaction identified as LF, provide in a footnote the termination date of the contract defined as the earliest date that either buyer or seller can unilaterally get out of the contract.

IF - for intermediate-term firm service. The same as LF service expect that "intermediate-term" means longer than one year but less than five years.

SF - for short-term service. Use this category for all firm services, where the duration of each period of commitment for service is one year or less.

LU - for long-term service from a designated generating unit. "Long-term" means five years or longer. The availability and reliability of service, aside from transmission constraints, must match the availability and reliability of the designated unit.

IU - for intermediate-term service from a designated generating unit. The same as LU service expect that "intermediate-term" means longer than one year but less than five years.

EX - For exchanges of electricity. Use this category for transactions involving a balancing of debits and credits for energy, capacity, etc. and any settlements for imbalanced exchanges.

OS - for other service. Use this category only for those services which cannot be placed in the above-defined categories, such as all non-firm service regardless of the Length of the contract and service from designated units of Less than one year. Describe the nature of the service in a footnote for each adjustment.

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	NEW ENGLAND POWER	OS	1			
2	TRANSCANADA	RQ	1			
3	CONSTELLATION	RQ	1			
4	DOMINION NUCLEAR	RQ	1			
5	DTE ENERGY	RQ	1			
6	HESS OIL	RQ	1			
7	ENERGY AMERICA	RQ	1			
8	NEXTERA ENERGY	RQ	1			
9						
10						
11						
12						
13						
14						
Total						

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**PURCHASED POWER (Account 555) (Continued)**  
(Including power exchanges)

AD - for out-of-period adjustment. Use this code for any accounting adjustments or "true-ups" for service provided in prior reporting years. Provide an explanation in a footnote for each adjustment.

4. In column (c), identify the FERC Rate Schedule Number or Tariff, or, for non-FERC jurisdictional sellers, include an appropriate designation for the contract. On separate lines, list all FERC rate schedules, tariffs or contract designations under which service, as identified in column (b), is provided.
5. For requirements RQ purchases and any type of service involving demand charges imposed on a monthly (or longer) basis, enter the monthly average billing demand in column (d), the average monthly non-coincident peak (NCP) demand in column (e), and the average monthly coincident peak (CP) demand in column (f). For all other types of service, enter NA in columns (d), (e) and (f). Monthly NCP demand is the maximum metered hourly (60-minute integration) demand in a month. Monthly CP demand is the metered demand during the hour (60-minute integration) in which the supplier's system reaches its monthly peak. Demand reported in columns (e) and (f) must be in megawatts. Footnote any demand not stated on a megawatt basis and explain.
6. Report in column (g) the megawatthours shown on bills rendered to the respondent. Report in columns (h) and (i) the megawatthours of power exchanges received and delivered, used as the basis for settlement. Do not report net exchange.
7. Report demand charges in column (j), energy charges in column (k), and the total of any other types of charges, including out-of-period adjustments, in column (l). Explain in a footnote all components of the amount shown in column (l). Report in column (m) the total charge shown on bills received as settlement by the respondent. For power exchanges, report in column (m) the settlement amount for the net receipt of energy. If more energy was delivered than received, enter a negative amount. If the settlement amount (l) include credits or charges other than incremental generation expenses, or (2) excludes certain credits or charges covered by the agreement, provide an explanatory footnote.
8. The data in column (g) through (m) must be totalled on the last line of the schedule. The total amount in column (g) must be reported as Purchases on Page 401, line 10. The total amount in column (h) must be reported as Exchange Received on Page 401, line 12. The total amount in column (i) must be reported as Exchange Delivered on Page 401, line 13.
9. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) of Settlement (\$) (m)	
					239,262	239,262	1
-337				-19,963		-19,963	2
36,121				3,622,014		3,622,014	3
55,158				2,921,451		2,921,451	4
1,465				106,800		106,800	5
18,649				1,105,486		1,105,486	6
919				52,905		52,905	7
31,393				1,071,161		1,071,161	8
							9
							10
							11
							12
							13
							14
143,368				8,859,854	239,262	9,099,116	



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report 2013/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

**Schedule Page: 326 Line No.: 1 Column: a**  
 Contract termination charges paid to affiliated company New England Power

**Schedule Page: 326 Line No.: 1 Column: b**  
 Energy from affiliate company

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report 2013/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

presented as such.

The Regulated Money Pool is funded by operating funds from participants. Collectively, NGUSA and its subsidiary, KeySpan have the ability to borrow up to \$3 billion from National Grid plc for working capital needs including funding of the intercompany money pools, if necessary. The Company had short-term intercompany money pool investments of \$31.8 million and \$9.1 million at December 31, 2013 and 2012, respectively. The average interest rates for the intercompany money pool were 0.7% and 0.4% for the years ended December 31, 2013 and 2012, respectively.

#### Related Party Reimbursement

In accordance with the Credit and Operating Support Agreement dated March 26, 1996, Massachusetts Electric will reimburse the Company an amount equal to the difference between the Company's actual net income for the year and the net income necessary for the Company to earn a return on equity ("ROE") equivalent to the Company's DPU approved weighted average allowed ROE for the fiscal year, currently 10.35%. This reimbursement shall constitute additional revenue to the Company and expense to Massachusetts Electric. If the Company's actual ROE for the year exceeds the Company's allowed ROE, the Company reimburses to Massachusetts Electric the excess amount of the earnings. For the years ended December 31, 2013 and December 31, 2012, Massachusetts Electric reimbursed the Company \$6.5 million and \$3.5 million, respectively.

#### Service Company Charges

The affiliated service companies of NGUSA provide certain services to the Company at their cost. The service company costs are generally allocated to associated companies through a tiered approach. First and foremost, costs are directly charged to the benefited company whenever practicable. Secondly, in cases where direct charging cannot be readily determined, costs are typically allocated using cost/causation principles linked to the relationship of that type of service, such as number of employees, number of customers/meters, capital expenditures, value of property owned, total transmission and distribution expenditures, etc. Lastly, all other costs are allocated based on a general allocator determined using a 3-point formula based on net margin, net property, plant and equipment, and operations and maintenance expense.

Charges from the service companies of NGUSA to the Company for the years ended December 31, 2013 and 2012 were \$3.6 million and \$6 million, respectively.

#### Holding Company Charges

NGUSA received charges from National Grid Commercial Holdings Limited, an affiliated company in the UK, for certain corporate and administrative services provided by the corporate functions of National Grid plc to its US subsidiaries. These charges, which are recorded on the books of NGUSA, have not been reflected on these financial statements.

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of <u>2013/Q4</u>
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## STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

1. Report in columns (b),(c),(d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.
2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.
3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.
4. Report data on a year-to-date basis.

[illegible]

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 09/16/2014		Year/Period of Report End of <u>2013/Q4</u>	
STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES							
Line No.	Other Cash Flow Hedges Interest Rate Swaps  (f)	Other Cash Flow Hedges [Specify]  (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78)  (i)	Total Comprehensive Income  (j)		
1			( 77,488)				
2			53,235				
3			( 31,898)				
4			21,337	2,213,500	2,234,837		
5			( 56,151)				
6			( 56,151)				
7			150,950				
8			( 32,544)				
9			118,406				
10			62,255				

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION					
Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.					
Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)		
1	Utility Plant				
2	In Service				
3	Plant in Service (Classified)	111,285,628	111,285,628		
4	Property Under Capital Leases				
5	Plant Purchased or Sold				
6	Completed Construction not Classified	1,082,686	1,082,686		
7	Experimental Plant Unclassified				
8	Total (3 thru 7)	112,368,314	112,368,314		
9	Leased to Others				
10	Held for Future Use				
11	Construction Work in Progress	226,762	226,762		
12	Acquisition Adjustments	16,551,550	16,551,550		
13	Total Utility Plant (8 thru 12)	129,146,626	129,146,626		
14	Accum Prov for Depr, Amort, & Depl	45,314,370	45,314,370		
15	Net Utility Plant (13 less 14)	83,832,256	83,832,256		
16	Detail of Accum Prov for Depr, Amort & Depl				
17	In Service:				
18	Depreciation	44,468,376	44,468,376		
19	Amort & Depl of Producing Nat Gas Land/Land Right				
20	Amort of Underground Storage Land/Land Rights				
21	Amort of Other Utility Plant				
22	Total In Service (18 thru 21)	44,468,376	44,468,376		
23	Leased to Others				
24	Depreciation				
25	Amortization and Depletion				
26	Total Leased to Others (24 & 25)				
27	Held for Future Use				
28	Depreciation				
29	Amortization				
30	Total Held for Future Use (28 & 29)				
31	Abandonment of Leases (Natural Gas)				
32	Amort of Plant Acquisition Adj	845,994	845,994		
33	Total Accum Prov (equals 14) (22,26,30,31,32)	45,314,370	45,314,370		



Name of Respondent Nantucket Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION					
Gas (d)	Other (Specify) (e)	Other (Specify) (f)	Other (Specify) (g)	Common (h)	Line No.
					1
					2
					3
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					33

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 09/16/2014		Year/Period of Report End of 2013/Q4	
OTHER REGULATORY ASSETS (Account 182.3)							
1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable. 2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes. 3. For Regulatory Assets being amortized, show period of amortization.							
Line No.	Description and Purpose of Other Regulatory Assets  (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS		Balance at end of Current Quarter/Year (f)	
				Written off During the Quarter /Year Account Charged (d)	Written off During the Period Amount (e)		
1	Deferred Income Taxes	200,259	700,744	282/283	51,623	849,380	
2							
3	Default (Basic) Service	5,331,642	388,755	449	1,016,332	4,704,065	
4							
5	Pension	2,264,393	388,578	253/926	343,337	2,309,634	
6							
7	OPEB	752,435	69,780	253/926	21,729	800,486	
8							
9	Pension Expense Deferred-Electric	432,385	756,961	456	835,005	354,341	
10							
11	Revenue Decoupling	190,316	19,353	456	209,669		
12							
13							
14							
15							
16							
17							
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42							
43							
44	TOTAL :	9,171,430	2,324,171		2,477,695	9,017,906	

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report 2013/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

**Schedule Page: 232 Line No.: 3 Column: a**

Pursuant to the Company's Basic Service Adjustment Provision, the Company is allowed to recover costs associated with providing Basic Service to its customers. The cost of providing Basic Service includes payments to Basic Service suppliers, payments under renewable resource contracts entered into by the Company pursuant to § 83 of An Act Relative to Green Communities as approved by the Department, payments to the Independent System Operator-New England ("ISO-NE") for procuring Basic Service power, the cost of acquiring renewable energy certificates or remitting Alternate Compliance Payments to comply with the renewable portfolio standards established by Massachusetts law, and the FERC approved costs billed to the Company for the operation of the New England Power Pool ("NEPOOL") Generation Information System. The recovery of these costs is fully reconcilable with any over or under collection passed on to all customers.

**Schedule Page: 232 Line No.: 5 Column: a**

Pursuant to D.P.U. 09-39 the Company has been allowed to implement pension and PBOP mechanisms to collect non-capitalized pension and postretirement benefits other than pensions ("PBOP") through a separate billing factor referred to as the Pension and PBOP Adjustment Factor ("PAF"). A return on the average annual prepaid or unfunded pension and PBOP balance at the weighted average cost of capital will be recorded. Over or under collections will be surcharged or credited to customers over a three year period.

**Schedule Page: 232 Line No.: 7 Column: a**

Pursuant to D.P.U. 09-39, the Company has been allowed to implement pension and PBOP mechanisms to collect non-capitalized pension and postretirement benefits other than pensions ("PBOP") through a separate billing factor referred to as the Pension and PBOP Adjustment Factor ("PAF"). A return on the average annual prepaid or unfunded pension and PBOP balance at the weighted average cost of capital will be recorded. Over or under collections will be surcharged or credited to customers over a three year period.

**Schedule Page: 232 Line No.: 9 Column: a**

Pursuant to D.P.U. 09-39, the Company has been allowed to implement pension and PBOP mechanisms to collect non-capitalized pension and postretirement benefits other than pensions ("PBOP") through a separate billing factor referred to as the Pension and PBOP Adjustment Factor ("PAF"). A return on the average annual prepaid or unfunded pension and PBOP balance at the weighted average cost of capital will be recorded. Over or under collections will be surcharged or credited to customers over a three year period.

**Schedule Page: 232 Line No.: 11 Column: a**

Pursuant Massachusetts law and the Company's Revenue Decoupling Mechanism ("RDM") Provision, the Company is operating under an RDM by which its actual distribution revenue is measured against a target level of distribution revenue as established in the Company's most recent rate case. And difference between actual distribution revenue and the revenue target is passed on to all customers. In addition, the Company's RDM includes a Capital Investment Recovery Mechanism by which it can begin to recover, on a one year lag, capital investment placed into service up to a maximum of \$170 million annually.

Name of Respondent NANTUCKET ELECTRIC COMPANY	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 201
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**PART XII: ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT**

Line No.	Name of Utility Department (a)	Balance at Beginning of Year (b)	Depreciation and Amortization Accruals for Year (c)	Net Charges for Plant Retired During Year (d)	Other Items Debit or Credit (Explain in Footnote) (e)	Balance at End of Year (f)
01	ELECTRIC (110)					
02	Other Utility Department (119) (Specify):					
03						
04						
05						
06						
07						

**PART XIII: CAPITAL STOCK DATA**

(Column f refers to total amount outstanding without reduction for amounts held by respondent. Omit cents)

Line No.	Class and Series of Stock (a)	Number of Shares Authorized (b)	Par Value Per Share of Par Value Stock (c)	Stated Value Per Share of Nonpar Stock (d)	Outstanding Per Balance Sheet	
					Shares (e)	Amount (f)
01	Common Stock	1	\$1	N/A	1	\$1
02						
03						
04						
05						
06						
07						
08						
09						

**PART XIV: LONG-TERM DEBT DATA**

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding Per Balance Sheet (d)	Interest for Year	
					% Rate (e)	Amount (f)
01	Massachusetts Industrial					
02	Finance Agency - Electric					
03	Utility Revenue Bonds -					
04	Series A	08/01/2007	08/01/2042	13,300,000	0.36%	47,318
05	Massachusetts Development					
06	Finance Agency - variable rate					
07	Utility Revenue Bonds -					
08	Series 2004	12/16/2004	03/01/2039	10,000,000	0.41%	41,178
09	Massachusetts Development					
10	Finance Agency - variable rate					
11	Utility Revenue Bonds -					
12	Series 2004	12/16/2004	03/01/2016	1,000,000	0.48%	4,847
13	Massachusetts Development					
14	Finance Agency - variable rate					
15	Utility Revenue Bonds -					
16	Series 2005	12/08/2005	12/01/2040	28,000,000	0.41%	115,758
17						
18	Advances from Associated Companies			20,000,000		
	<b>TOTAL</b>			<b>\$72,300,000</b>		<b>\$209,101</b>

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report End of 2013/Q4
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**OTHER REGULATORY LIABILITIES (Account 254)**

1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.
3. For Regulatory Liabilities being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	DEBITS		Credits (e)	Balance at End of Current Quarter/Year (f)
			Account Credited (c)	Amount (d)		
1	Deferred Income Taxes	819,092	182/191	2,477	2,196	818,811
2	Energy Efficiency	5,785,570	451/431	259,673	662,562	6,188,459
3	Transmission Service	8,611,765	456	164,832	883,206	9,330,139
4	Transition Charge	101,643	456/431	43,173	17,396	75,866
5	Basic Service Administrative Cost	480,919	456/431	29,304	147,100	598,715
6	Revenue Decoupling Mechanism		456/431	415,703	846,113	430,410
7	2nd Cable Deferral (2006-2013)	( 15,193)	456/431	( 162,777)	( 8,312)	139,272
8	Retirement Plan-Purchase Accounting Adj	( 8,309)	926	60,900	38,100	-31,109
9	Service Quality Penalty	( 18,738)	456	494	2,353	-16,879
10						
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37						
38						
39						
40						
41	TOTAL	15,756,749		813,779	2,590,714	17,533,684



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 09/16/2014	Year/Period of Report 2013/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

**Schedule Page: 278 Line No.: 2 Column: a**

Pursuant to Massachusetts law and the Company's Energy Efficiency Provision, the Company administers an Energy Efficiency ("EE") plan and is allowed to recover the cost of that plan through a combination of a base EE Charge of 0.250¢ per kWh plus (1) amounts generated by the Forward Capacity Market program administered by the Independent System Operator-New England; (2) cap and trade pollution control programs, including, but not limited to, not less than 80 per cent of amounts generated by the carbon dioxide allowance trading mechanism established under the Regional Greenhouse Gas Initiative Memorandum of Understanding, and the NOx Allowance Trading Program; and (3) other funding as approved by the Department. The Company's annual Energy Efficiency Reconciling Factors ("EERFs") are designed to collect the estimated incremental costs of the Company's proposed EE programs for the year which represents those costs that are in excess of the expected funding. EE costs, including an allowance for performance based shareholder incentives, are fully reconcilable, and any over or under recovery of costs is passed on to all customers.

**Schedule Page: 278 Line No.: 3 Column: a**

The Company arranges transmission service on behalf of its customers. Pursuant to the Company's Transmission Service Cost Adjustment Provision, the Company is allowed to recover the cost it incurs in arranging that transmission service as billed to the Company by its affiliate, New England Power Company, any other transmission provider, the New England Power Pool, a regional transmission group, an independent system operator or any other entity that is authorized to bill the Company directly for transmission services. Transmission service costs are fully reconcilable and any over or under recoveries are passed on to customers receiving transmission service through the Company.

**Schedule Page: 278 Line No.: 4 Column: a**

Pursuant to Massachusetts law and the Company's Transition Cost Adjustment Provision, the Company is to be authorized to recover costs charged by the Company's affiliate New England Power ("NEP"), for stranded costs associated with NEP's former electric generation investments. The Transition Charge is fully reconcilable and any over or under recovery of costs are passed on to customers.

**Schedule Page: 278 Line No.: 5 Column: a**

Pursuant to the Company's Basic Service Adjustment Provision, the Company is allowed to recover the costs, including administrative costs, incurred by the Company in arranging Basic Service, including uncollectible costs associated with the amounts the Company bills for Basic Service supply, the administrative costs of complying with the requirements of Renewable Energy Portfolio Standards pursuant to 225 CMR14, cash working capital and other administrative costs associated with arranging Basic Service. The recovery of these costs is fully reconcilable with any over or under collection passed on to all customers.

**Schedule Page: 278 Line No.: 6 Column: a**

Pursuant Massachusetts law and the Company's Revenue Decoupling Mechanism ("RDM") Provision, the Company is operating under an RDM by which its actual distribution revenue is measured against a target level of distribution revenue as established in the Company's most recent rate case. And difference between actual distribution revenue and the revenue target is passed on to all customers. In addition, the Company's RDM includes a Capital Investment Recovery Mechanism by which it can begin to recover, on a one year lag, capital investment placed into service up to a maximum of \$170 million annually.

**Schedule Page: 278 Line No.: 7 Column: a**

Persuant to D.P.U. 06-106-A

**Schedule Page: 278 Line No.: 9 Column: a**

Service quality penalty credit factors were implemented pursuant to approval in Docket Nos. D.P.U. 07-22 and D.P.U. 08-19 respectively, to refund customers for poor service in 2005 and 2006.

# DEPARTMENT OF PUBLIC UTILITIES

This statement is filed in accordance with Chapter 164, Section 84A

## CONDENSED FINANCIAL RETURN

FOR THE YEAR ENDED DECEMBER 31, 2013

FULL NAME OF COMPANY - NANTUCKET ELECTRIC COMPANY

LOCATION OF PRINCIPAL BUSINESS OFFICE - 40 Sylvan Road, Waltham, MA 02451

### STATEMENT OF INCOME FOR THE YEAR

Item	Current Year	Increase or (Decrease) from Preceding Year
<b>OPERATING INCOME</b>	\$	\$
Operating Revenues .....		
Operating Expenses: .....		
Operation Expense     See Copy of Statement of Income Filed		
Maintenance Expense   with the DPU Return, attached.		
Depreciation Expense .....		
Amortization of Utility Plant .....		
Amortization of Property Losses .....		
Amortization of Conversion Expenses .....		
Taxes Other Than Income Taxes .....		
Income Taxes .....		
Provisions for Deferred Federal Income Taxes .....		
Federal Income Taxes Deferred in Prior Years - Cr .....		
Total Operating Expenses .....		
Net Operating Revenues .....		
Income from Utility Plant Leased to Others .....		
Other Utility Operating Income .....		
Total Utility Operating Income .....		
<b>OTHER INCOME</b>		
Income from Mdse. Jobbing & Contract Work .....		
Income from Nonutility Operations .....		
Nonoperating Rental Income .....		
Interest and Dividend Income .....		
Miscellaneous Nonoperating Income .....		
Total Other Income .....		
Total Income .....		
<b>MISCELLANEOUS INCOME DEDUCTIONS</b>		
Miscellaneous Amortization .....		
Other Income Deductions .....		
Total Income Deductions .....		
Income Before Interest Charges .....		
<b>INTEREST CHARGES</b>		
Interest on Long-Term Debt .....		
Amortization of Debt Discount and Expense .....		
Amortization of Premium on Debt - Credit .....		
Interest on Debt to Associated Companies .....		
Other Interest Expense .....		
Interest Charged to Construction - Credit .....		
Total Interest Charges .....		
Net Income .....		

## BALANCE SHEET

See Copy of Balance Sheet Filed with the DPU Return Attached

Title of Account		Title of Account	
Balance End of Year		Balance End of Year	
<b>UTILITY PLANT</b>		<b>PROPRIETARY CAPITAL</b>	
Utility Plant .....		<b>CAPITAL STOCK</b>	
<b>OTHER PROPERTY AND INVESTMENTS</b>		Common Stock Issued.....	
Nonutility Property.....		Preferred Stock Issued.....	
Investment in Associated Companies.....		Capital Stock Subscribed.....	
Other Investments.....		Premium on Capital Stock.....	
Special Funds.....		Total.....	
Total Other Property and Investments		<b>SURPLUS</b>	
<b>CURRENT AND ACCRUED ASSETS</b>		Other Paid-In Capital.....	
Cash.....		Earned Surplus.....	
Special Deposits.....		Surplus Invested in Plant.....	
Working Funds.....		Total.....	
Temporary Cash Investments.....		Total Proprietary Capital.....	
Notes and Accounts Receivable.....		<b>LONG-TERM DEBT</b>	
Receivables from Associated Companies		Bonds.....	
Materials and Supplies.....		Advances from Associated Companies...	
Prepayments.....		Other Long-Term Debt.....	
Interest and Dividends Receivable.....		Total Long-Term Debt.....	
Rents Receivable.....		<b>CURRENT AND ACCRUED LIABILITIES</b>	
Accrued Utility Revenues.....		Notes Payable.....	
Misc. Current and Accrued Assets.....		Accounts Payable.....	
Total Current and Accrued Assets...		Payables to Associated Companies.....	
<b>DEFERRED DEBITS</b>		Customer Deposits.....	
Unamortized Debt Discount and Expense		Taxes Accrued.....	
Extraordinary Property Losses.....		Interest Accrued.....	
Preliminary Survey and Investigation		Dividends Declared.....	
Charges.....		Matured Long-Term Debt.....	
Clearing Accounts.....		Matured Interest.....	
Temporary Facilities.....		Tax Collections Payable.....	
Miscellaneous Deferred Debits.....		Misc. Current and Accrued Liabilities...	
Total Deferred Debits.....		Total Current and Accrued Liabilities.	
<b>CAPITAL STOCK DISCOUNT AND EXPENSE</b>		<b>DEFERRED CREDITS</b>	
Discount on Capital Stock.....		Unamortized Premium on Debt.....	
Capital Stock Expense.....		Customer Advances for Construction....	
Total Capital Stock Discount and Expense.....		Other Deferred Credits.....	
<b>REACQUIRED SECURITIES</b>		Total Deferred Credits.....	
Reacquired Capital Stock.....		<b>RESERVES</b>	
Reacquired Bonds.....		Reserves for Depreciation.....	
Total Reacquired Securities.....		Reserves for Amortization.....	
Total Assets and Other Debits.....		Reserve for Uncollectible Accounts.....	
		Operating Reserves.....	
		Reserve for Depreciation and Amort... of Nonutility Property.....	
		Reserves for Deferred Federal Income...	
		Taxes.....	
		Total Reserves.....	
		<b>CONTRIBUTIONS IN AID OF CONSTRUCTION</b>	
		Contributions in Aid of Construction.....	
		Total Liabilities and Other Credits.....	

NOTES:

## STATEMENT OF EARNED SURPLUS



Unappropriated Earned Surplus (at beginning of period).....	\$	
Balance Transferred from Income.....		
Miscellaneous Credits to Surplus.....		
Miscellaneous Debits to Surplus.....		
Appropriations of Surplus.....		
Net Additons to Earned Surplus.....		
Dividends Declared -- Preferred Stock.....		
Dividends Declared -- Common Stock.....		
Unappropriated Earned Surplus (at end of period).....		

## ELECTRIC OPERATING REVENUES

Account	Operating Revenues	
	Amount for Year	Increase or (Decrease) from Preceding Year
<b>SALES OF ELECTRICITY</b>	\$	\$
Residential Sales.....	7,303,371	693,992
Commercial and Industrial Sales.....		
Small (or Commercial).....	1,217,916	-598,555
Large (or Industrial).....	742,995	743,006
Public Street and Highway Lighting.....	5,658	370
Other Sales to Public Authorities.....		
Sales to Railroad and Railways.....		
Interdepartmental Sales.....		
Miscellaneous Electric Sales.....		
Provision for Rate Refunds.....	-408,140	149,155
Total Sales to Ultimate Consumers.....	8,861,800	987,968
Sales for Resale.....		
Total Sales of Electricity.....	8,861,800	987,968
<b>OTHER OPERATING REVENUES</b>		
Forfeited Discounts.....	14,507	2,300
Miscellaneous Service Revenues.....	1,588,203	69,203
Sales of Water and Water Power.....		
Rent from Electric Property.....	465,192	166,098
Interdepartmental Rents.....		
Other Electric Revenues.....	14,623,107	1,471,555
Total Other Operating Revenues.....	16,691,009	1,709,156
Total Electric Operating Revenues.....	25,552,809	2,697,124

## SUMMARY OF ELECTRIC OPERATION AND MAINTENANCE EXPENSES

Functional Classification	Operation	Maintenance	Total
Power Production Expenses	\$	\$	\$
Electric Generation:			
Steam Power.....			
Nuclear Power.....			
Hydraulic Power.....			
Other Power.....			
Other Power Supply Expenses.....	9,101,202	-4	9,101,198
Total Power Production Expenses.....	9,101,202	-4	9,101,198
Transmission Expenses.....	2,264,651	37	2,264,688
Distribution Expenses.....	993,064	614,601	1,607,665
Customer Accounts Expenses.....	1,170,679		1,170,679
Sales Expenses.....	36,495		36,495
Administrative and General Expenses.....	3,562,135	38	3,562,173
Total Electric Oper. and Maint. Expenses	17,128,226	614,672	17,742,898

GAS OPERATING REVENUES		(Not Applicable)	
Account	Operating Revenues		Increase of (Decrease) from Preceding Year
	Amount for Year		
<b>SALES OF GAS</b>	\$	\$	
Residential Sales.....			
Commercial and Industrial Sales.....			
Small (or Commercial).....			
Large (or Industrial).....			
Other Sales to Public Authorities.....			
Interdepartmental Sales.....			
Miscellaneous Gas Sales.....			
Total Sales to Ultimate Consumers.....			
Sales for Resale.....			
Total Sales of Gas.....			
<b>OTHER OPERATING REVENUES</b>			
Forfeited Discounts.....			
Miscellaneous Service Revenues.....			
Revenues from Transportation of Gas of Others.....			
Sales of Products Extracted from Natural Gas.....			
Revenues from Natural Gas Processed by Others.....			
Rent from Gas Property.....			
Interdepartmental Rents.....			
Other Gas Revenues.....			
Total Other Operating Revenues.....			
Total Gas Operating Revenues.....			
<b>SUMMARY OF GAS OPERATION AND MAINTENANCE EXPENSES</b> (Not Applicable)			
Functional Classification	Operation	Maintenance	Total
Steam Production.....	\$	\$	\$
Manufactured Gas Production.....			
Other Gas Supply Expenses.....			
Total Production Expenses.....			
Local Storage Expenses.....			
Transmission and Distribution Expenses.....			
Customer Accounts Expenses.....			
Sales Expenses.....			
Administrative and General Expenses.....			
Total Gas Operation and Maintenance Exp....			
<p>.....20....., I hereby certify that the foregoing statements are full, just and true to the best of my knowledge and belief. This statement is signed under the penalties of perjury.</p> <p>Charles DeRosa </p> <p>Vice President and Controller</p> <p>Stephen Nigloschy </p> <p>Vice President and Chief Financial Officer</p>			

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Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Nantucket Electric Company			December 31, 2013

## GENERAL INFORMATION

PRINCIPAL AND SALARIED OFFICERS  
(AS OF DECEMBER 31, 2013)

Titles	Names	Addresses	Annual Salaries
Senior Vice President	James Madej	Waltham, MA	
Senior Vice President	Jordan, Marie	Waltham, MA	\$ 459.00
President and Director	Reed, Marcy L.	Waltham, MA	\$ 2,623.00
Senior Vice President and Clerk	Owyang, Colin	Waltham, MA	\$ 473.00
Senior Vice President	Madej, James	Brooklyn, NY	\$ 833.00
Senior Vice President	Bruckner, John	Hicksville, NY	\$ 37.00
Senior Vice President and Chief Procurement Officer	Schlaff, Raymond C	Waltham, MA	\$ 751.00

DIRECTORS\*  
(AS OF DECEMBER 31, 2013)

Names	Addresses	Fees Paid During Year
Jordan, Marie	Waltham, MA	None
Nigloschy, Stephen	Waltham, MA	None
Reed, Marcy L.	Waltham, MA	None

\* By General Laws, Chapter 164, Section 83, the Return must contain a "list of the names of all their salaried officers and the amount of the salary paid to each," and by Section 77, the Department is required to include in its annual report "the names and addresses of the principal officers and of the directors."

\*Please refer to the FERC form 1, page 104 for additional details.

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Nantucket Electric Company			December 31, 2013

## GENERAL INFORMATION - Continued

1. Corporate name of company making this report,

Nantucket Electric Company

2. Date of organization,

April 7, 1905

3. Date of incorporation,

April 12, 1905

4. Give location (including street and number) of principal business office:--

40 Sylvan Road, Waltham, Massachusetts 02451

5. Total number of stockholders, 1

6. Number of stockholders in Massachusetts, 1

7. Amount of stock held in Massachusetts, No. of shares, 1 \$ 1

8. Capital stock issued prior to June 5, 1894, No. of shares, None \$ None

9. Capital stock issued with approval of Board of Gas and Electric Light Commissioners or Department of Public Utilities since June 5, 1894, No. of shares, 1 \$ 1

Total 1 share, par value, \$1 outstanding December 31, 2012

<u>Class</u>	<u>No. Shares</u>	<u>Par Value</u>	<u>Amount</u>
Common	1	\$1	\$1
	----- 1		----- \$1

10. If any stock has been issued during the last fiscal period, give the date and terms upon which such issue was offered to the stockholders, and if the whole or any part of the issue was sold at auction, the date or dates of such sale or sales, the number of shares sold and the amounts realized therefrom.

None

11. Management Fees and Expenses During the Year.

List all individuals, corporations or concerns with whom the company has any contracts or agreement covering management or supervision of its affairs, such as accounting, financing, engineering, construction, purchasing, operation, etc., and show the total amount paid to each for the year.

National Grid USA Service Company, pursuant to an agreement, a copy of which is on file with the Department of Public Utilities of the Commonwealth of Massachusetts, rendered various services in 2012 as requested, at the actual cost thereof, pursuant to rules of the Federal Energy Regulatory Commission. See Page S18 for additional detail.

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Nantucket Electric Company			December 31, 2013
GENERAL INFORMATION - Continued			
Names of the cities or towns in which the company supplies ELECTRICITY, with the number of customers' meters in each place.			
City or Town	Number of Customers' Meters December 31, 2013	City or Town	Number of Customers' Meters December 31, 2013
Nantucket	12,909		
		Total	12,909

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report		
Nantucket Electric Company			December 31, 2013		
<p style="text-align: center;">NOTES RECEIVABLE (Account 141) (Not Applicable)</p> <p>1. Give the particulars called for below concerning notes receivable at end of year.  2. Give particulars of any note pledged or discounted.  3. Minor items may be grouped by classes, showing number of such items.  4. Designate any note the maker of which is a director, officer or other employee.</p>					
Line No.	Name of Maker and Purpose for Which Received (a)	Date of Issue (b)	Date of Maturity (c)	Interest Rate (d)	Amount End of Year (e)
1					\$
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12	Total				\$

Name of Respondent		This Report Is:	Date of Report	Year of Report
Nantucket Electric Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2013

ACCOUNTS RECEIVABLE (Accounts 142, 143)		
1. Give the particulars called for below concerning accounts receivable at end of year. 2. Designate any account included in Account 143 in excess of \$5,000.		
Line No.	Description (a)	Amount End of Year (b)
1	Customers (Account 142):	1,613,551
2	Electric (Includes \$ 0.00 Unbilled Revenue).....	
3		
4	Other Electric and Gas Utilities.....	
5	Other Accounts Receivable (Account 143):	
6	Officers and employees.....	
7	Due on subscriptions to capital stock (state class series	
8	of stock).....	
9		
10	Miscellaneous (group and describe by classes):	
11		
12	Miscellaneous Non taxable receivable	
13	Miscellaneous Other	97,439
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
32		
33		
34		
35		
36		
37		
38		
39		
40		
41		
42		
43		
44		
45		
46		
47		
48		
49		
50		
51		
52		
53		
54		
55		
56		
	Total	\$1,710,990

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year of Report December 31, 2013	
PRODUCTION FUEL AND OIL STOCKS (Included in Account 151) (Except Nuclear Materials)						(Not Applicable)	
1. Report below the information called for concerning production fuel and oil stocks. 2. Show quantities in tons of 2,000 lbs., or Mcf, whichever unit of quantity is applicable. 3. Each kind of coal or oil should be shown separately. 4. Show electric fuels separately by specific use.							
Line No.	Item (a)	Total Cost (b)	Kinds of Fuel and Oil				
			Quantity (c)	Cost (d)	Quantity (e)	Cost (f)	
1	On hand Beginning of Year .....						\$
2	Received During Year .....						
3	TOTAL .....						
4	Used During Year (Note A) .....						
5							
6							
7							
8	Sold or Transferred .....						
9	TOTAL DISPOSED OF .....						
10	BALANCE END OF YEAR .....						
Line No.	Item (g)	Kinds of Fuel and Oil - Continued					
		Quantity (h)	Cost (i)	Quantity (j)	Cost (k)		
11	On hand Beginning of Year .....						
12	Received During Year .....						
13	TOTAL .....						
14	Used During Year (Note A) .....						
15							
16							
17							
18	Sold or Transferred .....						
19	TOTAL DISPOSED OF .....						
20	BALANCE END OF YEAR .....						

Note A -- Indicate specific purpose for which used, e.g., Boiler Oil, Make Oil, Generator Fuel, etc.



Name of Respondent		This Report Is:		Date of Report		Year of Report	
Nantucket Electric Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)		December 31, 2013	
<p>DEFERRED LOSSES FROM DISPOSITION OF UTILITY PLANT (Account 187) (Not Applicable)</p> <p>1. In column (a) give a brief description of property creating the deferred loss and the date the loss was recognized. Identify items by department where applicable.</p> <p>2. Losses on property with an original cost of less than \$50,000 may be grouped. The number of items making up the grouped amount shall be reported in column (a).</p> <p>3. In column (b) give date of Commission approval of journal entries. Where approval has not been received, give explanation following the respective item in column (a). (See Account 187, Deferred Losses From sale of Utility Plant.)</p>							
Line No.	Description of Property (a)	Date J.E. Approved (b)	Total Amount of Loss (c)	Balance Beginning of Year (d)	Current Year		Balance End of Year (g)
					Amortizations to Acc. 411,6 (e)	Additional Losses (f)	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25	Total		\$	\$	\$	\$	\$

Name of Respondent		This Report Is:		Date of Report		Year of Report	
Nantucket Electric Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)		December 31, 2013	
NOTES PAYABLE (Account 231)							
Report particulars indicated concerning notes payable at year end				(Not Applicable)			
Line No.	Payee (a)	Date of Note (b)	Date of Maturity (c)	Int. Rate (d)	Balance End of Year (e)		
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21	Total				\$0		

Name of Respondent		This Report Is:	Date of Report	Year of Report
Nantucket Electric Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2013
PAYABLE TO ASSOCIATED COMPANIES (Accounts 233, 234)				
Report particulars of notes and accounts payable to associated companies at end of year.				
Line No.	Name of Company (a)	Amount End of Year (b)	Interest for Year	
			Rate (c)	Amount (d)
	<u>Account 234</u>			
1	Boston Gas Company	(1,144)		
2	Brooklyn Union Gas-KEDNY	(13,573)		
3	Colonial Gas Company	(6,953)		
4	Keyspan Gas East Corp- Keyspan Energy Delivery LI	(5,967)		
5	Massachusetts Electric Company	(1,297,901)		
6	Narragansett Electric Company	(929,880)		
7	National Grid Corporate Services, LLC	-		
8	National Grid Electric Services, LLC	-		
9	National Grid Engineering Services, LLC	(4,077,786)		
10	National Grid Generation, LLC	-		
11	National Grid NE Holdings 2 LLC	(1,461)		
12	National Grid USA	(1,159)		
13	National Grid USA Service Company	(171,087)		
14	National Grid Utility Services LLC	-		
15	Niagra Mohawk Power Corp.	(132,675)		
16	New England Power Company	(505,480)		
17				
18				
19				
20				
21				
22				
23	Total Account 234	(7,145,066)		
24	<u>Account 233</u>			
25				
26	National Grid USA Service Co., Inc.			
27	(Money Pool)	0		\$0
28				
29				
	Totals	-\$7,145,066		\$0

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year of Report December 31, 2013	
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT (Account 256) (Not Applicable) 1. In column (a) give a brief description of property creating the deferred loss and the date the loss was recognized. Identify items by department where applicable. 2. Losses on property with an original cost of less than \$50,000 may be grouped. The number of items making up the grouped amount shall be reported in column (a). 3. In column (b) give date of Commission approval of journal entries. Where approval has not been received, give explanation following the respective item in column (a). (See Account 187, Deferred Losses From sale of Utility Plant.)							
Line No.	Description of Property (a)	Date J.E. Approved (b)	Total Amount of Loss (c)	Balance Beginning of Year (d)	Current Year		Balance End of Year (g)
					Amortizations to Acc. 411,6 (e)	Additional Losses (f)	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23	Total		\$	\$	\$	\$	\$

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Nantucket Electric Company			December 31, 2013

OPERATING REVENUES (Accounts 261, 262, 263, 265)		(Not Applicable)	
<p>1. Report below an analysis of the changes during the year for each of the above-named reserves.</p> <p>2. Show name of reserve and account number, balance beginning of year, credits, debits, and balance at end of year. Credit amounts should be shown in black, debit amounts enclosed by parentheses.</p> <p>3. Each credit and debit amount should be described as to its general nature and the contra account debited or credited shown. Combine the amounts of monthly accounting entries of the same general nature. If respondent has more than one utility department, contra accounts debited or credited should indicate the utility department affected.</p> <p>4. For Accounts 261, Property Insurance Reserve, 262, Injuries and Damages Reserve, explain the nature of the risks covered by the reserve.</p> <p>5. For Account 265, Miscellaneous Operating Reserves, report separately each reserve composing the account and explain briefly its purpose.</p>			
Line No.	Item (a)	Contra Account Debited or Credited (b)	Amount (c)
1			\$
2			
3			
4			
5			
6			
7			
8			
9			
10			
11			
12			
13			
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30			

Name of Respondent			This Report Is:		Date of Report	Year of Report	
Nantucket Electric Company			(1)[ x ] An Original (2)[ ] A Resubmission		(Mo, Da, Yr)	December 31,2013	
SALES OF ELECTRICITY TO ULTIMATE CONSUMERS							
Report by account, the k.W.h. sold, the amount derived and the number of customers under each filed schedule or contract. Contract sales and unbilled sales may be reported separately in total.							
Line No.	Account No.	Schedule (a)	k.W.h (b)	Revenue (c)	Average Revenue per k.W.h. (d)	Number of Customers (Per Bills Rendered)	
						July 31, (e)	December 31, (f)
1	440	S-4 St Lt - Security	250	18	7.1200	0	0
2		E Res-Elec Space Htg.	255,191	19,238	7.5387	0	0
3		R-1 Residential	96,741,093	7,127,926	7.3680	10,978	11,002
4		R-2 Res. Low Income	1,926,887	143,394	7.4418	201	200
5		G-1 Gen. Serv. Small	183,112	12,795	6.9875	36	36
6							
7		Total Account 440	99,106,533	7,303,371	7.3692	11,215	11,238
8		Rate Refunds, Net	0	-317,392			
9							
10							
11	442	R-1 Residential	321,560	23,746	7.3847	44	44
12		G-1 Gen. Serv.Small	17,568,098	1,217,916	6.9325	1,239	1,232
13		G-2 Gen. Serv. Demand	8,291,292	576,102	6.9483	36	35
14		G-3 Time Of Use-Large	2,075,100	143,147	6.8983	1	1
15		S4A St Lt - Security	0	0			
16							
17		Total Account 442	28,256,050	1,960,912	6.9398	1,321	1,312
18		Rate Refunds, Net		-90,491			
19							
20							
21	444	S-1 St.Lt.Co.Own Equip.	350	-38	-10.8714	1	1
22		S-3 St.Lt.U/G Div. of Own	80,090	5,697	7.1126	4	4
23		G-1 Gen. Serv. Small	0	0	0.0000	0	0
24							
25		Total Account 444	80,440	5,658	7.0344	5	5
26		Rate Refunds, Net		-258			
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
39							
40							
41							
42							
43							
44							
45							
46							
47							
48							
49							
50							
51							
52							
53	TOTAL SALES TO ULTIMATE						
54	CONSUMERS		127,443,023	9,269,941	7.2738	12,541	12,556



Name of Respondent		This Report Is:		Date of Report	Year of Report
Nantucket Electric Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)	December 31, 2013
OTHER UTILITY OPERATING INCOME (Account 414) (Not Applicable)					
Report below the particulars called for in each column.					
Line No.	Property (a)	Amount of Investment (b)	Amount of Revenue (c)	Amount of Operating Expenses (d)	Gain or (Loss) from Operation (e)
1		\$	\$	\$	\$
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					
29					
30					
31					
32	Total	\$	\$	\$	\$

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Nantucket Electric Company			December 31, 2013

## OVERHEAD DISTRIBUTION LINES OPERATED

Line No.		Length (Pole Miles)		
		Wood Poles	Steel Towers	Total
1	Miles - Beginning of Year .....	116.44	0.00	116.44
2	Added During Year .....	7.88	0.00	7.88
3	Retired During Year .....	14.04	0.00	14.04
4	Miles - End of Year .....	110.28	0.00	110.28
5				
6				
7				
8	Distribution System Characteristics - A.C. or D.C., phase, cycles and operating voltages for light and power.			
9				
10				
11				
12				
13				
14				
15				

## ELECTRIC DISTRIBUTION SERVICES

Line No.	Item	Electric Services
16	Number at beginning of year .....	6,833
17	Additions during year :	
18	Purchased .....	
19	Installed .....	94
20	Associated with utility plant acquired .....	
21	Total additions .....	94
22	Reductions during year :	
23	Retirements .....	28
24	Associated with utility plant sold .....	
25	Total reductions .....	28
26	Number at End of Year .....	6,899



Name of Respondent		This Report Is:	Date of Report	Year of Report
Nantucket Electric Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr)	December 31, 2013

RATE SCHEDULE INFORMATION				
1. Attach copies of all filed rates for general consumers.				
2. Show below the changes in rate schedules during the year and the established increase or decrease in annual revenue predicated on the previous year's operations.				
Date Effective	M.D.P.U. Number	Rate Schedule	Estimated Effect on Annual Revenues	
			Increases	Decreases
1/1/2010	521	RESIDENTIAL REGULAR R-1		
1/1/2010	522	RESIDENTIAL-LOW INCOME R-2		
1/1/2010	524	LIMITED RESIDENTIAL ELECTRIC SPACE HEATING E R-1/R-2/E COMBINED	5%	
1/1/2010	523	RESIDENTIAL - TIME-OF-USE (OPTIONAL) R-4	8%	
1/1/2010	525	GENERAL SERVICE - SMALL COMMERCIAL AND INDUSTRIAL G-1	5%	
1/1/2010	526	GENERAL SERVICE - DEMAND G-2	8%	
1/1/2010	527	TIME-OF-USE - G-3	8%	
1/1/2010	528	STREET AND AREA LIGHTING – COMPANY OWNED EQUIPMENT S-1		
1/1/2010	529	STREET LIGHTING – OVERHEAD – CUSTOMER OWNED EQUIPMENT S-2		
1/1/2010	530	STREET LIGHTING – UNDERGROUND – DIVISION OF OWNERSHIP S-3		
1/1/2010	531	STREET AND AREA LIGHTING – CUSTOMER OWNED EQUIPMENT S-5		
1/1/2010	532	DECORATIVE STREET AND AREA LIGHTING – COMPANY OWNED EQUIPMENT S-6		
1/1/2010	533	STREET AND AREA LIGHTING – HIGH PRESSURE SODIUM VAPOR CONVERSION COMPANY OWNED EQUIPMENT S-20		
		STREET AND AREA LIGHTING COMBINED	1%	

Name of Respondent		This Report Is:		Date of Report	Year of Report
Nantucket Electric Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)	December 31, 2013
ADVERTISING EXPENSES					
Line No.	Account No.	Type (a)	General Description (b)	Amount for Year (c)	
1	<u>Account 909</u>				
2					
3		Customer Education			15,083
4		C&I Direct Install			2,716
5		C&I New Construction			9,352
6		C&I Sponsorships & Subscriptions			2,662
7		C&I Statewide Marketing			231
8		Low-Income Multi-Family Retrofit			32
9		Low-Income New Construction			283
11		Low-Income Statewide Marketing			236
13		Residential Behavior/Feedback			13,442
14		Residential Consumer Products			6,208
15		Residential Deep Energy Retrofit Pilot			78,015
16		Residential HEAT Loan			26,181
17		Residential Home Energy Services			9,935
18		Residential Lighting			9,629
19		Residential Multi-Family Retrofit			10
20		Residential New Construction			2
21					
22					
23	Total Account 909				<u>174,016</u>
24					
25	<u>Account 913</u>				
26					
27		Other Channels			\$3,205
28					
29	Total Account 913				<u>\$3,205</u>
30					
31					
32					
33	<u>Account 930</u>				
34					
35		Brand Deployment			8,355
36		Infrastructure			9
37					
38	Total Account 930				<u>8,364</u>
39					
40					
41					
42	Total				<u>185,585</u>
43					
44					

Name of Respondent	This Report Is: (1)[X] An Original (2)[ ] A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Nantucket Electric Company			December 31, 2013

CHARGES FOR OUTSIDE SERVICES (Continued)

1. Report the information specified below for all charges made during the year included in any account

1	1. Report the information specified below for all charges made during the year included in any account (including plant accounts) for outside services, such as services concerning rates, management, construction, engineering, research, financial, valuation, legal, accounting, purchasing, advertising, labor relations, and public relations, rendered the respondent under written or oral arrangement, for which aggregate payments during the year to any corporation, partnership, organization of any kind, or individual (other than for services as an employee or for payments made for medical and related services) amounted to 5% or more of total charges for outside professional and other consultative services, including payments for legislative services except those which should be reported in Account 426.4, Expenditures for Certain Civic, Political and Related Activities:
2	(a) Name and address of person or organization rendering services,
3	(b) description of services received during year and project or case to which services relate,
4	(c) basis of charges,
5	(d) total charges for the year, detailing utility department and account charges.
6	2. For aggregate payments to any one individual, group, partnership, corporation or organization of any kind in excess of \$25,000 (not included in No. 1), there shall be reported the name of the payee, the predominant nature of the services performed and the amount of payment. Amounts charged to plant accounts shall be reported separately.
7	3. All charges not reported under No. 1 or 2 shall be aggregated by the type of service and each type shall show the amount charged. Amounts charged to plant accounts shall be reported separately for each type.
8	4. For any such services which are of a continuing nature give date and term of contract and date of Commission authorization, if contract received Commission approval.
9	5. Designate associated companies.

1	1. (a) National Grid USA Service Company (Associated Company)
2	40 Sylvan Road, Waltham, Massachusetts 02451
3	
4	(b) The following services are rendered:
5	
6	Servicing Division:
7	
8	Purchasing, Stores, Rates, Advertising, Employee Relations,
9	Treasury, Accounting, Audit, Insurance, Taxes, Emergency
10	Service, Administrative and Budgeting.
11	
12	Engineering and Construction Division:
13	Civil and Mechanical Engineering, Electrical and District
14	Engineering, Transmission Lines and Properties, Engineering
15	Supervision, Construction, Emergency and Miscellaneous.
16	
17	(c) At cost, including interest on borrowed capital and a reasonable
18	return on amount of capital necessary to perform services.
19	Services performed by the Service Company for companies in
20	the National Grid USA system will be rendered to them at cost
21	in accordance with the service contracts between Service Company
22	and its associate companies.



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CHARGES FOR OUTSIDE SERVICES (Continued)			
23	<p>4 A Service Contract between National Grid USA Service Company, Inc. and the following entities: Boston Gas Company, Colonial Gas Company, Massachusetts Electric Company, Nantucket Electric Company, New England Electric Transmission Corporation, New England Hydro-Transmission Electric Company, Inc. and New England Power Company.</p> <p>An agreement to extend the current National Grid Mutual Assistance Agreement through March 20, 2015 along with a copy of the underlying Mutual Assistance Agreement dated March 28, 2008.</p>		
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Nantucket Electric Company		(1)[X] An Original (2)[ ] A Resubmission	(Mo, Da, Yr)	December 31, 2013
CHARGES FOR OUTSIDE SERVICES (Continued)				
71				
72	<u>Account #</u>			
73	<u>Other Power Supply Expenses</u>			
74	547	Other Power-Gen Fuel	-	
75	548	Generation Expense	-	
76	549	Other Power Generations-Misc Exp	-	
77	552	Oth Pwr Gen Maint-Structures	-	
78	553	Maint Generating Equipment	-	
79	557	Other Expenses	-	
80	Total Other Power Supply Expenses			-
81	<u>Transmission Expenses</u>			
82				
83	95620000	Station Expenses	1,262.93	
84	95660000	Misc Trans Exp	703.96	
85	95680000	Maint-Superv & Eng	89.59	
86	Total Transmission			2,056.48
87				
88	<u>Distribution Expenses</u>			
89	95800000	Operation Superv&Eng	10,092.58	
90	95810000	Load Dispatching	34,732.60	
91	95820000	Station Expenses	39.79	
92	95830000	Overhead Line Exp	5,213.99	
93	95840000	Underground Line Exp	1,558.52	
94	95860000	Meter expenses	4,382.13	
95	95870000	Customer Install Exp	3,691.29	
96	95880000	Misc Distrib Exp	26,690.33	
97	95890000	Rents	5.21	
98	95900000	Maint-Superv & Eng	0.63	
99	95920000	Maint-Station Equip	380.60	
100	95930000	Maint-Overhead Lines	29,734.02	
101	95940000	Maint-Undergrd Lines	372.38	
102	95950000	Maint-Line Transform	27.76	
103	95970000	Maint-Meters	-	
104	95980000	Maint-Misc DistPlant	6.31	
105				
106	Total Distribution			116,928.14
107				
108	<u>Customer Accounts and Services Expenses</u>			
109	99010000	Superv-Cust Acct Exp	2,674.61	
110	99030000	Cust Record&Coll Exp	64,576.29	
111	99040000	Uncollectible Accts	5,401.49	
112	99050000	Misc Cust Accts Exp	15,215.79	
113	99080000	Customer Assist Exp	198,545.32	
114	99090000	Information and Instructional Advertising Expenses	5,137.06	
115	99100000	Misc Cust Serv&Info	10,489.72	
116	Total Customer			302,040.28
117				
118	<u>Sales Expenses</u>			
119	99120000	Demonstr&Selling Exp	35,143.15	
120				
121				
122	<u>Administrative and General Expenses</u>			
123	99200000	Admin & Gen Salaries	450,522.59	
124	99210000	Office Supplies&Exp	351,397.57	
125	99230000	OutsideServ Employed	206.81	
126	99240000	Property insurance	37,487.36	
127	99250000	Injuries and damages	99,647.99	
128	99260000	Empl Pensions & Ben	430,601.19	
129	99280000	Reg Commission Exp	10,452.61	
130	99301000	Gen Advertising Exp	5,869.03	
131	99302000	Misc General Expense	26,610.02	
132	99310000	Rents	83,230.06	
133	99350000	Maint-General Plant	74.53	
134				
135	Total Administrative and General			1,496,099.76
136				
137	Total Electric Operating Expenses			1,952,267.81

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CHARGES FOR OUTSIDE SERVICES (Continued)			
138			
139	<u>Account #</u>		
140			
141	91070000 CWIP		335,069
142	91080000 Accum Prov for Depr		1,394
143	91630000 Stores Clearing		41,451
144	91740000 Misc Curr&Accr Asset		228
145	91840000 Clearing Accounts		729,504
146	94030000 Depreciation expense		8,556
147	94050000 Amort of Other Plant		112,723
148	94081000 TaxOthThanInc-UtilOp		55,607
149	94082000 TaxOthThanInc-IncDed		190
150	94210000 Misc Non-Oper Inc		5
151	94211000 Gain Dispos of Prop		21
152	94260000 [Reserved]		377
153	94261000 Donations		11,086
154	94264000 Exp Civic, Polit Act		2,891
155	94265000 Other deductions		2,719
156	94280000 Amort Debt Disc&Exp		(143)
157	94310000 Other Interest Exp		48
158	94540000 Rent from Elec Prop		(197)
159			
160			
161			
162	Total Other Accounts		1,301,532
163			
164	Total Charges		3,253,800
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CHARGES FOR OUTSIDE SERVICES (Continued)			
186	<u>Payments for Outside Vendors and Other Consulting Services</u>		
187	<b><u>Plant Accounts</u></b>		
188			
189	Boston Gas Company		
190	CLEAN HARBORS ENVIRONMENTAL SVCS		43,528
191	KOBO UTILITY CONSTRUCTION CORP		30,648
192	National Grid USA Parent		1,140,038
193	TOWN OF NANTUCKET		118,661
194			48,290
195	Other Vendors (16 in number)		76,819
196			
197			
198			
199	Total Plant Accounts		1,457,983
200			
201			
202			
203			
204	<b><u>Operation Accounts</u></b>		
205			
206	KOBO UTILITY CONSTRUCTION CORP		75,954
207	LEWIS TREE SERVICE INC.		82,086
208	National Grid USA Parent		116,810
209	ON TARGET UTILITY SERVICES		47,355
210	PRO. UNLIMITED INC.		86,368
211	RJ PERRY EXCAVATION LLC		25,913
212	THIRAU LLC		134,342
213			
214	Other Vendors (45 in number)		(26,254)
215			
216			
217	Total Operation Accounts		542,575
218			
219			
220			
221			
222			
223			
224			
225			
226	Total Outside Vendors		2,000,558
227			
228			
229			
230			

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DEPOSITS AND COLLATERAL				
1. Statement of money and the value of any collateral held as guaranty for the payment of charges pursuant to Massachusetts General Laws. Chapter 164, Section 128.				
Line No.	Name of City or Town			Amount
1	Nantucket			77,154
2	Siasconset			1,084
3				
4				
5				
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49				
50	Total			\$78,238

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RETURN ON EQUITY				
Line No.	FERC Form 1 Reference	Description	Amount (000's)	
1	<b>Net Utility Income Available for Common Shareholders</b>			
2				
3	Add: Page 117 Line 27	Net Utility Operating Income	\$3,003	
4				
5	Add:	Amort of Acquisition Premium	0	
6				
7				
8				
9	Less: Page 117 Line 70	Net Interest Charges	529	
10				
11	Less: Page 118 Line 31	Preferred Stock Dividends	0	
12				
13	Net Utility Income Available for Common Shareholders		<u>2,474</u>	
14				
15				
16	<b>Total Utility Common Equity</b>			
17				
18	Add: Page 112 Line 16	Total Proprietary Capital	40,721	
19				
20	Add: Page 112 Line 9	Discount on Preferred Stock	0	
21				
22	Add: Page 112 Line 10	Preferred Stock Expense	0	
23				
24	Less: Page 112 Line 3	Preferred Stock Issued	0	
25				
26	Less: Page 112 Line 12	Unappropriated, Undistributed Sub Earnings	0	
27				
28	Less: Page 200 Line 12	Acquisition Adjustments	16,552	
29				
30	Add: Page 200 Line 32	Amort of Plant Acquisition Adjustments	<u>846</u>	
31				
32	Total Common Equity Excluding Unamort Acquisition Adjustment		25,015	
33				
34	Electric Operations Allocator ( Line 51 below)		<u>99.23%</u>	
35				
36		Total Utility Common Equity	<u>24,823</u>	
37				
38				
39	<b>Electric Operations Allocator</b>			
40				
41	Add: Page 110 Line 4	Total Utility Plant	129,147	
42	Less: Page 200 Line 12	Acquisition Adjustments	<u>16,552</u>	
43			<u>112,595</u>	
44				
45				
46	Add: Page 110 Line 4	Total Utility Plant	129,147	
47	Add: Page 110 Line 32	Total Other Property and Investment	878	
48	Less: Page 200 Line 12	Acquisition Adjustments	<u>16,552</u>	
49			<u>113,473</u>	
50				
51		Electric Operations Allocator (Line 43 / Line 49)	<u>99.23%</u>	
52				
53				
54				
55	<b>Return on Equity</b>	(Line 13 / Line 36)	<u>9.97%</u>	
56				

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Nantucket Electric Company			December 31, 2013

THIS RETURN [THE FERC FORM NO. 1 AND THE MASSACHUSETTS SUPPLEMENT]  
IS SIGNED UNDER THE PENALTIES OF PERJURY

Stephen Nigloschy Vice President and Chief Financial Officer

Charles DeRosa Vice President and Controller

Christopher McConnachie Vice President- US Treasury

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

Kings, New York ss. November 6<sup>th</sup> 2014

Then personally appeared Charles DeRosa and

Chris McConnachie only.

and severally made oath to the truth of the foregoing statement by them subscribed according to their best knowledge and belief.

Michael Lupo

Notary Public  
Justice of the Peace

**MICHAEL LUPO**  
Notary Public, State of New York  
No. 01LU6217372  
Qualified in Kings County  
Commission Expires February 8, 2018



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THIS RETURN [THE FERC FORM NO. 1 AND THE MASSACHUSETTS SUPPLEMENT]  
IS SIGNED UNDER THE PENALTIES OF PERJURY

Stephen Nigloschy



Vice President and Chief Financial Officer

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

Middlesex ss. November 6 2014

Then personally appeared Stephen Nigloschy

and severally made oath to the truth of the foregoing statement by them subscribed according to their best knowledge and belief.

Laurie E. Riley

Notary Public  
Justice of the Peace

