

THE COMMONWEALTH OF MASSACHUSETTS

ANNUAL RETURN

OF THE

NANTUCKET ELECTRIC COMPANY

TO THE

DEPARTMENT OF PUBLIC UTILITIES

For the Year Ended December 31,

2014

nationalgrid

Check appropriate box:

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Form Approved OMB
No. 1902-0029
(Expires 12/31/2014)



FERC FORM NO. 1-F: ANNUAL REPORT OF NONMAJOR PUBLIC UTILITIES AND LICENSEES

This report is mandatory under the Federal Power Act, Sections 304(a), and 18 CFR 141.2. Failure to report may result in criminal fines, civil penalties and other sanctions as provided by law. The Federal Energy Regulatory Commission does not consider this report to be of a confidential nature.

Exact Legal Name of Respondent (Company)	Year of Report
Nantucket Electric Company	December 31, 2014

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

III	Comparative Balance Sheet (110-113)
IV	Statement of Income for the Year (114-117)
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XVII	Electric Operation and Maintenance Expenses (320-323)
XIX	Purchased Power (326-327)

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
- (1) 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 18th 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.

PART I: IDENTIFICATION		
01 Exact Legal name of Respondent Nantucket Electric Company		02 Year of Report 2014/Q4
03 Previous Name and Date of Change <i>(If name changed during year)</i>		
04 Address of Principal Business Office at End of Year <i>(Street, City, State, Zip Code)</i> 40 Sylvan Road, Waltham, MA 02451		
05 Name of Contact Person Mia DeMontigny		06 Title of Contact Person Assistant Controller
07 Address of Contact Person <i>(Street, City, State, Zip Code)</i> 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 <i>(Mo, Da, Yr)</i> 03/18/2015
11 Name of Officer Having Custody of the Books of Account Charles DeRosa		12 Title of Officer VP, US Controller and Tax
13 Address of Officer Where Books of Account Are Kept <i>(Street, City, State, Zip Code)</i> One Metrotech Center, Brooklyn, NY 11201		
14 Name of State Where Respondent Is Incorporated Massachusetts	15 Date of Incorporation <i>(Mo, Da, Yr)</i> 04/12/1905	16 If applicable, Reference to Law Incorporated Under GL 15613
17 Explanation of Manner and Extent of Corporate Control <i>(If the respondent controls or is controlled by any other corporation, business trust, or similar organization)</i>		

PART II: ANNUAL REPORT 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.

Line No.	Name of Certifying Official	Signature	Title	Date
1	Charles DeRosa		VP, US Controller and Tax	03/18/201

Title 18, U.S.C. 1001 makes it a crime for any person 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) 03/18/2015	Year/Period of Report End of 2014/Q4
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	UTILITY PLANT				
2	Utility Plant (101-106, 114)	200-201	131,359,016	128,919,864	
3	Construction Work in Progress (107)	200-201	1,378,388	226,762	
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		132,737,404	129,146,626	
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	48,515,272	45,314,370	
6	Net Utility Plant (Enter Total of line 4 less 5)		84,222,132	83,832,256	
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)		84,222,132	83,832,256	
15	Utility Plant Adjustments (116)		0	0	
16	Gas Stored Underground - Noncurrent (117)		0	0	
17	OTHER PROPERTY AND INVESTMENTS				
18	Nonutility Property (121)		293,317	293,317	
19	(Less) Accum. Prov. for Depr. and Amort. (122)		214,091	209,528	
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)		882,866	794,042	
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)		962,092	877,831	
33	CURRENT AND ACCRUED ASSETS				
34	Cash and Working Funds (Non-major Only) (130)		0	0	
35	Cash (131)		785,848	935,456	
36	Special Deposits (132-134)		0	47,131	
37	Working Fund (135)		0	0	
38	Temporary Cash Investments (136)		0	0	
39	Notes Receivable (141)		0	0	
40	Customer Accounts Receivable (142)		1,984,374	1,613,551	
41	Other Accounts Receivable (143)		189,259	97,439	
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		154,648	86,159	
43	Notes Receivable from Associated Companies (145)		73,676,625	31,800,972	
44	Accounts Receivable from Assoc. Companies (146)		5,061,708	29,816,005	
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	162,991	115,602	
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 (ASSETS AND OTHER DEBITS)(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)	
53	(Less) Noncurrent Portion of Allowances		0	0	
54	Stores Expense Undistributed (163)	227	0	-15	
55	Gas Stored Underground - Current (164.1)		0	0	
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0	
57	Prepayments (165)		34,389	0	
58	Advances for Gas (166-167)		0	0	
59	Interest and Dividends Receivable (171)		6,367	6,367	
60	Rents Receivable (172)		32,664	45,306	
61	Accrued Utility Revenues (173)		1,688,973	1,388,549	
62	Miscellaneous Current and Accrued Assets (174)		1,702	6,948	
63	Derivative Instrument Assets (175)		0	0	
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0	
65	Derivative Instrument Assets - Hedges (176)		0	0	
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0	
67	Total Current and Accrued Assets (Lines 34 through 66)		83,470,252	65,787,152	
68	DEFERRED DEBITS				
69	Unamortized Debt Expenses (181)		981,350	984,294	
70	Extraordinary Property Losses (182.1)	230a	0	0	
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0	
72	Other Regulatory Assets (182.3)	232	8,926,067	9,017,906	
73	Prelim. Survey and Investigation Charges (Electric) (183)		0	5,599	
74	Preliminary Natural Gas Survey and Investigation Charges (183.1)		0	0	
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0	
76	Clearing Accounts (184)		0	7,467	
77	Temporary Facilities (185)		0	0	
78	Miscellaneous Deferred Debits (186)	233	92,516	32,136	
79	Def. Losses from Disposition of Utility Plt. (187)		0	0	
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0	
81	Unamortized Loss on Required Debt (189)		169,005	251,451	
82	Accumulated Deferred Income Taxes (190)	234	11,143,320	10,836,761	
83	Unrecovered Purchased Gas Costs (191)		0	0	
84	Total Deferred Debits (lines 69 through 83)		21,312,258	21,135,614	
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		189,966,734	171,632,853	

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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	25,113,094	22,839,243	
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	20,482,460	17,819,395	
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)	83,002	62,255	
16	Total Proprietary Capital (lines 2 through 15)		45,678,557	40,720,894	
17	LONG-TERM DEBT				
18	Bonds (221)	256-257	51,995,000	52,300,000	
19	(Less) Reaquired Bonds (222)	256-257	0	0	
20	Advances from Associated Companies (223)	256-257	20,000,000	20,000,000	
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-Debt (226)		0	0	
24	Total Long-Term Debt (lines 18 through 23)		71,995,000	72,300,000	
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)		83,268	453,799	
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)		83,268	453,799	
36	CURRENT AND ACCRUED LIABILITIES				
37	Notes Payable (231)		0	0	
38	Accounts Payable (232)		1,835,548	4,619,348	
39	Notes Payable to Associated Companies (233)		0	0	
40	Accounts Payable to Associated Companies (234)		19,994,896	7,145,066	
41	Customer Deposits (235)		186,473	89,102	
42	Taxes Accrued (236)	262-263	3,136,668	5,774,950	
43	Interest Accrued (237)		8,934	11,553	
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)		0	-26,949	
48	Miscellaneous Current and Accrued Liabilities (242)		310,531	304,140	
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)		25,475,050	17,917,210	
55	DEFERRED CREDITS				
56	Customer Advances for Construction (252)		0	0	
57	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0	
58	Deferred Gains from Disposition of Utility Plant (256)		0	0	
59	Other Deferred Credits (253)	269	5,299,422	3,043,089	
60	Other Regulatory Liabilities (254)	278	19,919,829	17,533,684	
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)		17,983,880	16,045,247	
64	Accum. Deferred Income Taxes-Other (283)		3,531,728	3,618,930	
65	Total Deferred Credits (lines 56 through 64)		46,734,859	40,240,950	
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		189,966,734	171,632,853	

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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	29,710,079	25,552,809		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	19,511,339	17,128,228		
5	Maintenance Expenses (402)	320-323	787,646	614,670		
6	Depreciation Expense (403)	336-337	3,799,956	3,693,649		
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	627,914	519,756		
15	Income Taxes - Federal (409.1)	262-263	2,127,357	1,924,439		
16	- Other (409.1)	262-263	-86,894	150,242		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	-524,580	-1,778,931		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	-399,091	-297,395		
19	Investment Tax Credit Adj. - Net (411.4)	266	-326	-109		
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)		26,641,503	22,549,339		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg 117, line 27		3,068,576	3,003,470		

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) 03/18/2015		Year/Period of Report End of 2014/Q4	
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)		3,068,576	3,003,470			
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)		-4,305	26,287			
34	(Less) Expenses of Nonutility Operations (417.1)		35,541	8,063			
35	Nonoperating Rental Income (418)			2,663			
36	Equity in Earnings of Subsidiary Companies (418.1)	119					
37	Interest and Dividend Income (419)		158,344	198,650			
38	Allowance for Other Funds Used During Construction (419.1)		18,075	12,668			
39	Miscellaneous Nonoperating Income (421)		44,805	23,019			
40	Gain on Disposition of Property (421.1)			4,588			
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		181,378	259,812			
42	Other Income Deductions						
43	Loss on Disposition of Property (421.2)						
44	Miscellaneous Amortization (425)						
45	Donations (426.1)		29,532	59,423			
46	Life Insurance (426.2)		14,184	5,531			
47	Penalties (426.3)			3,412			
48	Exp. for Certain Civic, Political & Related Activities (426.4)		3,801	4,767			
49	Other Deductions (426.5)		-139,557	-2,915			
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		-92,040	70,218			
51	Taxes Applicable to Other Income and Deductions						
52	Taxes Other Than Income Taxes (408.2)	262-263		-2,037			
53	Income Taxes-Federal (409.2)	262-263	48,271	65,298			
54	Income Taxes-Other (409.2)	262-263	11,993	12,969			
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	-14,287				
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277		3,163			
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)		45,977	73,067			
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		227,441	116,527			
61	Interest Charges						
62	Interest on Long-Term Debt (427)		164,336	209,101			
63	Amort. of Debt Disc. and Expense (428)		158,018	196,684			
64	Amortization of Loss on Reacquired Debt (428.1)		82,446	96,187			
65	(Less) Amort. of Premium on Debt-Credit (429)						
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)						
67	Interest on Debt to Assoc. Companies (430)			8,698			
68	Other Interest Expense (431)		231,592	19,886			
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		3,440	1,527			
70	Net Interest Charges (Total of lines 62 thru 69)		632,952	529,029			
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		2,663,065	2,590,968			
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)		2,663,065	2,590,968			

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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		17,819,395	15,228,427
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)		2,663,065	2,590,968
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)		20,482,460	17,819,395
	APPROPRIATED RETAINED EARNINGS (Account 215)			

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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)	2,663,065	2,590,968
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	3,799,956	3,693,649
5	Amortization of Debt Discount and Expense	158,018	196,684
6	Amortization of Loss on Recquired Debt	82,446	96,187
7			
8	Deferred Income Taxes (Net)	-139,776	-1,484,699
9	Investment Tax Credit Adjustment (Net)	-326	-435
10	Net (Increase) Decrease in Receivables	-681,936	-249,410
11	Net (Increase) Decrease in Inventory	-47,404	76,793
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	-5,291,889	8,103,307
14	Net (Increase) Decrease in Other Regulatory Assets	1,056,833	168,717
15	Net Increase (Decrease) in Other Regulatory Liabilities	2,385,453	1,761,742
16	(Less) Allowance for Other Funds Used During Construction	18,075	12,668
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	2,361,011	-1,796,838
19			
20			
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	6,327,376	13,143,997
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-3,725,940	-3,538,125
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant		4,563
30	(Less) Allowance for Other Funds Used During Construction	-18,075	-12,668
31	Other (provide details in footnote):	43,161	-12,565
32	Cost of Removal	-502,490	-143,367
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-4,167,194	-3,676,826
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)		

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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):	-7,115	133,978
54	Affiliate Moneypool Lending and Receivables/Payables, Net	-4,271,526	-29,426,220
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-8,445,835	-32,969,068
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	Other (provide details in footnote):		
68	Changes in Advance for Affiliates		20,000,000
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)	-305,000	-275,000
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):	2,273,851	-277,417
77			
78	Net Decrease in Short-Term Debt (c)		
79			
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)	1,968,851	19,447,583
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	-149,608	-377,488
87			
88	Cash and Cash Equivalents at Beginning of Period	935,456	1,312,944
89			
90	Cash and Cash Equivalents at End of period	785,848	935,456

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Nantucket Electric Company			
FOOTNOTE DATA			

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

	2014
<u>Operating Activities - Other</u>	
Change in Prepayments	\$ (34,389)
Change in Deferred Credits	\$ 2,256,333
Change in Miscellaneous Current and Accrued Assets	\$ 5,246
Change in Unamortized Debt Expense	\$ (155,074)
Change in Preliminary Survey and Investigation Charges	\$ 5,599
Change in Clearing Accounts	\$ 7,467
Change in Miscellaneous Deferred Debits	\$ (60,380)
Change in Accumulated Provision for Injuries and Damages	\$ (370,531)
Change in Accumulated Deferred Investment Tax Credits	\$ 326
Changes in Deferred Income Taxes	\$ 706,414
	<u>2,361,011</u>

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

	2013
<u>Operating Activities - Other</u>	
Change in Prepayments	\$ 47,366
Change in Deferred Credits	(1,286,919)
Change in Miscellaneous Current and Accrued Assets	6,376
Change in Unamortized Debt Expense	(123,898)
Change in Clearing Accounts	(7,467)
Change in Miscellaneous Deferred Debits	8,053
Change in Accumulated Provision for Injuries and Damages	72,916
Changes in Deferred Income Taxes	(513,265)
	<u>\$ (1,796,838)</u>

Schedule Page: 120 Line No.: 31 Column: b

	2014
<u>Investing Activities - Other</u>	
Change in Utility Plant - Other	\$ 43,161
	<u>\$ 43,161</u>

Schedule Page: 120 Line No.: 31 Column: c

	2013
<u>Investing Activities - Other</u>	
Change in Utility Plant Retirement Costs	\$ (12,565)
	<u>\$ (12,565)</u>

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

	2014
<u>Investing Activities - Other</u>	
Change in Accumulated Other Comprehensive Income	\$ 34,579
Change in Special Funds	(88,824)
Change in Special Deposits	47,131
	<u>\$ (7,115)</u>

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

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Nantucket Electric Company			
FOOTNOTE DATA			

	2013
<u>Investing Activities - Other</u>	
Change in Accumulated Other Comprehensive Income	\$ 197,343
Change in Special Funds	(61,846)
Change in Special Deposits	(1,519)
	<u>\$ 133,978</u>

Schedule Page: 120 Line No.: 76 Column: b

	2014
<u>Financing Activities - Other</u>	
Capital Contributions	\$ 2,273,851
	<u>\$ 2,273,851</u>

Schedule Page: 120 Line No.: 76 Column: c

	2013
<u>Financing Activities - Other</u>	
Capital Contributions	\$ (277,417)
	<u>\$ (277,417)</u>

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Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

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

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 an indirect wholly-owned subsidiary of National Grid plc, a public limited company incorporated under the laws of England and Wales.

The financial statements as of and for the years ended December 31, 2014 and 2013 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 of accounting other than accounting principles generally accepted in the United States ("U.S. GAAP"). The primary differences consist of the following:

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

The Company has evaluated subsequent events and transactions through March 18, 2015, 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, 2014.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

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Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

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 approved rate adjustment mechanisms. In addition, the Company has a revenue decoupling mechanism which allows for annual adjustments to the Company's delivery rates as a result of the reconciliation between allowed revenue and billed revenue. Any difference between the allowed revenue and the billed revenue is recorded as a regulatory asset or regulatory liability.

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 carry-forwards.

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

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.

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Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

Allowance for Doubtful Accounts

The Company recognizes an allowance for doubtful accounts to record accounts receivable at estimated net realizable value. The allowance is determined based on a variety of factors, including for each type of receivable, applying an estimated reserve percentage to each aging category, taking into account historical collection and write-off experience and management's assessment of collectability from individual customers as appropriate. The collectability of receivables is continuously assessed, and if circumstances change, the allowance is adjusted accordingly. Receivable balances are written off against the allowance for doubtful accounts when the balances are deemed to be uncollectible.

Plant Materials and Operating Supplies

Plant materials and operating supplies are stated at the lower of weighted average cost or market value and are expensed or capitalized as used. The Company's policy is to write-off obsolete inventory; there were no material write-offs of obsolete inventory for the years ended December 31, 2014 or 2013.

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 utility plant is capitalized. The capitalized cost of additions to utility plant 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 the years ended December 31, 2014 and December 31, 2013 was 4.9% and 4.8%. The average service lives for each of the years ended December 31, 2014 and 2013 was 44 years.

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 utility plant. 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 \$18 thousand and \$13 thousand and AFUDC related to debt of \$3 thousand and \$2 thousand for the years ended December 31, 2014 and 2013, respectively. The average AFUDC rate was 3.0% and

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Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

3.4% for the years ended December 31, 2014 and December 31, 2013, respectively.

Goodwill

Goodwill is included in utility plant in the accompanying balance sheets and represents the excess of the purchase price of a business over the fair value of the tangible and intangible assets acquired, net of the fair value of liabilities assumed and the fair value of any non-controlling interest in the acquisition. 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 fiscal year ended March 31, 2014 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, 2014 or 2013.

Change in Annual Impairment Assessment Date

Effective in 2015, the Company is utilizing an annual impairment assessment date of January 1. Management has determined that the use of January 1 as its annual impairment assessment date is preferable to January 31 because it facilitates a more timely evaluation in advance of the Company's fiscal year end of March 31. The movement of the date would not result in any substantive change in the timing of recording of any potential impairment.

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 special funds in the accompanying balance sheets. Changes in the fair value of these 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

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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.

New and Recent Accounting Guidance

Revenue Recognition

In May 2014, the FASB and the International Accounting Standards Board jointly issued a new revenue recognition standard ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." The objective of the new guidance is to provide a single comprehensive revenue recognition model for all contracts with customers to improve comparability. The standard contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognized. The underlying principle is that an entity will recognize revenue to depict the transfer of goods or services in an amount that reflects the consideration the entity expects to receive. The new guidance must be adopted using either a full retrospective approach or a modified retrospective approach. For non-public entities, the new guidance is effective for periods beginning after December 15, 2017. The Company is currently evaluating the impact of the new guidance on its financial position, results of operations and cash flows

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.

	December 31,	
	2014	2013
	(in thousands of dollars)	
<i>Other regulatory assets</i>		
Postretirement Benefits	\$ 4,175	\$ 3,465
Rate Adjustment Mechanisms	3,566	4,704
Regulatory deferred tax assets	1,168	849
Other	17	-
Total	8,926	9,018
<i>Other regulatory liabilities</i>		
Rate Adjustment Mechanisms	11,580	10,359
Energy efficiency	6,477	6,188
Regulatory deferred tax liability	818	819
Second cable deferral	1,045	139
Other	-	29
Total	19,920	17,534
Net regulatory liabilities	\$ (10,994)	\$ (8,516)

Energy efficiency ("EE"): This amount represents the difference between revenue billed to customers through its EE Charge and the costs of the Company's EE programs as approved by the DPU.

Postretirement benefits: This 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.

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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 regulatory balances related to rate adjustment mechanisms and post-retirement cost 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.

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.

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 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, 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

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 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. On July 31, 2014, the DPU issued an order approving the sole respondent's bid to perform the CapEx audit. The CapEx audit is currently underway. 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

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

5. UTILITY PLANT AND NON-UTILITY PROPERTY

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

	December 31,	
	2014	2013
	(in thousands of dollars)	
Plant and machinery	\$ 110,628	\$ 108,224
Goodwill	16,552	16,552
Land and buildings	4,473	4,437
Assets in construction	1,378	227
Total property, plant and equipment	133,031	129,440
Accumulated depreciation and amortization	(48,729)	(45,524)
Utility plant and non-utility property, net	\$ 84,301	\$ 83,916

6. FAIR VALUE MEASUREMENTS

The following table presents assets and liabilities 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, 2014 and 2013:

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	December 31, 2014			
	Level 1	Level 2	Level 3	Total
	(in thousands of dollars)			
Assets:				
Available-for-sale securities	380	503	-	883
Total	380	503	-	883

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

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, 2014 or 2013.

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).

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 based on quoted market prices, where available or estimated using quoted market prices for similar debt. The fair value of this debt at December 31, 2014 and 2013 was \$52.0 million and \$52.3 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.

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 \$0.1 million and \$0.3 million to the Plan.

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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 NGUSA companies' pension and PBOP plans that the Company participates in have unfunded obligations at December 31, 2014 and 2013 as follows:

	December 31,	
	2014	2013
	<i>(in thousands of dollars)</i>	
Pension	\$ 322,908	\$ 389,419
PBOP	273,584	251,895
	<u>\$ 596,492</u>	<u>\$ 641,314</u>

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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, 2014 and 2013 are as follows:

	December 31,	
	2014	2013
	<i>(in thousands of dollars)</i>	
Pension	\$ 345	\$ 349
PBOP	177	209
	<u>\$ 522</u>	<u>\$ 558</u>

Defined Contribution Plan

NGUSA has a defined contribution pension plan that covers substantially all employees. For the years ended December 31, 2014 and 2013, the Company recognized an expense in the accompanying statements of income of \$40 thousand and \$40 thousand, respectively, for matching contributions.

Other Benefits

The Company accrued \$0.1 million and \$0.2 million for the years ended December 31, 2014 and 2013 regarding workers compensation, auto and general insurance claims which have been incurred but not yet reported.

8. CAPITALIZATION

Debt Authorizations

The Company had regulatory approval from the FERC to issue up to \$15 million of short-term debt, which expired on November 30, 2013. This approval became effective again on January 12, 2015.

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, 2014 or 2013.

Long-term Debt

At December 31, 2014, the Company had \$52 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 0.26% to 0.40% and from 0.30% to 0.50% for the years ended December 31, 2014 and 2013, 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 \$305 thousand was made during the year ended December 31, 2014.

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 it is not able to remarket it. At December 31, 2014 and 2013, 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.

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Long-term debt at December 31, 2014 and December 31, 2013 is as follows:

	Rate	Maturity	December 31,	
			2014	2013
			(in thousands of dollars)	
2004 MDFA Tax Exempt (progressive annual sinker) Variable		March 1, 2016	\$ 695	\$ 1,000
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	13,300	13,300
Total long-term debt			\$ 51,995	\$52,300

The aggregate maturities of long-term debt subsequent to December 31, 2014 are as follows:

<i>(in thousands of dollars)</i>		
<u>Years Ending December 31,</u>		
2015	\$	330
2016		365
2017		-
2018		-
2019		-
Thereafter		<u>51,300</u>
Total	\$	<u>51,995</u>

Dividend Restrictions

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, 2014 and 2013.

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, 2014 and 2013 common equity was 39% and 36% of total capitalization, respectively. Under these provisions, none of the Company's retained earnings at December 31, 2014 and 2013 were restricted as to common dividends.

9. INCOME TAXES

Components of Income Tax Expense

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

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	Years Ended December 31,	
	2014	2013
	<i>(in thousands of dollars)</i>	
Current tax expense (benefit):		
Federal	\$ 1,452	\$ 1,990
State	649	163
Total current tax expense (benefit)	2,101	2,153
Deferred tax expense:		
Federal	(113)	(1,502)
State	(27)	17
Total deferred tax expense	(140)	(1,485)
Total income tax expense	\$ 1,961	\$ 668
Total income taxes in the statements of income:		
Income taxes charged to operations	\$ 1,915	\$ 593
Income taxes credited to other income (deductions)	46	75
Total	1,961	668

Statutory Rate Reconciliation

A re-conciliation 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, 2014 and December 31, 2013 is as follows:

	Years Ended December 31,	
	2014	2013
	<i>(in thousands of dollars)</i>	
Computed tax	\$ 1,617	\$ 1,141
Change in computed taxes resulting from:		
State income tax, net of federal benefit	404	125
Adjustments related to prior year, federal and state	(28)	(580)
Other items, net	(32)	(18)
Total	344	(473)
Federal and state income taxes	\$ 1,961	\$ 668

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 or liquidity.

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Deferred Tax Components

Significant components of the Company's net deferred tax assets and liabilities at December 31, 2014 and December 31, 2013 are as follows:

	2014	2013
	<i>(in thousands of dollars)</i>	
Deferred tax assets:		
Regulatory liabilities - other	\$ 8,206	\$ 6,896
Pensions, OPEB and other employee benefits	2,221	2,074
Future federal benefit on state taxes	566	416
Net operating losses	-	1,388
Other items	150	63
Total deferred tax assets ⁽¹⁾	11,143	10,837
Deferred tax liabilities:		
Property related differences	17,984	16,045
Regulatory assets - pension and OPEB	1,796	1,328
Regulatory assets - other	1,533	2,139
Investments	49	37
Other items	153	115
Total deferred tax liabilities	21,515	19,664
Net deferred income tax liability	10,372	8,827

(1) There were no valuation allowances for deferred tax assets at December 31, 2014 or 2013.

Unrecognized Tax Benefits

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 Company adopted the provisions of FASB guidance which clarifies the accounting for uncertain tax positions as modified by FERC Docket A107-2-000. 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 A107-2-000 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, 2014 and December 31, 2013, 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, 2014 and December 31, 2013:

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	Years Ended December 31,	
	2014	2013
	(in thousands of dollars)	
Beginning balance	\$ 1,229	\$ 1,242
Gross increases related to prior period	193	-
Gross decreases related to prior period	-	(4)
Gross increases related to current period	-	20
Gross decreases related to current period	(83)	(29)
Settlements with tax authorities	-	-
Reductions due to lapse of statute of limitations	-	-
Ending balance	\$ 1,339	\$ 1,229
Less: unrecognized tax benefits on temporary difference	1,339	1,229
Ending balance	\$ -	\$ -

As of December 31, 2014 and December 31, 2013, the Company has accrued for interest related to unrecognized tax benefits of \$119.3 thousand and \$0.4 thousand, respectively. During the year ended December 31, 2014, the Company recorded interest expense of \$118.9 thousand. During the year ended December 31, 2013, the Company recorded an interest benefit of \$6.6 thousand. The Company recognizes accrued interest related to unrecognized tax benefits in interest expense in the accompanying statement of income. Related penalties, if applicable, are recorded in other deductions. No tax penalties were recognized during the years ended December 31, 2014 and 2013.

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 liquidity.

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

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*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.

10. COMMITMENTS AND CONTINGENCIES

Capital Expenditures

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, 2014 are \$0.03 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

Advances from Affiliates

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, 2014 and 2013, the Company had an outstanding advance from affiliate of \$20 million and \$20 million, respectively.

Accounts Receivable from and Accounts Payable to Associated Companies

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 associated companies and accounts payable to associated companies balances is as follows:

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) 03/18/2015	Year/Period of Report 2014/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

	Accounts Receivable from Associates		Accounts Payable to Associates	
	December		December	
	2014	2013	2014	2013
	(in thousands of dollars)		(in thousands of dollars)	
NGUSA Service Company	\$ 4,852	453	\$ 3,926	\$ 171
Massachusetts Electric Co.	-	\$ 19,567	15,289	1,298
NG Engineering Svc, LLC	78	4,069	1	4,078
New England Power Co.	-	-	343	505
Narragansett Electric Co.	12	1,316	19	930
Boston Gas Company	8	3,526	4	1
Other	112	885	413	162
Total	\$ 5,062	\$ 29,816	\$ 19,995	\$ 7,145

Intercompany Money Pool

The settlement of the Company's various transactions with NGUSA and certain associated companies 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 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 \$73.7 million and \$31.8 million at December 31, 2014 and 2013, respectively. The average interest rates for the intercompany money pool were 0.3% and 0.9% for the years ended December 31, 2014 and 2013, 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, 2014 and December 31, 2013, Massachusetts Electric reimbursed the Company \$5.7 million and \$5.0 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 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. 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.

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) 03/18/2015	Year/Period of Report 2014/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

Charges from the service companies of NGUSA to the Company for the years ended December 31, 2014 and 2013 were \$4.7 million and \$3.6 million, respectively.

Holding Company Charges

NGUSA received charges from National Grid Commercial Holdings Limited (an associated company in the U.K.) for certain corporate and administrative services provided by the corporate functions of National Grid plc to its U.S. subsidiaries. These charges, which are recorded on the books of NGUSA, have not been reflected on these financial statements. Were these amounts allocated to the Company, the estimated effect on net income would be \$137 thousand and \$75 thousand before taxes, and \$83 thousand and \$45 thousand after taxes, for the years ended December 31, 2014 and 2013, respectively.

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) 03/18/2015	Year of Report Dec 31, 2014
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PART IX: ALLOWANCES (Accounts 158.1 and 158.2)

- | | |
|--|--|
| <p>1. Report below the particulars (details) called for concerning allowances.</p> <p>2. Report all acquisitions of allowances at cost.</p> <p>3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.</p> | <p>4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(f), starting with the following year, and allowances for the remaining succeeding years in columns (g)-(i).</p> <p>5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions on lines 36-40.</p> |
|--|--|

Line No	Allowance Inventory (Account 158.1) (a)	Current Year		20__	
		No. (b)	Amt. (c)	No. (d)	Amt. (e)
01	Balance--Beginning of Year	N/A			
02					
03	Acquired During Year:				
04	Issued (Less Withheld Allow.)				
05	Returned by EPA				
06					
07	Purchases/Transfers:				
08					
09					
10					
11					
12					
13					
14					
15	Total				
16					
17	Relinquished During Year:				
18	Charges to Account 509				
19	Other.				
20					
21	Cost of Sales Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance--End of Year				
30					
31	Sales:				
32	Net Sales Proceeds (Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld Account 158.2)				
36	Balance--Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance--End of Year				
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sale Proceeds (Other)				
45	Gains				
46	Losses				

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) 03/18/2015	Year of Report Dec 31, 2014
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PART IX: ALLOWANCES (Accounts 158.1 and 158.2) (Continued)

- | | |
|--|--|
| <p>6. Report on line 5 allowances returned by the EPA. Report on line 39 the EPA's sales of the withheld allowances. Report on lines 43-46 the net sales proceeds and gains/losses resulting from the EPA's sale or auction of the withheld allowances.</p> <p>7. Report on lines 8-14 the names of vendors/transfers of allowances acquired and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).</p> | <p>8. Report lines 22-27 the names of purchasers/transferees of allowance disposed of and identify associated companies.</p> <p>9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.</p> <p>10. Report on lines 32-35 & 43-46 the net sales proceeds and gains or losses from allowance sales.</p> |
|--|--|

20__		19__		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
								01
N/A								02
								03
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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) 03/18/2015		Year/Period of Report End of 2014/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 Written off During the Quarter /Year Account Charged (d) Written off During the Period Amount (e)		Balance at end of Current Quarter/Year (f)	
1	Deferred Income Taxes	849,380	401,276	282/283	82,855	1,167,801	
2							
3	Default (Basic) Service	4,704,065	505,233	4491	1,543,125	3,566,173	
4							
5	Pension	2,309,634	284,826	926	320,025	2,274,435	
6							
7	OPEB	800,486	64,151	926	38,052	826,585	
8							
9	Pension Expense Deferred-Electric	354,341	8,171,380	456	7,451,526	1,074,195	
10							
11	Service Quality Penalties		16,878			16,878	
12							
13							
14							
15							
16							
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43							
44	TOTAL :	9,017,906	9,443,744		9,535,583	8,926,067	

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) 03/18/2015	Year/Period of Report 2014/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.

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) 03/18/2015	Year/Period of Report End of 2014/Q4
OFFICERS					
<p>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.</p> <p>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.</p>					
Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)		
1	President	Reed, Marcy L.	2,905		
2	Senior Vice President	Madej, James	889		
3	Senior Vice President	Owyang, Colin	794		
4	Senior Vice President	Bruckner, John	1,200		
5	Senior Vice President	Jordan, Marie	444		
6	Vice President and Chief Financial Officer	Nigloschy, Stephen	266		
7					
8					
9					
10	Resignation:				
11					
12	Senior Vice President and Chief Procurement Officer	Schlaff, Raymond C	486		
13	March 31, 2014				
14					
15					
16	Appointments:				
17					
18	Senior Vice President (June 23, 2014)	Warren, Cheryl A	415		
19					
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Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Nantucket Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 03/18/2015	2014/Q4
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 \$305,716. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2014 through 12-31-2014.

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 \$304,237. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2014 through 12-31-2014.

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 \$331,100. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2014 through 12-31-2014.

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 \$274,435. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2014 through 12-31-2014.

Schedule Page: 104 Line No.: 5 Column: c

5)Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$271,793. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2014 through 12-31-2014.

Schedule Page: 104 Line No.: 6 Column: c

6)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 1-1-2014 through 12-31-2014.

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 \$281,194. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2014 through 12-31-2014.

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 \$218,792. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2014 through 12-31-2014.

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) 03/18/2015	Year of Report Dec 31, <u>2014</u>
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PART XI: DATA ON OFFICERS AND DIRECTORS

Report below the title and name of the officers and directors of the respondent (company) whose salaries were \$50,000 or more at the end of the report year (list officers first). If there were any changes during the year, report the title, name and address of the previous officer or director and date of change in the comments column. Designate by asterisk (*) officers who are directors; list other directors who are not officers. Report the salary (for the year) for each officer, and the fees for each director listed.

Line No	Name (a)	Address (b)	Number of Votes (c)	Comments (d)
01				
02	Reed, Marcy L	Waltham, MA		
03	Nigloschy, Stephen	Waltham, MA		
04				
05	Jordan, Marie	Waltham, MA		
06				
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22				

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) 03/18/2015	Year/Period of Report End of 2014/Q4
ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)					
<p>1. Explain in a footnote any important adjustments during year.</p> <p>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.</p> <p>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.</p> <p>4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.</p>					
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	44,468,376	44,468,376		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	3,799,954	3,799,954		
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)	3,799,954	3,799,954		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	111,437	111,437		
13	Cost of Removal	487,615	487,615		
14	Salvage (Credit)				
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	599,052	599,052		
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)	47,669,278	47,669,278		
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	42,934,700	42,934,700		
27	Regional Transmission and Market Operation				
28	General	4,734,578	4,734,578		
29	TOTAL (Enter Total of lines 20 thru 28)	47,669,278	47,669,278		

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, 2014	
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	0.29%	38,147
05	Massachusetts Development					
06	Finance Agency - variable rate					
07	Utility Revenue Bonds -					
08	Series 2004	12/16/2004	03/01/2039	10,000,000	0.32%	32,473
09	Massachusetts Development					
10	Finance Agency - variable rate					
11	Utility Revenue Bonds -					
12	Series 2004	12/16/2004	03/01/2016	695,000	0.28%	2,804
13	Massachusetts Development					
14	Finance Agency - variable rate					
15	Utility Revenue Bonds -					
16	Series 2005	12/08/2005	12/01/2040	28,000,000	0.32%	90,912
17						
18	Advances from Associated Companies			20,000,000		
TOTAL				\$71,995,000		\$164,336

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) 03/18/2015		Year/Period of Report End of 2014/Q4	
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	818,811	190	1,342	649	818,118	
2	Energy Efficiency	6,188,459	456	448,745	737,222	6,476,936	
3	Transmission Service	9,330,139	456	149,351	1,027,670	10,208,458	
4	Transition Charge	75,866	456	11,327	15,566	80,105	
5	Basic Service Administrative Cost	598,715	456	52,060	164,300	710,955	
6	Revenue Decoupling Mechanism	430,410	456	471,415	621,375	580,370	
7	2nd Cable Deferral (2006-2013)	139,272	456	899,801	1,805,415	1,044,886	
8	Retirement Plan-Purchase Accounting Adj	(31,108)	926	42,036	73,145	1	
9	Service Quality Penalty	(16,880)	407	13	16,893		
10							
11							
12							
13							
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41	TOTAL	17,533,684		2,076,090	4,462,235	19,919,829	

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) 03/18/2015	Year/Period of Report 2014/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 to 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. Any 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

Pursuant to D.T.E./D.P.U. Docket 06-106-A, approved by the Department of Public Utilities, the Cable Facilities Surcharge recovery mechanism for the combined first and second undersea cables (respectively "First Cable" and "Second Cable") to the island of Nantucket established individual class and seasonal CFS rates which averaged 2.584¢ per kilowatthour ("kWh") for 2007. The recovery mechanism was intended to smooth out the recovery of the Second Cable, which was placed in service on April 18, 2006, and mitigated the immediate

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customer rate impacts by deferring costs in the first several years and recovering such deferrals in later years.

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ELECTRIC OPERATING REVENUES (Account 400)				
<p>1. 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.</p> <p>2. Report below operating revenues for each prescribed account, and manufactured gas revenues in total.</p> <p>3. 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.</p> <p>4. 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.</p> <p>5. Disclose amounts of \$250,000 or greater in a footnote for accounts 451, 456, and 457.2.</p>				
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	9,606,886	7,303,371	
3	(442) Commercial and Industrial Sales			
4	Small (or Comm.) (See Instr. 4)	2,683,548	1,217,916	
5	Large (or Ind.) (See Instr. 4)	44,998	742,995	
6	(444) Public Street and Highway Lighting	7,416	5,658	
7	(445) Other Sales to Public Authorities			
8	(446) Sales to Railroads and Railways			
9	(448) Interdepartmental Sales			
10	TOTAL Sales to Ultimate Consumers	12,342,848	9,269,940	
11	(447) Sales for Resale			
12	TOTAL Sales of Electricity	12,342,848	9,269,940	
13	(Less) (449.1) Provision for Rate Refunds	819,841	408,140	
14	TOTAL Revenues Net of Prov. for Refunds	11,523,007	8,861,800	
15	Other Operating Revenues			
16	(450) Forfeited Discounts	10,670	14,507	
17	(451) Miscellaneous Service Revenues	2,018,379	1,588,203	
18	(453) Sales of Water and Water Power			
19	(454) Rent from Electric Property	488,016	465,192	
20	(455) Interdepartmental Rents			
21	(456) Other Electric Revenues	15,670,007	14,623,107	
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	18,187,072	16,691,009	
27	TOTAL Electric Operating Revenues	29,710,079	25,552,809	

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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
100,527	99,801	11,287	11,238	2
				3
29,549	27,858	1,351	1,308	4
527	489	3	3	5
79	81	5	5	6
				7
				8
				9
130,682	128,229	12,646	12,554	10
				11
130,682	128,229	12,646	12,554	12
				13
130,682	128,229	12,646	12,554	14

Line 12, column (b) includes \$ 339 of unbilled revenues.

Line 12, column (d) includes -561 MWH relating to unbilled revenues

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

Open Access Revenue-Demand Side Management	1,237,377
Open Access Revenue-Customer Charge	766,889
Miscellaneous Service Revenue-Electric	14,113

	2,018,379

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

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.: 21 Column: b

Massachusetts Electric ROE Reimbursement	5,699,318
Open Access Revenue-Access Charge	176,647
Open Access Revenue-Transmission	2,407,938
Open Access Revenue-Distribution	7,350,047
Open Access Revenue-Decoupling	(149,960)
Other Electric Revenue - Miscellaneous	158,528
Contribution in aid of Construction	27,489

	15,670,007

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

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)
Massachusetts Electric ROE Reimbursement	5,022,885
Other Electric Revenue - Miscellaneous	243,591

	14,623,107

*Footnote amended to separately reflect reimbursement revenues from Massachusetts Electric

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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	463	26		
64	(548) Generation Expenses				
65	(549) Miscellaneous Other Power Generation Expenses	113	402		
66	(550) Rents		65		
67	TOTAL Operation (Enter Total of lines 62 thru 66)	576	493		
68	Maintenance				
69	(551) Maintenance Supervision and Engineering				
70	(552) Maintenance of Structures		-4		
71	(553) Maintenance of Generating and Electric Plant				
72	(554) Maintenance of Miscellaneous Other Power Generation Plant				
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)		-4		
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	576	489		
75	E. Other Power Supply Expenses				
76	(555) Purchased Power	11,699,659	9,099,117		
77	(556) System Control and Load Dispatching				
78	(557) Other Expenses				
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	11,699,659	9,099,117		
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	11,700,235	9,101,188		
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	78,501	41,326		
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	1,181	3,652		
94	(563) Overhead Lines Expenses				
95	(564) Underground Lines Expenses		9		
96	(565) Transmission of Electricity by Others	2,329,456	2,218,713		
97	(566) Miscellaneous Transmission Expenses	257	951		
98	(567) Rents				
99	TOTAL Operation (Enter Total of lines 83 thru 98)	2,409,395	2,264,651		
100	Maintenance				
101	(568) Maintenance Supervision and Engineering	97	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				
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)	97	37		
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	2,409,492	2,264,688		

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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			
168	(908) Customer Assistance Expenses	695,100	635,451	
169	(909) Informational and Instructional Expenses	213,145	174,016	
170	(910) Miscellaneous Customer Service and Informational Expenses	20,066	53,757	
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	928,311	863,224	
172	7. SALES EXPENSES			
173	Operation			
174	(911) Supervision			
175	(912) Demonstrating and Selling Expenses	11,704	33,290	
176	(913) Advertising Expenses	32,267	3,205	
177	(916) Miscellaneous Sales Expenses			
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	43,971	36,495	
179	8. ADMINISTRATIVE AND GENERAL EXPENSES			
180	Operation			
181	(920) Administrative and General Salaries	659,179	477,040	
182	(921) Office Supplies and Expenses	450,660	131,614	
183	(Less) (922) Administrative Expenses Transferred-Credit			
184	(923) Outside Services Employed	583,110	780,332	
185	(924) Property Insurance	40,015	37,588	
186	(925) Injuries and Damages	-257,366	230,122	
187	(926) Employee Pensions and Benefits	1,222,604	1,556,087	
188	(927) Franchise Requirements			
189	(928) Regulatory Commission Expenses	58,827	85,463	
190	(929) (Less) Duplicate Charges-Cr.			
191	(930.1) General Advertising Expenses	6,315	8,364	
192	(930.2) Miscellaneous General Expenses	119,351	-59,905	
193	(931) Rents	394,212	315,430	
194	TOTAL Operation (Enter Total of lines 181 thru 193)	3,276,907	3,562,135	
195	Maintenance			
196	(935) Maintenance of General Plant	10,646	38	
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	3,287,553	3,562,173	
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	20,298,985	17,742,898	

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) 03/18/2015	Year of Report Dec 31, 2014
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PART XVIII: SALES FOR RESALE

- Report below the information called for concerning sales for resale during the year to other electric utilities, cooperatives, and to cities and other public authorities for distribution to ultimate consumers.
- Enter the name of the purchaser in column (a). Abbreviate if necessary but do not truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with each purchaser.
- In column (b), identify the FERC Rate Schedule or Tariff Number.
- Report annual maximum demand in column (c). Demand must be in megawatts. Footnote any demand reported in column (c) which is not stated on a megawatt basis and explain.
- Report in column (d) the megawatt-hours shown on bills rendered to each purchaser.
- Report in column (e) the total charge shown on bills rendered to each purchaser.
- Footnote entries as required and provide explanations following all required data.

Line No.	Name of Company or Public Authority [Footnote Affiliations] (a)	FERC Rate Schedule or Tariff Number (b)	Annual Maximum Demand (MW) (c)	Megawatt-hours Sold (MWH) (d)	Revenues (\$) (e)
1	N/A				
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					

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) 03/18/2015	Year/Period of Report End of <u>2014/Q4</u>			
PURCHASED POWER (Account 555) (Including power exchanges)						
<p>1. 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.</p> <p>2. 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.</p> <p>3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>						
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 Power Marketing	RQ	1			
3	Constellation	RQ	1			
4	Dominion Energy Marketing	RQ	1			
5	Direct Energy	RQ	1			
6	DTE Energy Trading	RQ	1			
7	Hess Oil	RQ	1			
8	Energy America	RQ	1			
9	NextEra Power Marketing	RQ	1			
10						
11						
12						
13						
14						
Total						

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Schedule Page: 326 Line No.: 1 Column: a

Affiliated company

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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)	112,153,524	112,153,524		
4	Property Under Capital Leases				
5	Plant Purchased or Sold				
6	Completed Construction not Classified	2,653,942	2,653,942		
7	Experimental Plant Unclassified				
8	Total (3 thru 7)	114,807,466	114,807,466		
9	Leased to Others				
10	Held for Future Use				
11	Construction Work in Progress	1,378,388	1,378,388		
12	Acquisition Adjustments	16,551,550	16,551,550		
13	Total Utility Plant (8 thru 12)	132,737,404	132,737,404		
14	Accum Prov for Depr, Amort, & Depl	48,515,272	48,515,272		
15	Net Utility Plant (13 less 14)	84,222,132	84,222,132		
16	Detail of Accum Prov for Depr, Amort & Depl				
17	In Service:				
18	Depreciation	47,669,278	47,669,278		
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)	47,669,278	47,669,278		
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)	48,515,272	48,515,272		

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) 03/18/2015	Year/Period of Report End of 2014/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
					4
					5
					6
					7
					8
					9
					10
					11
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					32
					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) 03/18/2015	Year/Period of Report End of 2014/Q4
ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)				
<p>1. Report below the original cost of electric plant in service according to the prescribed accounts.</p> <p>2. 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.</p> <p>3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.</p> <p>4. 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.</p> <p>5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.</p> <p>6. 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)</p>				
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		

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) 03/18/2015	Year/Period of Report End of <u>2014/Q4</u>
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	1,135,502	37,083	
61	(361) Structures and Improvements	81,060		
62	(362) Station Equipment	16,788,013	123,755	
63	(363) Storage Battery Equipment			
64	(364) Poles, Towers, and Fixtures	6,623,587	336,107	
65	(365) Overhead Conductors and Devices	3,662,274	268,559	
66	(366) Underground Conduit	13,741,702	439,265	
67	(367) Underground Conductors and Devices	48,889,069	1,063,816	
68	(368) Line Transformers	5,776,879	208,599	
69	(369) Services	4,776,501	568,668	
70	(370) Meters	1,117,131	18,142	
71	(371) Installations on Customer Premises			
72	(372) Leased Property on Customer Premises			
73	(373) Street Lighting and Signal Systems	424,691	15,595	
74	(374) Asset Retirement Costs for Distribution Plant			
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	103,017,409	3,081,589	
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	-10,554	
88	(391) Office Furniture and Equipment			
89	(392) Transportation Equipment	547,593	-547,593	
90	(393) Stores Equipment			
91	(394) Tools, Shop and Garage Equipment	40,979	27,148	
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)	8,991,937	-530,999	
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)	8,991,937	-530,999	
100	TOTAL (Accounts 101 and 106)	112,368,314	2,550,590	
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)	112,368,314	2,550,590	

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) 03/18/2015	Year/Period of Report End of 2014/Q4
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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
				15
				16
				17
				18
				19
				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

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) 03/18/2015	Year/Period of Report End of 2014/Q4
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
			1,172,585		60
			81,060		61
67,283			18,844,485		62
					63
			6,961,694		64
			3,930,833		65
		1	14,180,968		66
			49,952,885		67
		-1	5,987,477		68
68		1	5,344,102		69
28,962		-2	1,106,309		70
					71
					72
		-1	440,285		73
					74
96,313		-2	106,002,683		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
			31,005		86
		1	2,525,669		87
					88
					89
					90
			68,127		91
15,124			23,695		92
					93
			5,797,319		94
					95
15,124		1	8,445,815		96
					97
					98
15,124		1	8,445,815		99
111,437		-1	114,807,466		100
					101
					102
					103
111,437		-1	114,807,466		104

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) 3/18/2015	Year of Report Dec 31, <u>2014</u>
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PART XXII: PURCHASES AND SALES OF ANCILLARY SERVICES

Report the amounts for each type of ancillary service shown in column (a) for the year as specified in Order No. 888 and defined in the respondents Open Access Transmission Tariff.

In columns for usage, report usage-related billing determinant and the unit of measure.

(1) On line 1 columns (b), (c), (d), (e), (f) and (g) report the amount of Scheduling, System Control and Dispatch services purchased and sold during the year.

(2) On line 2 columns (b) (c), (d), (e), (f), and (g) report the amount of reactive supply and voltage control services purchased and sold during the year.

(3) On line 3 columns (b) (c), (d), (e), (f), and (g) report the amount of regulation and frequency response services purchased and sold during the year.

(4) On line 4 columns (b), (c), (d), (e), (f), and (g) report the amount of energy imbalance services purchased and sold during the year.

(5) On lines 5 and 6, columns (b), (c), (d), (e), (f), and (g) report the amount of operating reserve spinning and supplement services purchased and sold during the period.

(6) On line 7 columns (b), (c), (d), (e), (f), and (g) report the total amount of all other types ancillary services purchased or sold during the year. Include in a footnote and specify the amount for each type of other ancillary service provided.

	Type of Ancillary Service (a)	Amount Purchased For the Year			Amount Sold For the Year		
		(b)	(c)	(d)	(e)	(f)	(g)
		Usage – Related Billing Determinant			Usage – Related Billing Determinant		
		Number of Units	Unit of Measure	Dollars	Number of Units	Unit of measure	Dollars
1	Scheduling, System Control and Dispatch	N/A					
2	Reactive Supply and Voltage	N/A					
3	Regulation and Frequency Response	N/A					
4	Energy Imbalance	N/A					
5	Operating Reserve - Spinning	N/A					
6	Operating Reserve - Supplemental	N/A					
7	Other	N/A					
8	Total	N/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) 03/18/2015	Year of Report Dec 31, 2014
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PART XXIII: Monthly Transmission System Peak Load

(1) Report the monthly peak load on the respondent's transmission system. If the respondent has two or more power systems which are not physically integrated, furnish the required information for each non-integrated system.

(2) Report on Column (b) by month the transmission system's peak load.

(3) Report on Columns (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).

(4) Report on Columns (e) through (j) by month the system' monthly maximum megawatt load by statistical classifications. See General Instruction for the definition of each statistical classification.

Name of System:

Line No.	(a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service - For Self (e)
1	January				
2	February				
3	March				
4	Total for Quarter 1				
5	April				
6	May				
7	June				
8	Total for Quarter 2				
9	July				
10	August				
11	September				
12	Total for Quarter 3				
13	October				
14	November				
15	December				
16	Total for Quarter 4				
17	Total for Year to Date/Year	N/A	N/A	N/A	N/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) 03/18/2015	Year of Report Dec 31, <u>2014</u>
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PART XXIII: Monthly Transmission System Peak Load (Continued)

Firm Network Service - For Others (f)	Long-Term Firm Point-to-Point Reservations (g)	Other Long-Term Firm service (h)	Short-Term Firm Point-to-Point Reservations (i)	Other Service (j)	Line No.
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
					15
					16
N/A	N/A	N/A	N/A	N/A	17

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.) 03/18/2015	Year/Period of Report End of 2014
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Transmission Service and Generation Interconnection Study Costs

1. Report the particulars (details) called for concerning the costs incurred and the reimbursements received for performing transmission service and generator interconnection studies.
2. List each study separately.
3. In column (a) provide the name of the study.
4. In column (b) report the cost incurred to perform the study at the end of period.
5. In column (c) report the account charged with the cost of the study.
6. In column (d) report the amounts received for reimbursement of the study costs at end of period.
7. In column (e) report the account credited with the reimbursement received for performing the study.

Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
Transmission Studies					
1	N/A				
2					
3					
4					
5					
6					
7					
8					
9					
10					

Generation Studies

11	N/A				
12					
13					
14					
15					
16					
17					
18					
19					
20					

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.) 03/18/2015	Year/Period of Report End of 2014
AMOUNTS INCLUDED IN ISO/RTO SETTLEMENT STATEMENTS					
1. The respondent shall report below the details called for concerning amounts it recorded in Account 555, Purchase Power, and Account 447, Sales for Resale, for items shown on ISO/RTO Settlement Statements.					
Line No.	Description of Item(s) (a)	Balance at End of Quarter 1 (b)	Balance at End of Quarter 2 (c)	Balance at End of Quarter 3 (d)	Balance at End of Year (e)
1	Energy				
2	Net Purchases (Account 555)				
3	Net Sales (Account 447)				
4	Transmission Rights				
5	Ancillary Services				
6	Other Items (list separately)				
7					
8					
9					
10					
11					
12	Total	N/A	N/A	N/A	N/A

DEPARTMENT OF PUBLIC UTILITIES

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

CONDENSED FINANCIAL RETURN

FOR THE YEAR ENDED DECEMBER 31, 2014

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
OPERATING INCOME	\$	\$
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		
OTHER INCOME		
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		
MISCELLANEOUS INCOME DEDUCTIONS		
Miscellaneous Amortization		
Other Income Deductions		
Total Income Deductions		
Income Before Interest Charges		
INTEREST CHARGES		
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		Balance	
		End of Year	End of Year
		\$	\$
UTILITY PLANT			
Utility Plant			
OTHER PROPERTY AND INVESTMENTS			
Nonutility Property.....			
Investment in Associated Companies.....			
Other Investments.....			
Special Funds.....			
Total Other Property and Investments			
CURRENT AND ACCRUED ASSETS			
Cash.....			
Special Deposits.....			
Working Funds.....			
Temporary Cash Investments.....			
Notes and Accounts Receivable.....			
Receivables from Associated Companies			
Materials and Supplies.....			
Prepayments.....			
Interest and Dividends Receivable.....			
Rents Receivable.....			
Accrued Utility Revenues.....			
Misc. Current and Accrued Assets.....			
Total Current and Accrued Assets...			
DEFERRED DEBITS			
Unamortized Debt Discount and Expense			
Extraordinary Property Losses.....			
Preliminary Survey and Investigation			
Charges.....			
Clearing Accounts.....			
Temporary Facilities.....			
Miscellaneous Deferred Debits.....			
Total Deferred Debits.....			
CAPITAL STOCK DISCOUNT AND EXPENSE			
Discount on Capital Stock.....			
Capital Stock Expense.....			
Total Capital Stock Discount and Expense.....			
REACQUIRED SECURITIES			
Reacquired Capital Stock.....			
Reacquired Bonds.....			
Total Reacquired Securities.....			
Total Assets and Other Debits.....			
PROPRIETARY CAPITAL			
CAPITAL STOCK			
Common Stock Issued.....			
Preferred Stock Issued.....			
Capital Stock Subscribed.....			
Premium on Capital Stock.....			
Total.....			
SURPLUS			
Other Paid-In Capital.....			
Earned Surplus.....			
Surplus Invested in Plant.....			
Total.....			
Total Proprietary Capital.....			
LONG-TERM DEBT			
Bonds.....			
Advances from Associated Companies...			
Other Long-Term Debt.....			
Total Long-Term Debt.....			
CURRENT AND ACCRUED LIABILITIES			
Notes Payable.....			
Accounts Payable.....			
Payables to Associated Companies.....			
Customer Deposits.....			
Taxes Accrued.....			
Interest Accrued.....			
Dividends Declared.....			
Matured Long-Term Debt.....			
Matured Interest.....			
Tax Collections Payable.....			
Misc. Current and Accrued Liabilities...			
Total Current and Accrued Liabilities.			
DEFERRED CREDITS			
Unamortized Premium on Debt.....			
Customer Advances for Construction....			
Other Deferred Credits.....			
Total Deferred Credits.....			
RESERVES			
Reserves for Depreciation.....			
Reserves for Amortization.....			
Reserve for Uncollectible Accounts.....			
Operating Reserves.....			
Reserve for Depreciation and Amort... of Nonutility Property.....			
Reserves for Deferred Federal Income...			
Taxes.....			
Total Reserves.....			
CONTRIBUTIONS IN AID OF CONSTRUCTION			
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
SALES OF ELECTRICITY	\$	\$
Residential Sales.....	9,606,886	2,303,515
Commercial and Industrial Sales.....		
Small (or Commercial).....	2,683,548	1,465,632
Large (or Industrial).....	44,998	-697,997
Public Street and Highway Lighting.....	7,416	1,758
Other Sales to Public Authorities.....		
Sales to Railroad and Railways.....		
Interdepartmental Sales.....		
Miscellaneous Electric Sales.....		
Provision for Rate Refunds.....	-819,841	-411,701
Total Sales to Ultimate Consumers.....	11,523,007	2,661,207
Sales for Resale.....		
Total Sales of Electricity.....	11,523,007	2,661,207
OTHER OPERATING REVENUES		
Forfeited Discounts.....	10,670	-3,837
Miscellaneous Service Revenues.....	2,018,379	430,176
Sales of Water and Water Power.....		
Rent from Electric Property.....	488,016	22,824
Interdepartmental Rents.....		
Other Electric Revenues.....	15,670,007	1,046,900
Total Other Operating Revenues.....	18,187,072	1,496,063
Total Electric Operating Revenues.....	29,710,079	4,157,270

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.....	11,700,235	0	11,700,235
Total Power Production Expenses.....	11,700,235	0	11,700,235
Transmission Expenses.....	2,409,395	97	2,409,492
Distribution Expenses.....	724,164	776,903	1,501,067
Customer Accounts Expenses.....	1,356,667		1,356,667
Sales Expenses.....	43,971		43,971
Administrative and General Expenses.....	3,276,905	10,646	3,287,551
Total Electric Oper. and Maint. Expenses	19,511,337	787,646	20,298,983

GAS OPERATING REVENUES			(Not Applicable)
Account	Operating Revenues		
	Amount for Year	Increase of (Decrease) from Preceding Year	
SALES OF GAS			
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.....			
OTHER OPERATING REVENUES			
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.....			

SUMMARY OF GAS OPERATION AND MAINTENANCE EXPENSES				(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....				

..... March 25, 2015....., 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.

Charles DeRosa

Vice President and Controller

Stephen Nigloschy

Vice President and Chief Financial Officer

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		Support	
General Information	S1-S3		DONE
Communities Served	S3	Page Center reports for EIA	DONE
Notes Receivable	S4	Balance Sheet - Zero bal	DONE
Accounts Receivable	S5	Balance Sheet	DONE
Production Fuel & Oil Stocks	S6	Balance Sheet - Zero bal	DONE
Deferred Losses From Disposition Of Utility Plant	S7	NA	DONE
Notes Payable	S8		DONE
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Sales of Electricity To Utilimate Customers	S12		DONE
Other Utility Operating Income	S13	Accounts not used	DONE
Overhead Distribution Lines Operated	S14	PowerPlan Report 1200 & 12	DONE
Electric Distribution Services	S14	PowerPlan Report 1200 & 12	DONE
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Advertising Expenses	S17		DONE
Charges For Professional & Other Consulting Services	S18		DONE
Deposits & Collateral	S19		DONE
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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) March 25, 2015	Year of Report December 31, 2014
Nantucket Electric Company			

GENERAL INFORMATION

PRINCIPAL AND SALARIED OFFICERS
(AS OF DECEMBER 31, 2014)

Titles	Names	Addresses	Annual Salaries
President and Director	Reed, Marcy L.	Waltham, MA	2,905
Senior Vice President	Madej, James	Brooklyn, NY	889
Senior Vice President	Owyang, Colin	Waltham, MA	794
Senior Vice President	Bruckner, John	Hicksville, NY	1,200
Senior Vice President and Director	Jordan, Marie	Waltham, MA	444
Senior Vice President and Chief Financial Officer	Nigloschy, Stephen	Waltham, MA	266
Senior Vice President	Warren, Cheryl A	Albany, NY	415

DIRECTORS*
(AS OF DECEMBER 31, 2014)

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."

Name of Respondent	This Report Is: (1)[x] An Original (2)[] A Resubmission	Date of Report (Mo, Da, Yr) March 25, 2015	Year of Report December 31, 2014
Nantucket Electric Company			

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,

March 28, 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, 2014

<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, Inc., pursuant to an agreement, a copy of which is on file with the Massachusetts Department of Public Utilities, rendered various services in 2014 as requested, at the actual cost thereof, pursuant to rules and orders 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) March 25, 2015	Year of Report December 31, 2014
Nantucket Electric Company					
NOTES RECEIVABLE (Account 141) (Not Applicable)					
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.					
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: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 25, 2015	Year of Report December 31, 2014
Nantucket Electric Company			

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):	
2	Electric (Includes \$ 0.00 Unbilled Revenue).....	1,984,374
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 Other	157,563
13	Union Billable Labor	429
14	Regional Network Service (Transmission) Refund receivable	18,625
15	Tax Benefits Receivable	12,642
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	\$2,173,633

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) March 25, 2015		Year of Report December 31, 2014	
PRODUCTION FUEL AND OIL STOCKS (Included in Account 151) (Except Nuclear Materials)							
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 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) March 25, 2015		Year of Report December 31, 2014	
<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 Commisiion 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) March 25, 2015		December 31, 2014	
<p align="center">NOTES PAYABLE (Account 231)</p> <p align="center">Report particulars indicated concerning notes payable at year end (Not Applicable)</p>							
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	align="right">\$0		

Name of Respondent		This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
Nantucket Electric Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	March 25, 2015	December 31, 2014
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	National Grid USA Parent	(30,959)		
2	NGUSA Service Company	(3,925,870)		
3	NG Engineering Srvcs, LLC	(1,465)		
4	National Grid Electric Service	(6,021)		
5	Niagara Mohawk Power Corp	(73,942)		
6	Brooklyn Union Gas-KEDNY	(251,283)		
7	KS Gas East Corp-KEDLI	(969)		
8	Massachusetts Electric Co	(15,289,058)		
9	Boston Gas Company	(4,108)		
10	Colonial Gas Company	(565)		
11	Narragansett Electric Co	(19,095)		
12	Granite State Electric Co	-		
13	Granite St Elec-Post Sale	-		
14	EnergyNorth Gas-Post Sale	(48,320)		
15	New England Power Company	(343,242)		
16				
17				
18				
19				
20				
21				
22				
23	Total Account 234	(19,994,896)		
24	<u>Account 233</u>			
25				
26	National Grid USA Service Co., Inc.			
27	(Money Pool)	0	0.3%	\$0
28				
29				
	Totals	(19,994,896)		\$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) March 25, 2015		Year of Report December 31, 2014	
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 Commisiion 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:		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) March 25, 2015	Dec. 31, 2014

OPERATING RESERVES (Accounts 261, 262, 263, 265)

1. Report below an analysis of the changes during the year for each of the above-named reserves.
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.
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.
4. For Accounts 261, Property Insurance Reserve, 262, Injuries and Damages Reserve, explain the nature of the risks covered by the reserve.
5. For Account 265, Miscellaneous Operating Reserves, report separately each reserve composing the account and explain briefly its purpose.

Line No.	Name of Reserve (a)	Bal. Beg. of Year (b)	Contra Acct. Debited Credited (e)	Debits (c)	Credits (d)	Balance at end of Year
1	<u>Account 262 (FERC 228.2)</u>					
2						
3	Incurring but Not Reported 'Reserves (IBNR)	(97,739)	925	(60,695)	223,179	64,745
4						
5	Workman's Compensation Reserve	51,538	926	(78,426)	45,411	18,523
6						
7	Injuries and Damages (includes Gen, Auto and t	500,000	925	(511,254)	11,254	-
8						
9	<u>Account 263 (FERC 253);</u>					
10						
11	Pension	2,114,314	926	(231,165)	127,944	2,011,093
12						
13	Other Post Employment Benefits	2,179,293	926	(189,385)	230,509	2,220,417
14						
15	<u>Account 265 (FERC 253)</u>					
16						
17	Unrecognized Tax Benefits	(1,615,519)	236/409	(26,718)	2,063,036	420,800
18						
19	Post-employment Benefits	365,000	926	(365,000)	647,112	647,112
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30	Total	3,496,887		(1,462,643)	3,348,446	5,382,690

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) March 25, 2015	December 31,2014	
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	248	23	9.3226	0	0
2		E Res-Elec Space Htg.	249,562	25,915	10.3844	0	0
3		R-1 Residential	98,521,720	9,366,676	9.5072	11,007	11,041
4		R-2 Res. Low Income	1,952,414	192,583	9.8638	203	205
5		G-1 Gen. Serv. Small	245,214	21,688	8.8445	42	42
6							
7		Total Account 440	100,969,158	9,606,886	9.5147	11,252	11,287
8		Rate Refunds, Net		-630,727			
9							
10							
11	442	R-1 Residential	513,203	48,902	9.5287	55	59
12		G-1 Gen. Serv.Small	18,276,578	1,605,627	8.7852	1,251	1,253
13		G-2 Gen. Serv. Demand	9,003,145	846,444	9.4016	37	40
14		G-3 Time Of Use-Large	2,401,100	227,574	9.4779	1	2
15		S4A St Lt - Security	0			0	0
16							
17		Total Account 442	30,194,026	2,728,547	9.0367	1,345	1,353
18		Rate Refunds, Net		-188,614			
19							
20							
21	444	S-1 St.Lt.Co.Own Equip.	350	-3	-0.7171	1	1
22		S-3 St.Lt.U/G Div. of Own	79,641	7,418	9.3148	4	4
23		G-1 Gen. Serv. Small	0		0.0000	0	0
24							
25		Total Account 444	79,991	7,416	9.2709	5	5
26		Rate Refunds, Net		-500			
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		Total	131,243,175	12,342,848			
53		Unbilled	-560,909				
54	TOTAL SALES TO ULTIMATE CO		130,682,266	12,342,848	9.4449	12,602	12,646

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) March 25, 2015	December 31, 2014
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) March 25, 2015	Year of Report December 31, 2014
Nantucket Electric Company			

OVERHEAD DISTRIBUTION LINES OPERATED

Line No.		Length (Pole Miles)		
		Wood Poles	Steel Towers	Total
1	Miles - Beginning of Year	110.28	0.00	110.28
2	Added During Year	5.80	0.00	5.80
3	Retired During Year	0.00	0.00	0.00
4	Miles - End of Year	116.08	0.00	116.08
5	Distribution System Characteristics - A.C. or D.C., phase, cycles and operating voltages for light and power.			
6				
7				
8				
9				
10				
11				
12				
13				
14				
15				

ELECTRIC DISTRIBUTION SERVICES

Line No.	Item	Electric Services
16	Number at beginning of year	6,899
17	Additions during year :	
18	Purchased	
19	Installed	71
20	Associated with utility plant acquired	
21	Total additions	71
22	Reductions during year :	
23	Retirements	0
24	Associated with utility plant sold	
25	Total reductions	0
26	Number at End of Year	6,970

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) March 25, 2015	Year of Report December 31, 2014
NANTUCKET ELECTRIC COMPANY				
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
01/01/2010	521	RESIDENTIAL REGULAR R-1		
01/01/2010	522	RESIDENTIAL-LOW INCOME R-2		
01/01/2010	524	LIMITED RESIDENTIAL ELECTRIC SPACE HEATING E R-1/R-2/E COMBINED	5%	
01/01/2010	523	RESIDENTIAL - TIME-OF-USE (OPTIONAL) R-4	11%	
01/01/2010	525	GENERAL SERVICE - SMALL COMMERCIAL AND INDUSTRIAL G-1	5%	
01/01/2010	526	GENERAL SERVICE - DEMAND G-2		-5%
01/01/2010	527	TIME-OF-USE - G-3		-13%
01/01/2010	528	STREET AND AREA LIGHTING – COMPANY OWNED EQUIPMENT S-1		
01/01/2010	529	STREET LIGHTING – OVERHEAD – CUSTOMER OWNED EQUIPMENT S-2		
01/01/2010	530	STREET LIGHTING – UNDERGROUND – DIVISION OF OWNERSHIP S-3		
01/01/2010	531	STREET AND AREA LIGHTING – CUSTOMER OWNED EQUIPMENT S-5		
01/01/2010	532	DECORATIVE STREET AND AREA LIGHTING – COMPANY OWNED EQUIPMENT S-6		
01/01/2010	533	STREET AND AREA LIGHTING – HIGH PRESSURE SODIUM VAPOR CONVERSION COMPANY OWNED EQUIPMENT S-20		
		STREET AND AREA LIGHTING COMBINED	2%	

Note: Effect on annual revenues is estimated for Massachusetts Electric Company and Nantucket Electric Company combined, together doing business as National Grid and includes estimated impact of changes in Net CapEx Factors, Residential Assistance Adjustment Factor, Storm Recovery Adjustment Factor, Storm Fund Replenishment Factor, Revenue Decoupling Mechanism Factor, Pension/PBOP Adjustment Factor and Basic Service Administrative Cost Factors

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) March 25, 2015	December 31, 2014
ADVERTISING EXPENSES					
Line No.	Account No.	Type (a)	General Description (b)	Amount for Year (c)	
1	Account 909				
2					
3		A&G Admin			2,370
4		C&I A&G Admin			47,516
5		C&I Direct Install			3,909
6		C&I New Construction			26,150
7		C&I Retrofit			35,495
8		C&I Statewide Marketing			1,285
9		Media Relations-Corp			1,016
10		Media Relations-NE			1,465
11		Residential Consumer Product			10,756
12		Residential Cooling & Heatin			14,903
13		Residential Home Energy Serv			45,811
14		Residential Lighting			11,422
15		Residential Multi-Family Ret			7,594
16		Residential Statewide Market			1,944
17		Other			1,511
18					
19					
20					
21					
22	Total Account 909				213,147
23					
24	Account 913				
25					
26		Customer & Prod Exp			763
27		Strategic Marketing			340
28		US Brand Implement			31,164
29					
30	Total Account 913				32,267
31					
32	Account 930.1				
33					
34		Strategic Marketing			463
35		US Brand Implement			5,475
36		VP Marketing			377
37					
38					
39	Total Account 9930100				6,315
40					
41					
42					
43	Total				251,729.00

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) March 25, 2015	December 31, 2014

CHARGES FOR OUTSIDE SERVICES (Continued)

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

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:

(a) Name and address of person or organization rendering services,
(b) description of services received during year and project or case to which services relate,
(c) basis of charges,
(d) total charges for the year, detailing utility department and account charges.

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.

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.

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.

5. Designate associated companies.

1. (a) National Grid USA Service Company (Associated Company)
40 Sylvan Road, Waltham, Massachusetts 02451

(b) The following services are rendered:

Servicing Division:

Purchasing, Stores, Rates, Advertising, Employee Relations,
Treasury, Accounting, Audit, Insurance, Taxes, Emergency
Service, Administrative and Budgeting.

Engineering and Construction Division:
Civil and Mechanical Engineering, Electrical and District
Engineering, Transmission Lines and Properties, Engineering
Supervision, Construction, Emergency and Miscellaneous.

(c) At cost, including interest on borrowed capital and a reasonable return on amount of capital necessary to perform services. Services performed by the Service Company for companies in the National Grid USA system will be rendered to them at cost in accordance with the service contracts between Service Company and its associate companies.

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) March 25, 2015	December 31, 2014
CHARGES FOR OUTSIDE SERVICES (Continued)			
23	<p>4 Service Agreement dated as of November 5, 2012 between National Grid USA Service Company, Inc. and certain of its affiliates party thereto.</p> <p>A Mutual Assistance Agreement dated as of March 28, 2008, as extended by a letter agreement effective as of March 19, 2015.</p>		
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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) March 25, 2015	December 31, 2014
CHARGES FOR OUTSIDE SERVICES (Continued)				
71				
72	<u>Account #</u>			
73				
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	562	Station Expenses	1,235	
84	566	Misc Trans Exp	7	
85	568	Maint-Superv & Eng	101	
86	Total Transmission			1,343
87				
88	<u>Distribution Expenses</u>			
89	580	Operation Superv&Eng	4,155	
90	581	Load Dispatching	33,563	
91	582	Station Expenses	30	
92	583	Overhead Line Exp	5,583	
93	584	Underground Line Exp	2,444	
94	586	Meter expenses	7,732	
95	587	Customer Install Exp	2,714	
96	588	Misc Distrib Exp	62,447	
97	589	Rents	397	
98	590	Maint-Superv & Eng	28	
99	592	Maint-Station Equip	3,479	
100	593	Maint-Overhead Lines	10,989	
101	594	Maint-Undergrd Lines	0	
102	595	Maint-Line Transform	105	
103	597	Maint-Meters	2	
104	598	Maint-Misc DistPlant	115	
105				
106	Total Distribution			133,783
107				
108	<u>Customer Accounts and Services Expenses</u>			
109	901	Superv-Cust Acct Exp	4,446	
110	902	Meter Reading Exp	3,678	
111	903	Cust Record&Coll Exp	111,809	
112	904	Uncollectible Accts	(2,034)	
113	905	Misc Cust Accts Exp	4,737	
114	908	Customer Assist Exp	175,024	
115	909	Information and Instructional Advertising Expenses	2,833	
116	910	Misc Cust Serv&Info	9,213	
117	Total Customer			309,706
118				
119	<u>Sales Expenses</u>			
120	912	Demonstr&Selling Exp	17,700	
121	913	Advertising Expenses	536	
122	Total Sales			18,236
123				
124	<u>Administrative and General Expenses</u>			
125	920	Admin & Gen Salaries	538,167	
126	921	Office Supplies&Exp	302,619	
127	923	OutsideServ Employed	77	
128	924	Property insurance	39,764	
129	925	Injuries and damages	69,651	
130	926	Empl Pensions & Ben	873,562	
131	928	Reg Commission Exp	1,403	
132	930.1	Gen Advertising Exp	3,863	
133	930.2	Misc General Expense	8,979	
134	931	Rents	82,574	
135	935	Maint-General Plant	9,046	
136				
137	Total Administrative and General			1,929,705
138				
139	Total Electric Operating Expenses			2,392,773

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Nantucket Electric Company	(1)[X] An Original (2)[] A Resubmission	(Mo, Da, Yr) March 25, 2015	December 31, 2014

CHARGES FOR OUTSIDE SERVICES (Continued)			
140			
141	<u>Account #</u>		
142			
143	107 CWIP		447,759
144	106 Accum Prov for Depr		1,232
145	163 Stores Clearing		27,680
146	228.2 Injuries & Damages Reserves		36,136
147	230 Asset Retirement Obligation		1
148	403 Depreciation expense		11,324
149	405 Amort of Other Plant		143,001
150	408.1 TaxOthThanInc-UtilOp		84,383
151	409.1 Inc Tax Util OperInc		(42,202)
152	410.1 Prov DIT-Util Op Inc		52,247
153	418 Non-Oper Rental Inc		(90)
154	419 Interest and Div Inc		(11,096)
155	421 Misc Non-Oper Inc		(9,569)
156	426.1 Donations		25,211
157	426.2 Life insurance		10,026
158	426.4 Exp Civic, Polit Act		2,477
159	426.5 Other deductions		29,282
160	428 Amort Debt Disc&Exp		(16)
161	431 Other Interest Exp		451
162			
163			
164	Total Other Accounts		808,237
165			
166	Total Charges		3,201,010
167			
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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) March 25, 2015	December 31, 2014

CHARGES FOR OUTSIDE SERVICES (Continued)			
188	<u>Payments for Outside Vendors and Other Consulting Services</u>		
189	<u>Plant Accounts</u>		
190			
191			
192	ASPLUNDH CONSTRUCTION CORP		30,263
193	FINAL TOUCH CONSTRUCTION		43,538
194	KOBO UTILITY CONSTRUCTION CORP		1,637,991
195	PRO. UNLIMITED INC.		56,068
196	TIGHE & BOND INC.		31,259
197	TOWN OF NANTUCKET		43,306
198	Other Vendors (12)		34,216
199			
200			
201	Total Plant Accounts		1,876,641
202			
203			
204			
205			
206	<u>Operation Accounts</u>		
207			
208	KOBO UTILITY CONSTRUCTION CORP		107,140
209	Other Vendors (22)		52,900
210			
211			
212	Total Operation Accounts		160,040
213			
214			
215			
216			
217			
218			
219			
220			
221	Total Outside Vendors		2,036,681
222			
223			
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Nantucket Electric Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) March 25, 2015	December 31, 2014
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			186,473
2				
3				
4				
5				
6				
7				
8				
9				
10	Deposits on Hand = Cash received.			
11				
12	*Provided by Billings Management			
13				
14				
15				
16				
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48				
49				
50	Total			\$186,473

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) March 25, 2015	December 31, 2014
RETURN ON EQUITY				
Line No.	FERC Form 1 Reference	Description	Amount (000's)	
1	Net Utility Income Available for Common Shareholders			
2				
3	Add: Page 117 Line 27	Net Utility Operating Income	\$3,069	
4				
5	Add:	Amort of Acquisition Premium	0	
6				
7				
8				
9	Less: Page 117 Line 70	Net Interest Charges	633	
10				
11	Less: Page 118 Line 31	Preferred Stock Dividends	0	
12				
13	Net Utility Income Available for Common Shareholders		2,436	
14				
15				
16	Total Utility Common Equity			
17				
18	Add: Page 112 Line 16	Total Proprietary Capital	45,679	
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	846	
31				
32	Total Common Equity Excluding Unamort Acquisition Adjustment		29,973	
33				
34	Electric Operations Allocator (Line 51 below)		99.18%	
35				
36		Total Utility Common Equity	29,727	
37				
38				
39	Electric Operations Allocator			
40				
41	Add: Page 110 Line 4	Total Utility Plant	132,737	
42	Less: Page 200 Line 12	Acquisition Adjustments	16,552	
43			116,186	
44				
45				
46	Add: Page 110 Line 4	Total Utility Plant	132,737	
47	Add: Page 110 Line 32	Total Other Property and Investment	962	
48	Less: Page 200 Line 12	Acquisition Adjustments	16,552	
49			117,148	
50				
51		Electric Operations Allocator (Line 43 / Line 49)	99.18%	
52				
53				
54				
55	Return on Equity	(Line 13 / Line 36)	8.19%	
56				

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] March 25, 2015	Year of Report December 31, 2014
Nantucket Electric Company			

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

Chris McConnachie

Vice President and Treasurer

Charles DeRosa

Vice President & Controller

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

STATE OF NEW YORK

COUNTY - KINGS

SS.

MARCH 25,

20 15

Then personally appeared

FOR CHRIS MCCONNACHIE AND CHARLES

De Rosa

LEON CHANG

NOTARY PUBLIC-STATE OF NEW YORK

No. 01CH6275929

Qualified in Kings County

My Commission Expires February 04, 2017

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

Notary Public
Justice of the Peace

