



March 29, 2019

Commonwealth of Massachusetts  
Massachusetts Department of Public Utilities  
Attn: Mark D. Marini and Emily Luksha  
One South Station, 2<sup>nd</sup> Floor  
Boston, Massachusetts 02110

There are filed herewith three (3) copies of the returns for the year ended December 31, 2018 for Nantucket Electric Company.

We also enclosed a check for \$5.00 to cover filing fees.

Please acknowledge receipt of these returns on the duplicate of this letter. A stamped, self-addressed envelope is also enclosed for your convenience.

Sincerely,

Christopher McCusker  
Vice President  
NE Controller  
781-907-4480

***THE COMMONWEALTH OF MASSACHUSETTS***

**ANNUAL RETURN**

**OF THE**

**NANTUCKET ELECTRIC COMPANY**

**TO THE**

**DEPARTMENT OF PUBLIC UTILITIES**

**YEAR ENDED DECEMBER 31, 2018**

**nationalgrid**

Check appropriate box:

☒ Original signed form

☐ Conformed Copy

Form 1-F Approved  
OMB No. 1902-0029  
(Expires 12/31/2019)



## 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)

Nantucket Electric Company

Year of Report

December 31, 2018

Commonwealth of Massachusetts  
**Department of Public Utilities**

One South Street  
Boston, MA 02110

STATEMENT OF OPERATING REVENUES


YEAR 2018

Name of Company Nantucket Electric Company  
D/B/A \_\_\_\_\_  
Address One Metrotech Center 12<sup>th</sup> Floor  
Brooklyn, NY 11201

		Location on <u>Annual Return</u>
Massachusetts Operating Revenues (Intrastate)	\$ <u>21,824,605</u>	<u>refer to FERC Form 1</u>
Other Revenues (outside Massachusetts)	\$ _____	_____
Total Revenues	\$ <u>21,824,605</u>	<u>refer to FERC Form 1</u>

I hereby certify under the penalties of perjury that the foregoing statement is true to the best of my knowledge and belief.

Signature  
Name  
Title

  
Christopher McCusker  
VP, NE Controller

The purpose of this statement is to provide the Department of Public Utilities with the amount of intrastate operating revenues for the annual assessment made pursuant to G.L. c. 25, § 18.

If invoices or correspondence are to be addressed to a particular individual or department of the Company, please provide the name, title, and address below.

Name \_\_\_\_\_  
Title \_\_\_\_\_  
Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

## TABLE OF CONTENTS

PART	TITLE	PAGE
	Instructions.....	2
I	Identification.....	3
II	Annual Report Corporate Officer Certification .....	3a
III	Comparative Balance Sheet.....	4-5
IV	Statement of Income for the Year.....	6-8
V	Statement of Retained Earnings .....	9
VI	Statement of Cash Flows .....	10-11
VII	Statement of Accumulated Comprehensive Income and Hedging Activities.....	12(a)(b)
VIII	Notes to Financial Statements .....	13-14
IX	Allowances .....	15-16
X	Other Regulatory Assets.....	17
XI	Data on Officers and Directors.....	18
XII	Accumulated Provision for Depreciation and Amortization of Utility Plant.....	19
XIII	Capital Stock Data .....	19
XIV	Long-Term Debt Data .....	19
XV	Other Regulatory Liabilities .....	20
XVI	Electric Sales Data for the Year.....	21
XVII	Electric Operation and Maintenance Expense.....	21
XVIII	Sales for Resale.....	22
XIX	Purchased Power.....	23
XX	Utility Plant Data.....	24
XXI	Footnote Data.....	25
XXII	Purchases and Sales of Ancillary Services .....	26
XXIII	Monthly Transmission System Peak Load.....	27-28
XXIV	Transmission Service and Generation Interconnection Study Costs.....	29
XXV	Amounts Included in ISO/RTO Settlement Statements .....	30

### 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)
V	Statement of Retained Earnings for the Year (118-119)
XX	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion (200-201, 204-207)
XII	Accumulated Provision for Depreciation of Electric Utility Plant (219)
XVI	Electric Operating Revenues (300-301)
XVIII	Sales for Resale (310-311)
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 non-major public utilities and licensees subject to the jurisdiction of the Federal Energy Regulatory Commission.

#### II. Who Must Submit

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

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).

Each Non-major 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:** Non-major 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

Office of the Secretary Federal Energy  
Regulatory Commission 888 First Street,  
N E. Washington, DC 20426

- I. 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):

a. 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

b. 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 sub-division 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. Enter in whole dollars only.

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

Where to Send Comments on Public Reporting Burden

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

GENERAL INSTRUCTIONS

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

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

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 and 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.

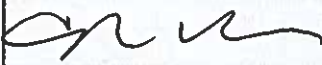
SPECIFIC INSTRUCTIONS: Item No. Instruction's. All Refer to the form. All items are self-explanatory.

PART I: IDENTIFICATION		
01 Exact Legal name of Respondent Nantucket Electric Company		02 Year of Report 2018/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 Donald Albers		06 Title of Contact Person Asst Director
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) 324-4785	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> 03/29/2019
11 Name of Officer Having Custody of the Books of Account Christopher McCusker		12 Title of Officer VP, NE Controller
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	Christopher McCusker		VP, NE Controller	03/29/19

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) / /	Year/Period of Report End of 2018/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	<b>UTILITY PLANT</b>				
2	Utility Plant (101-106, 114)	200-201	140,626,099	138,013,840	
3	Construction Work in Progress (107)	200-201	3,709,611	2,170,419	
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		144,335,710	140,184,259	
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	55,256,295	53,556,062	
6	Net Utility Plant (Enter Total of line 4 less 5)		89,079,415	86,628,197	
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)		89,079,415	86,628,197	
15	Utility Plant Adjustments (116)		0	0	
16	Gas Stored Underground - Noncurrent (117)		0	0	
17	<b>OTHER PROPERTY AND INVESTMENTS</b>				
18	Nonutility Property (121)		290,808	290,808	
19	(Less) Accum. Prov. for Depr. and Amort. (122)		226,629	222,233	
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)		1,089,365	1,084,987	
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)		1,153,544	1,153,562	
33	<b>CURRENT AND ACCRUED ASSETS</b>				
34	Cash and Working Funds (Non-major Only) (130)		0	0	
35	Cash (131)		30,798	111,584	
36	Special Deposits (132-134)		0	0	
37	Working Fund (135)		0	0	
38	Temporary Cash Investments (136)		0	0	
39	Notes Receivable (141)		0	0	
40	Customer Accounts Receivable (142)		2,506,681	2,159,883	
41	Other Accounts Receivable (143)		26,282	33,696	
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		124,483	179,960	
43	Notes Receivable from Associated Companies (145)		53,797,426	66,494,347	
44	Accounts Receivable from Assoc. Companies (146)		17,993,466	14,642,028	
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	191,874	151,346	
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	

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/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

**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	0
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)		67,603	1,337
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		6,367	6,367
60	Rents Receivable (172)		97,117	114,099
61	Accrued Utility Revenues (173)		1,053,686	1,064,137
62	Miscellaneous Current and Accrued Assets (174)		0	209
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)		75,646,817	84,599,073
68	<b>DEFERRED DEBITS</b>			
69	Unamortized Debt Expenses (181)		854,578	804,206
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	4,691,421	5,406,122
73	Prelim. Survey and Investigation Charges (Electric) (183)		0	0
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)		-7,647	-7,647
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	21,522	18,191
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 Reaquired Debt (189)		0	0
82	Accumulated Deferred Income Taxes (190)	234	10,582,715	9,817,470
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		16,142,589	16,038,342
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		182,022,365	188,419,174

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) 11	Year/Period of Report end of 2018/Q4
--	---	--------------------------------------	---

**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	30,516,930	29,637,098
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	36,165,286	31,435,847
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)	89,055	125,890
16	Total Proprietary Capital (lines 2 through 15)		66,771,272	61,198,836
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	51,300,000	51,300,000
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
24	Total Long-Term Debt (lines 18 through 23)		51,300,000	51,300,000
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)		33,445	36,142
29	Accumulated Provision for Pensions and Benefits (228.3)		5,255,709	4,936,224
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)		7,090	6,974
35	Total Other Noncurrent Liabilities (lines 26 through 34)		5,296,244	4,979,340
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		2,314,244	1,773,544
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		7,384,473	21,506,985
41	Customer Deposits (235)		118,506	174,987
42	Taxes Accrued (236)	262-263	2,441,262	2,880,350
43	Interest Accrued (237)		31,586	43,940
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent	This Report is:	Date of Report (mo, da, yr)	Year/Period of Report
Nantucket Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	11	end of 2018/Q4

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)		-1,316	2,592
48	Miscellaneous Current and Accrued Liabilities (242)		508,422	454,553
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)		12,797,177	26,836,951
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	464,936	358,722
60	Other Regulatory Liabilities (254)	278	29,350,204	28,059,100
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		14,566,069	14,335,548
64	Accum. Deferred Income Taxes-Other (283)		1,476,463	1,350,677
65	Total Deferred Credits (lines 56 through 64)		45,857,672	44,104,047
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		182,022,365	188,419,174

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/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

**STATEMENT OF INCOME**

**Quarterly**

- 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.
- 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.
- 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.
- 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.
- If additional columns are needed, place them in a footnote.

**Annual or Quarterly if applicable**

- Do not report fourth quarter data in columns (e) and (f)
- 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.
- 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	21,824,605	23,933,927		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	10,956,172	12,398,480		
5	Maintenance Expenses (402)	320-323	1,093,279	1,645,505		
6	Depreciation Expense (403)	336-337	2,593,592	2,544,255		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337		-32		
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	604,992	616,386		
15	Income Taxes - Federal (409.1)	262-263	1,351,846	1,291,946		
16	- Other (409.1)	262-263	557,288	428,759		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	-266,215	346,585		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277				
19	Investment Tax Credit Adj. - Net (411.4)	266				
20	(Less) Gains from Disp. of Utility Plant (411.6)					
21	Losses from Disp. of Utility Plant (411.7)			2,868		
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)		16,890,954	19,274,752		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117, line 27		4,933,651	4,659,175		

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/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

**STATEMENT OF INCOME FOR THE YEAR (Continued)**

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

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
21,824,605	23,933,927					2
						3
10,956,172	12,398,480					4
1,093,279	1,645,505					5
2,593,592	2,544,255					6
	-32					7
						8
						9
						10
						11
						12
						13
604,992	616,386					14
1,351,846	1,291,946					15
557,288	428,759					16
-266,215	346,585					17
						18
						19
						20
	2,868					21
						22
						23
						24
16,890,954	19,274,752					25
4,933,651	4,659,175					26

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/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)		4,933,651	4,659,175		
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)		10,308	2,534		
34	(Less) Expenses of Nonutility Operations (417.1)		16,034	73,941		
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		1,351,273	922,671		
38	Allowance for Other Funds Used During Construction (419.1)		115,338	39,940		
39	Miscellaneous Nonoperating Income (421)		26,694	23,640		
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		1,487,579	914,844		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)			50		
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		15,787	26,597		
46	Life Insurance (426.2)		2,536	10,444		
47	Penalties (426.3)		73,693	-87,370		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		7,108	4,489		
49	Other Deductions (426.5)		-10,173	27,020		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		88,951	-18,770		
51	Taxes Applicable to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263				
53	Income Taxes-Federal (409.2)	262-263	240,357	278,296		
54	Income Taxes-Other (409.2)	262-263	102,241	81,142		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	52,332	-13,264		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277				
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)		394,930	346,174		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		1,003,698	587,440		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		837,321	525,754		
63	Amort. of Debt Disc. and Expense (428)		112,732	119,692		
64	Amortization of Loss on Required Debt (428.1)			11,254		
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Required Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)					
68	Other Interest Expense (431)		261,494	382,246		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		16,547	6,037		
70	Net Interest Charges (Total of lines 62 thru 69)		1,195,000	1,032,909		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		4,742,349	4,213,706		
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)		4,742,349	4,213,706		

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/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

**STATEMENT OF RETAINED EARNINGS**

- Do not report Lines 49-53 on the quarterly version.
- Report all changes in appropriated retained earnings, unappropriated retained earnings, year to date, and unappropriated undistributed subsidiary earnings for the year.
- 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)
- State the purpose and amount of each reservation or appropriation of retained earnings.
- 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.
- Show dividends for each class and series of capital stock.
- Show separately the State and Federal income tax effect of items shown in account 439, Adjustments to Retained Earnings.
- 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.
- 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		31,435,847	27,271,923
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)		4,742,349	4,213,706
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	Dividends Declared-Common Stock (Account 438)		-12,910	( 49,782)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-12,910	( 49,782)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		36,165,286	31,435,847
	APPROPRIATED RETAINED EARNINGS (Account 215)			





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/Period of Report End of 2018/Q4
STATEMENT OF CASH FLOWS					
<p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p>					
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)	4,742,349	4,213,706		
3	Noncash Charges (Credits) to Income:				
4	Depreciation and Depletion	2,593,592	2,544,223		
5	Amortization of Debt Discount and Expense	112,732	119,692		
6	Amortization of Loss on Reacquired Debt		11,254		
7					
8	Deferred Income Taxes (Net)	-213,883	333,321		
9	Investment Tax Credit Adjustment (Net)				
10	Net (Increase) Decrease in Receivables	-367,428	72,311		
11	Net (Increase) Decrease in Inventory	-40,528	32,000		
12	Net (Increase) Decrease in Allowances Inventory				
13	Net Increase (Decrease) in Payables and Accrued Expenses	962,570	-1,034,823		
14	Net (Increase) Decrease in Other Regulatory Assets	-473,020	1,993,976		
15	Net Increase (Decrease) in Other Regulatory Liabilities	2,345,676	2,091,512		
16	(Less) Allowance for Other Funds Used During Construction	115,338	39,940		
17	(Less) Undistributed Earnings from Subsidiary Companies				
18	Other (provide details in footnote):	-35,400	-375,753		
19					
20					
21					
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	9,511,322	9,961,479		
23					
24	Cash Flows from Investment Activities:				
25	Construction and Acquisition of Plant (including land):				
26	Gross Additions to Utility Plant (less nuclear fuel)	-4,573,917	-4,365,000		
27	Gross Additions to Nuclear Fuel				
28	Gross Additions to Common Utility Plant				
29	Gross Additions to Nonutility Plant				
30	(Less) Allowance for Other Funds Used During Construction	-115,338	-39,940		
31	Other (provide details in footnote):	22,623	-3,416		
32	Cost of Removal	-325,000	-409,000		
33					
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-4,760,956	-4,737,476		
35					
36	Acquisition of Other Noncurrent Assets (d)				
37	Proceeds from Disposal of Noncurrent Assets (d)				
38					
39	Investments in and Advances to Assoc. and Subsidiary Companies				
40	Contributions and Advances from Assoc. and Subsidiary Companies				
41	Disposition of Investments in (and Advances to)				
42	Associated and Subsidiary Companies				
43					
44	Purchase of Investment Securities (a)				
45	Proceeds from Sales of Investment Securities (a)				

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

**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):	-41,213	-78,831
54	Affiliate Moneypool Lending and Receivables/Payables, Net	-4,777,029	-6,490,420
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-9,579,198	-11,306,727
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			
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)		
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)		
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):		1,478,382
77			
78	Net Decrease in Short-Term Debt (c)		
79			
80	Dividends on Preferred Stock		
81	Dividends on Common Stock	-12,910	-49,782
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	-12,910	1,428,600
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	-80,786	83,352
87			
88	Cash and Cash Equivalents at Beginning of Period	111,584	28,232
89			
90	Cash and Cash Equivalents at End of period	30,798	111,584

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) / /	2018/Q4
FOOTNOTE DATA			

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

	2018
<u>Operating Activities - Other</u>	
Change in Prepayments	\$ (66,266)
Change in Unamortized Debt Expense	(163,104)
Change in Miscellaneous Deferred Debits	(3,331)
Change in Accumulated Provision for Injuries and Damages	(2,697)
Change in Accumulated Provision for Pensions and Benefits	155,349
Change in Asset Retirement Obligations	116
Change in Other Deferred Credits	106,214
Change in Deferred Income Taxes	(61,890)
Change in Miscellaneous Current and Accrued Assets	209
	<u>\$ (35,400)</u>

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

	2017
<u>Operating Activities - Other</u>	
Change in Prepayments	\$ 22,525
Change in Miscellaneous Current and Accrued Assets	(209)
Change in Unamortized Debt Expense	(67,000)
Change in Clearing Accounts	7,647
Change in Miscellaneous Deferred Debits	23,952
Change in Unamortized Loss on Reacquired Debt	1
Change in Accumulated Provision for Injuries and Damages	2,116
Change in Accumulated Provision for Pensions and Benefits	(694,252)
Change in Asset Retirement Obligations	342
Change in Other Deferred Credits	281,966
Change in Deferred Income Taxes	47,159
	<u>\$ (375,753)</u>

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

	2018
<u>Investing Activities - Other</u>	
Change in Utility Plant - Other	\$ 22,623
	<u>\$ 22,623</u>

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

	2017
<u>Investing Activities - Other</u>	
Change in Utility Plant - Other	\$ (3,416)
	<u>\$ (3,416)</u>

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/Period of Report 2018/Q4
FOOTNOTE DATA			

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

	2018
<u>Investing Activities - Other</u>	
Change in Special Funds	\$ (4,378)
Change in Accumulated Other Comprehensive Income	(36,835)
	<u>\$ (41,213)</u>

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

	2017
<u>Investing Activities - Other</u>	
Change in Special Funds	\$ (118,446)
Change in Accumulated Other Comprehensive Income	39,615
	<u>\$ (78,831)</u>

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

	2017
<u>Financing Activities - Other</u>	
Change in Other Paid-in Capital	\$ 1,478,382
	<u>\$ 1,478,382</u>

Name of Respondent <b>Nantucket Electric Company</b>		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo., Da., Yr.) <b>03/29/2019</b>	Year/Period of Report End of <b>2018</b>
<b>AMOUNTS INCLUDED IN ISO/RTO SETTLEMENT STATEMENTS</b>					
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

STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES									
<ol style="list-style-type: none"> <li>1. Report in columns (b),(c),(d) and (e) the amounts of accumulated other comprehensive income items, on a net-of-tax basis, where appropriate.</li> <li>2. Report in columns (f) and (g) the amounts of other categories of other cash flow hedges.</li> <li>3. For each category of hedges that have been accounted for as "fair value hedges", report the accounts affected and the related amounts in a footnote.</li> <li>4. Report data on a year-to-date basis.</li> </ol>									

[illegible]

## STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

[illegible]



Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report / /	Year/Period of Report End of 2018/Q4
--	---	-----------------------	---

**NOTES TO FINANCIAL STATEMENTS**

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

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

Name of Respondent	This Report is:	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) / /	2018/Q4
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 13,600 customers on the Island of Nantucket.

The Company is a wholly-owned subsidiary of National Grid USA ("NGUSA" or the "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.

Pursuant to a settlement agreement associated with NGUSA's purchase of the Company in 1996, which was approved by the Massachusetts Department of Public Utilities ("MA DPU" or "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. 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. The Company's share of these costs and recoveries are reflected through a return on equity mechanism between the Company and Nantucket Electric, as discussed in Note 13 – "Related Party Transactions."

The accompanying financial statements are prepared in accordance with the 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 of America ("U.S. GAAP"). The primary differences consist of the following:

- For FERC reporting, regulatory assets and liabilities are classified as non-current. For U.S. GAAP reporting, regulatory assets and liabilities are classified as current or long-term as applicable. Additionally, the portion of regulatory assets related to an equity return are included for FERC reporting and derecognized for GAAP reporting.
- The accumulated amounts collected in rates for cost of removal over spending are included within accumulated depreciation for FERC reporting, but are presented as a regulatory liability for U.S. GAAP reporting.
- All debt is classified as long-term in the balance sheet for FERC reporting. Under U.S. GAAP, the presentation reflects current and long-term debt separately.
- For FERC reporting, the debt issuance costs related to term loans are presented in the balance sheet within deferred charges and other assets. Under U.S. GAAP, this is presented in the balance sheet as a direct deduction from the carrying value of debt.
- Goodwill is included within utility plant for FERC reporting, but is presented as other non-current assets for U.S. GAAP reporting.
- For FERC reporting, the liability for uncertain tax positions related to temporary differences is not recognized pursuant to FERC guidance and deferred taxes are recognized based on the difference between positions taken in filed tax returns and amounts reported in the financial statements. For U.S. GAAP reporting, the liability for uncertain tax positions related to temporary differences is recognized and deferred taxes are recognized based on the difference between the positions taken in filed tax returns adjusted for uncertain tax positions related to temporary differences and amounts reported in the financial statements.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

- For FERC reporting, deferred tax assets and liabilities are presented on a gross basis. For U.S. GAAP reporting, deferred tax assets and liabilities are presented on a net basis.
- For FERC reporting, certain revenues or expenses are classified as either utility or non-utility in nature. For GAAP reporting, no distinction between utility and non-utility is made.

#### Supplemental Cash Flow Information

**Twelve Months Ended December 31,**  
**2018**                      **2017**  
*(in thousands of dollars)*

#### Supplemental disclosures:

Interest paid	\$ 800	\$ 500
Income taxes paid	1,880	1,831

#### Supplemental disclosure of non-cash financing and investing activities:

Capital-related accruals	\$ 169	\$ 190
Parent tax loss allocation	880	-

The Company has evaluated subsequent events and transactions through March 29, 2019 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, 2018.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Use of Estimates

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

#### Regulatory Accounting

The 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 FERC and 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 from, or refunded to, customers through future rates. Regulatory assets and liabilities are reflected on the balance sheet 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 an electric revenue decoupling mechanism ("RDM") which requires the Company to adjust its base rates annually to reflect the over or under recovery of the Company's targeted base distribution revenues from the prior fiscal year.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr)	Year/Period of Report
Nantucket Electric Company		11	2018/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

## 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 income taxes have been computed utilizing the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes also reflect the tax effect of net operating losses, capital losses, and general business credit carryforwards. The Company assesses the available positive and negative evidence to estimate whether sufficient future taxable income of the appropriate tax character will be generated to realize the benefits of existing deferred tax assets. When the evaluation of the evidence indicates that the Company will not be able to realize the benefits of existing deferred tax assets, a valuation allowance is recorded to reduce existing deferred tax assets to the net realizable amount.

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 determines its tax provision based on the separate return method, modified by a benefits-for-loss allocation pursuant to a tax sharing agreement between NGNA and its subsidiaries. The benefit of consolidated tax losses and credits are allocated to the NGNA subsidiaries giving rise to such benefits in determining each subsidiary's tax expense in the year that the loss or credit arises. In a year that a consolidated loss or credit carryforward is utilized, the tax benefit utilized in consolidation is paid proportionately to the subsidiaries that gave rise to the benefit regardless of whether that subsidiary would have utilized the benefit. The tax sharing agreement also requires NGNA to allocate its parent tax losses, excluding deductions from acquisition indebtedness, to each subsidiary in the consolidated federal tax return with taxable income. The allocation of NGNA's parent tax losses to its subsidiaries is accounted for as a capital contribution and is performed in conjunction with the annual intercompany cash settlement process following the filing of the federal tax return.

## 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.

## Accounts Receivable and Accumulated Provision for Uncollectible Accounts

The Company recognizes an accumulated provision for uncollectible accounts to record accounts receivable at estimated net realizable value. The provision 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 provision is adjusted accordingly. Receivable balances are written off against the provision for uncollectible accounts when the accounts are disconnected and/or terminated and the balances are deemed to be uncollectible. The Company recorded bad debt expense within operations and maintenance in the statements of income.

## Plant Materials and Operating Supplies

Plant materials and operating supplies are stated at weighted average cost, which represents net realizable value, and are expensed

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

or capitalized as used. The Company's policy is to write-off obsolete plant materials and operating supplies; there were no material write-offs of obsolete plant materials and operating supplies for the years ended December 31, 2018 or 2017.

#### 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; and
- Not categorized: certain investments are not categorized within the fair value hierarchy. These investments are measured based on the fair value of the underlying investments but may not be readily redeemable at that fair value.

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 FERC and DPU. The average composite rates for the years ended December 31, 2018 and 2017 were 3.3% and 3.1%, respectively.

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

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

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

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 accompanying statements of income as non-cash income and AFUDC debt is reported as a non-cash offset to interest expense, 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.

#### *Impairment of Long-Lived Assets*

The Company tests the impairment of long-lived assets annually or when events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable. The recoverability of an asset is determined by comparing its carrying value to the future undiscounted cash flows that the asset is expected to generate. If the comparison indicates that the carrying value is not recoverable, an impairment loss is recognized for the excess of the carrying value over the estimated fair value. For the years ended December 31, 2018 and 2017, there were no impairment losses recognized for long-lived assets.

#### **Goodwill**

The Company tests goodwill for impairment annually on January 1, and when events occur or circumstances change that would more likely than not reduce the fair value of the Company below its carrying amount. The Company has early adopted ASU 2017-04, "Intangibles – Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment," which eliminates step two from the two-step goodwill impairment test required under the current standard. The one-step approach requires a recoverability test performed based on the comparison of the Company's estimated fair value 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, the Company is required to recognize an impairment charge for such excess, limited to the allocated amount of goodwill.

The fair value of the Company was calculated in the annual goodwill impairment test for the year ended December 31, 2018 utilizing both income and market approaches. The Company uses a 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, 2018 or 2017.

#### **Available-For-Sale Securities**

The Company provides certain executives with nonqualified retirement and deferred compensation benefits which have been partially secured through separate fund arrangements. As a result, 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 on the balance sheet. Changes in the fair value of these assets are recorded within other comprehensive income.

#### **Asset Retirement Obligations**

Asset retirement obligations are recognized for legal obligations associated with the retirement of utility plant, primarily associated with the Company's distribution facilities. Asset retirement obligations are recorded at fair value in the period in which the obligation is incurred, if the fair value can be reasonably estimated. In the period in which new asset retirement obligations, or changes to the timing or amount of existing retirement obligations are recorded, the associated asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset. In each subsequent period the asset retirement obligation is accreted to its present value. The Company applies regulatory accounting guidance and both the depreciation and accretion costs associated with asset retirement obligation are recorded as increases to regulatory assets on the balance sheet. These regulatory assets represent timing differences between the recognition of costs in accordance with FERC reporting and costs recovered through the ratemaking process.

#### **Employee Benefits**

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

The Company participates with other subsidiaries in defined benefit pension plans and postretirement benefit other than pension ("PBOP") plans for its employees, administered by NGUSA. The Company recognizes its portion of the pension and PBOP plans' funded status on the balance sheet 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 and PBOP plans' assets are commingled and allocated to measure and record 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.

### Going Concern

Current U.S. GAAP guidance requires management to evaluate whether there is substantial doubt surrounding an entity's ability to continue as a going concern. If management concludes that substantial doubt exists additional disclosures relating to management's evaluation and conclusion are required. Management is not aware of any indicators giving rise to substantial doubt about the Company's ability to continue to operate and to meet its obligations as they become due.

### New and Recent Accounting Guidance

#### Accounting Guidance Recently Adopted

##### *Revenue Recognition*

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09: "Revenue from Contracts with Customers (Topic 606)." The underlying principle of this ASU is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to, in exchange for those goods or services. For the Company, the new guidance is effective for the calendar year ended December 31, 2018 and its interim periods and has been adopted using a modified retrospective approach.

The FASB has issued several additional recent ASUs related to revenue recognition, whose effective date and transition requirements are the same as those for ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)." In March 2016, the FASB issued ASU No. 2016-08, "Revenue from Contracts with Customers (Topic 606): Principal versus Agent Considerations (Reporting Revenue Gross versus Net)," which clarifies the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing," which provides guidance in the new revenue standard on identifying performance obligations and accounting for licenses of intellectual property. In May 2016, the FASB issued ASU No. 2016-12, "Revenue from Contracts with Customers (ASC 606) Narrow-Scope Improvements and Practical Expedients", providing additional clarity on various aspects of Topic 606, including a) Assessing the Collectability Criterion and Accounting for Contracts That Do Not Meet the Criteria for Step 1, b) Presentation of Sales Taxes and Other Similar Taxes Collected from Customers, c) Noncash Consideration, d) Contract Modifications at Transition, e) Completed Contracts at Transition, and f) Technical Correction. Lastly, in December 2016, the FASB issued ASU No. 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers." The amendments in this Update cover a variety of corrections and improvements to the Codification related to the new revenue recognition standard (ASU No. 2014-09, "Revenue from Contracts with Customers (Topic 606)").

The Company performed detailed reviews of its revenue arrangements to ensure compliance with the new standard effective for the current calendar year ended December 31, 2018 and its interim periods. The adoption of Accounting Standards Codification ("ASC") 606, "Revenue from Contracts with Customers", did not have a material impact on the presentation of the Company's results of operations, cash flows, or financial position. However, the Company has added additional qualitative and quantitative financial statement disclosures per requirements under ASC 606, "Revenue from Contracts with Customers", pertaining to its revenue earning mechanisms. Please refer to Note 3, "Revenue", for details.

##### *Statement of Cash Flows*

In November 2016, the FASB issued ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

FASB Emerging Issues Task Force)," which requires entities to show the changes in the total of cash, cash equivalents, restricted cash, and restricted cash equivalents in the statement of cash flows.

In August 2016, the FASB issued ASU No. 2016-15, "Classification of Certain Cash Receipts and Cash Payments (Topic 230)," which provides guidance about the classification of certain cash receipts and payments within the statement of cash flows, including debt prepayment or extinguishment costs, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims and policies, and distributions received from equity method investments.

Both accounting updates are in effect for the current calendar year ended December 31, 2018 and the interim periods. The Company does not have any restricted cash balance; therefore, the adoption of ASU No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash (a consensus of the FASB Emerging Issues Task Force)," did not have any impact on the Company's statement of cash flows. The application of ASU No. 2016-15, "Classification of Certain Cash Receipts and Cash Payments (Topic 230)," also did not have a material impact on the Company's cash flows as the Company is already in compliance with the amendments.

#### *Financial Instruments – Classification and Measurement*

In January 2016, the FASB issued ASU No. 2016-01, "Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities." The new guidance principally affects the accounting for equity investments and financial liabilities where the fair value option has been elected, as well as the disclosure requirements for financial instruments. For the Company, the new guidance is effective for the current calendar year ended December 31, 2018 and the interim periods. The adoption of this ASU did not have a material impact on the presentation, results of operations, cash flows, and financial position of the Company.

#### *Pension and Postretirement Benefits*

In March 2017, the FASB issued ASU No. 2017-07, "Compensation Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost," which changes certain presentation and disclosure requirements for employers that sponsor defined benefit pension and other postretirement benefit plans. The ASU requires the service cost component of the net benefit cost to be in the same line item as other compensation in operating income and the other components of net benefit cost to be presented outside of operating income on a retrospective basis. In addition, only the service cost component will be eligible for capitalization when applicable, on a prospective basis. The requirements of the new standard are effective for the current calendar year and its interim periods. The application of the new guidance did not have a material impact on the results of the Company's operations, cash flows, and financial position.

#### *Income Taxes*

In October 2016, the FASB issued ASU No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory," which eliminates the exception for all intra-entity sales of assets other than inventory. As a result, a reporting entity would recognize the tax expense from the sale of the asset in the seller's tax jurisdiction when the transfer occurs, even though the pre-tax effects of that transaction are eliminated in consolidation. For the Company, the requirements of the new standard are effective for the current calendar year and its interim periods. The application of this guidance did not have a material impact on the results of operations, cash flows, or financial position of the Company.

#### *Stock Compensation*

In May 2017, the FASB issued ASU No. 2017-09, "Stock Compensation (Topic 718): Scope of Modification Accounting," which provides clarity on the application of modification accounting upon a change to the terms or conditions of a share-based payment award. For the Company, the requirements of the new standard are effective for the calendar year ended December 31, 2018 and its interim periods. The application of the standard did not have a material impact on the presentation, results of operations, cash flows, and financial position of the Company.

#### **Accounting Guidance Not Yet Adopted**



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

### *Leases*

In February 2016, the FASB issued ASU 2016-02 "Leases" (codified as Topic 842) related to lease accounting, effective January 1, 2019 for public entities. Under the new standard, a lease is defined as a contract, or part of a contract, that conveys the right to control the use of identified assets for a period of time in exchange for consideration. Lessees will need to recognize leases on the balance sheet as a right-of-use asset and a related lease liability and classify the leases as either operating or finance. The liability will be equal to the present value of lease payments. The asset will be based on the liability, subject to adjustments, such as initial direct costs.

The Company operating leases portfolio includes mainly real estate, fleet vehicles and telecommunication towers. These operating leases will result in straight-line expense while finance leases will result in a higher initial expense pattern due to the interest component. The Company, as a regulated entity, is permitted to continue to recognize expense using the timing that conforms to the regulatory rate treatment.

We have established a cross-functional team to assess and implement the new standard update. Our assessment is substantially complete and the company is currently finalizing its adoption options allowed for lessees and lessors by the new standard.

The adoption of this standard will increase right-of-use assets and lease liabilities on the Company's balance sheet and require more robust disclosures related to leases. The Company is currently implementing a new lease accounting system and is evaluating the impact this standard will have on the balance sheet, income statement and lease disclosures.

### *Goodwill and Other*

In August 2018, the FASB issued ASU No. 2018-15 "Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40), Customer's Accounting for Implementation Costs Incurred in a Cloud Computing Arrangement That Is a Service Contract" to help entities evaluate the accounting for fees paid by a customer. The amendment will align the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software. For the Company, the requirements in this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is currently assessing the application of the standard to determine if it will have a material impact on the presentation, results of operations, cash flows, and financial position of the Company.

In January 2017, the FASB issued ASU No. 2017-04 "Intangibles – Goodwill and Other (Topic 350), Simplifying the Test for Goodwill Impairment" which simplifies how an entity is required to test goodwill for impairment by eliminating Step 2 from the goodwill impairment test. For the Company, the requirements in this Update are effective annual and any interim impairment tests performed for periods beginning after December 15, 2019. The Company is currently assessing the application of the standard to determine if it will have a material impact on the presentation, results of operations, cash flows, and financial position of the Company.

### *Compensation*

In August 2018, the FASB issued ASU No. 2018-14 "Compensation – Retirement Benefits – Defined Benefit Plans – General (Subtopic 715-20), Disclosure Framework – Changes to the Disclosure Requirements for Defined Benefit Plans" which modifies the disclosure requirements for employers that sponsor defined benefit pension or other postretirement plans. For the Company, the requirements in this Update are effective for financial statements ending after December 15, 2020. The Company is currently assessing the application of the standard to determine if it will have a material impact on the presentation, results of operations, cash flows, and financial position of the Company.

In June 2018, the FASB issued ASU No. 2018-07 "Compensation – Stock Compensation (Topic 718), Improvements to Nonemployee Share-Based Payment Accounting" which expands the scope of Topic 718 to include share-based payment transactions for acquiring

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

goods and services from nonemployees. For the Company, the requirements in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently assessing the application of the standard to determine if it will have a material impact on the presentation, results of operations, cash flows, and financial position of the Company.

#### *Fair Value*

In August 2018, the FASB issued ASU No. 2018-13 "Fair Value Measurement (Topic 820), Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement" which modifies the disclosure requirements on fair value measurements in Topic 820, Fair Value Measurement, based on the concepts in the Concepts Statement, including the consideration of costs and benefits. For the Company, the requirements in this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is currently assessing the application of the standard to determine if it will have a material impact on the presentation, results of operations, cash flows, and financial position of the Company.

#### *Taxes*

In February 2018, the FASB issued ASU No. 2018-02 "Income Statement – Reporting Comprehensive Income (Topic 220), Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" which allows a reclassification from accumulated other comprehensive income to retained earnings for stranded tax effects resulting from the Tax Cuts and Jobs Act. The amendments eliminate the stranded tax effects resulting from the Tax Cuts and Jobs Act and will improve the usefulness of information reported to financial statement users. For the Company, the requirements in this Update are effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years. The Company is currently assessing the application of the standard to determine if it will have a material impact on the presentation, results of operations, cash flows, and financial position of the Company.

#### *Financial Instruments*

In November 2018, the FASB issued ASU No. 2018-19 "Codification Improvements to Topic 326, Financial Instruments – Credit Losses" which mitigates the transition complexity by requiring that for nonpublic business entities the amendments in Update 2016-13 are effective for fiscal years beginning after December 15, 2021, including interim periods within those fiscal years. The amendment clarifies that receivables arising from operating leases are not within the scope of Subtopic 326-20. Instead, impairment of receivables arising from operating leases should be accounted for in accordance with Topic 842. For the Company, the requirements in this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is currently assessing the application of the standard to determine if it will have a material impact on the presentation, results of operations, cash flows, and financial position of the Company.

In June 2016, the FASB issued ASU No. 2016-13 "Financial Instruments – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Statements" requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented at the net amount expected to be collected. The allowance for credit losses is a valuation account that is deducted from the amortized cost basis of the financial asset(s) to present the net carrying value at the amount expected to be collected on the financial asset. Credit losses relating to available-for-sale debt securities should be recorded through an allowance for credit losses. For the Company, the requirements in this Update are effective for fiscal years beginning after December 15, 2019, including interim periods within those fiscal years. The Company is currently assessing the application of the standard to determine if it will have a material impact on the presentation, results of operations, cash flows, and financial position of the Company.

### **3. REVENUE**

#### **Significant accounting policy**

Upon the adoption of ASC Topic 606, revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control over a product or

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

service to a customer.

### Nature of goods and services

The following is a description of principal activities from which the Company generates its revenue.

#### i. Distribution

The distribution revenues are primarily associated with cancellable contracts with the exception of certain long-term contracts with commercial and industrial customers. The Company's distribution services are regulated by the DPU and distribution related rates charged to customers are set by the DPU.

### Products and services

#### Nature, timing of satisfaction of performance obligations and significant payment terms

#### Electric Distribution

The Company owns, maintains, and operates an electricity distribution network on Nantucket Island. The Company bills its distribution services typically on a monthly basis, in the month after service has been provided. The Company recognizes revenue based on its right to invoice its customers. This corresponds directly with the value to the customers of performance to date. The distribution revenue also includes estimated unbilled amounts, which are recognized over time and determined utilizing approved tariff rates and estimated meter volumes.

#### Energy Efficiency

The Company provides a variety of energy efficiency rebates and services to its customers under its Demand Side Management ("DSM") programs. These programs are managed and delivered by electric program administrators, and the program funding is supported from charges on customers' energy bills. For electric customers, the installation of energy efficient equipment and energy management systems may be covered.

The Company recognizes energy efficiency revenue over time using the output method, limited to those contracts whose performance obligations would be satisfied across multiple reporting periods. This usually occurs when capacity has been provided in the relevant performance period (Forward Capacity Market sales) or when the Company has provided DSM/Energy Efficiency services.

#### ii. Transmission

The Transmission segment of the Company principally generates revenue from providing the services/products shown in further detail below. Transmission systems generally include overhead lines, underground cables and substations, connecting generation and interconnectors to the distribution system. The Company owns, maintains, and operates an electricity transmission system in Nantucket. The Company's transmission services are regulated by both the DPU and by the Federal Energy Regulatory Commission (FERC) in respect of interstate transmission.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr)	Year/Period of Report
Nantucket Electric Company		//	2018/Q4

NOTES TO FINANCIAL STATEMENTS (Continued)

## Products and services

### Nature, timing of satisfaction of performance obligations and significant payment terms

#### Electric Transmission

Electric transmission revenues arise under tariff/rate agreements. The Company bills its transmission services typically on a monthly basis, in the month after service has been provided. The Company recognizes the revenue as the amounts are billed, as these amounts represent the actual consideration for the services provided to customers.

#### iii. Other activities

The Other activities segments of the Company and the revenues generated from them are shown in further detail below.

#### Alternative Revenue Programs

The Company's distribution tariffs authorize it to increase or decrease its bills to customers for certain items other than direct compensation for the current provision of utility service. These tariff provisions constitute alternative revenue programs. Specifically, the Company has a separate revenue decoupling mechanism for electric which allow for annual adjustments to the Company's delivery rates as a result of the reconciliation between allowed revenue and billed revenue.

#### Other

Other revenues include lease revenue that is not considered revenue from contracts with customers.

## Disaggregation of Revenue

In the following table, revenue is disaggregated by major products and services.

	Years Ended December 31,	
	2018	2017
	<i>(in thousands of dollars)</i>	
Electric Distribution	\$ 16,101	\$ 19,363
Alternative Revenue Programs	18	105
Energy Efficiency	2,812	2,488
Other	2,894	1,978
	<u>\$ 21,825</u>	<u>\$ 23,934</u>

## 4. 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 on the balance sheet:

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) 11	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

	December 31,	
	2018	2017
<i>Other regulatory assets</i>	(in thousands of dollars)	
Postretirement Benefits	\$ 4,669	\$ 4,174
Rate Adjustment Mechanisms	18	19
Regulatory deferred tax assets	-	1,188
Other	4	25
Total	<u>4,691</u>	<u>5,406</u>
<i>Other regulatory liabilities</i>		
Rate Adjustment Mechanisms	19,135	15,747
Energy Efficiency	5,901	6,064
Regulatory deferred tax liability	3,577	4,631
Second Cable deferral	591	525
Other	146	1,092
Total	<u>\$ 29,350</u>	<u>\$ 28,059</u>

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

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

**Regulatory deferred tax asset and liability:** This amount represents unrecovered federal and state deferred taxes of the Company, primarily as a result of regulatory flow through accounting treatment and state income tax rate changes and excess federal deferred taxes as a result of the recently enacted Tax Cuts and Jobs Act ("Tax Act"). The income tax benefits or charges for certain plant related timing differences are immediately flowed through to, or collected from, customers. The timing of and period over which these the excess deferred income taxes will be refunded to customers will be determined through a regulatory proceeding with the DPU that is currently in progress and discussed in Note 5, "Rate Matters."

**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.

**Second cable deferral:** Represents the recoveries of costs associated with the second undersea cable to the island of Nantucket, which was placed in service on April 18, 2006. The recovery mechanism was intended to mitigate the immediate customer rate impact by accruing costs in the first several years and remitting such accruals in later years.

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

## 5. RATE MATTERS

As described in Note 1, "Nature of Operations and Basis of Presentation," the Company and Massachusetts Electric are considered as one regulated entity for the purpose of recovering its costs and establishing its rates assessed to its customers. For certain regulatory assets and liabilities, including incremental storm costs of qualifying storm events, site investigation and remediation costs, solar

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr)	Year/Period of Report
Nantucket Electric Company		11	2018/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

generation costs, and any other costs incurred by the companies when taken as a single entity, the funding of the recovery or means of refund is from or to the customers of both companies, with a single regulatory asset or liability recorded on the balance sheet of Massachusetts Electric. As discussed in the "Related Party Reimbursement" section in Note 13, "Related Party Transactions," the Company's share of such costs and recoveries are reflected through the DPU-approved return on equity mechanism between the Company and Massachusetts Electric.

The Company records its own regulatory assets and liabilities associated with items that are specific to the Company such as but not limited to energy efficiency, postretirement benefits, rate adjustment mechanisms and regulatory deferred tax liability, net.

#### Rate Case Filing

In November 2015, the Company, together with its affiliate, Massachusetts Electric, filed an application for new base distribution rates to become effective October 1, 2016. The DPU approved an overall increase in base distribution revenue of approximately \$169.7 million based upon a 9.9% return on equity and an overall capital structure of 50.69% equity, 49.22% long-term debt and 0.09% preferred stock. This increase in revenue includes capital and solar assets placed in service after the last rate case test year of December 2008 and previously recovered through separate factors. The order also allows recovery over five years of the aggregate test-year balance of protected customer accounts receivable outstanding for more than 365 days of \$40.6 million. As a result of the order, the Company has recorded revenue of approximately \$8.1 million for the year ended December 31, 2018 in relation to the recovery of protected accounts; the remaining \$22.3 million of the protected receivables will be collected through 2021.

Storm recovery allowed in base rates increased from \$4.3 million to \$10.5 million. Deferred storm costs incurred through September 30, 2016 remain subject to carrying charges at the Weighted Average Cost of Capital. However, deferred storm costs incurred after October 1, 2016 will accrue carrying charges at the prime rate. Additionally, the DPU approved the extension of the recovery factor through August 2019 for costs associated with 16 storm events that took place between February 2010 and March 2013.

The order also allows for an increase in the annual capital costs for plant investment placed into service as part of the Company's CIRM (capital investment recovery mechanism) from \$170 million to \$249 million and also allows for the inclusion of property taxes related to these incremental capital additions. The CIRM is a continuation of the Company's capital investment recovery mechanism initially part of its RDM, with an annual cap on capital investment of \$249 million, which is a three-year calendar year historical average.

On November 15, 2018, the Company and Massachusetts Electric filed an application for new base distribution rates to become effective October 1, 2019. The requested net increase is \$70.3 million based on a 10.5% return on equity, with 53.49% equity, 46.43% long-term debt and 0.08% preferred stock. The rate base of \$2.2 billion includes nearly \$0.6 billion in gross plant additions plus the cost of removal, net of contributions in aid of construction, since the Company's last case in 2015. The Company is requesting implementation of a five-year performance-based ratemaking (PBR) plan, which would adjust revenues annually based on a pre-determined formula. If the PBR plan is approved, the Company will agree not to file a rate case for five-years and the CIRM will be discontinued after a transition period.

The Company's filing also includes the second phase of its electric vehicle program, a storage demonstration program, and a program to reimburse certain C&I customers in the 15 "Gateway" Cities in the Company's service territory for a portion of electric distribution system upgrade costs required for revitalization projects. The Company proposed to recover the costs for these three programs through separate tracking mechanisms outside of base rates. The Company also requested an increase in annual funding of the storm fund from \$10.5 million to \$19.3 million, and an extension of the storm fund replenishment factor through October 2023 to recover \$144 million in incremental storm-related costs. Evidentiary hearings are scheduled for April-May 2019 and an order is expected in September 2019. The Company cannot predict the outcome of this request.

#### Recovery of Transmission Costs

New England Power ("NEP" a company affiliate) operates the transmission facilities of its New England affiliates as a single integrated system and reimburses the Company for the cost of its transmission facilities in Rhode Island, including a return on those



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) 11	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

facilities under NEP's Tariff No. 1. In turn, these costs are allocated among transmission customers in New England in accordance with the ISO New England Open Access Transmission Tariff ("ISO-NE OATT"). According to the FERC order, the Company is compensated for its actual monthly transmission costs with its authorized maximum ROE on certain transmission assets. Transmission revenues are based on a formula rate that recovers the Company's actual costs plus a return on investment. Approximately 74% of the Company's transmission facilities are included under RNS rates. The Company earns an additional 0.5% ROE incentive adder on RNS-related transmission facilities approved under the Regional Transmission Organization's ("RTO") Regional System Plan and placed in service on or before December 31, 2008. It also earns a 1.25% ROE incentive on its portion of New England East-West Solution ("NEEWS") as described below.

The Company's transmission rates applicable to transmission service through October 15, 2014 reflected a base ROE of 11.14% applicable to the Company's transmission facilities, plus an additional 0.5% RTO participation adder applicable to transmission facilities included under the Regional Network Service ("RNS") rate. Starting on October 16, 2014, the FERC issued a series of orders as the result of four ROE complaint reducing the Company's base ROE to 10.57%. The FERC also established a maximum ROE such that any incentives, taken together, may not exceed a cap of 11.74%. On April 14, 2017, the U.S. Court of Appeals for the D.C. Circuit ("Court of Appeals") vacated the FERC's orders which had reduced the Company's base ROE to 10.57% and maximum ROE to 11.74% and remanded the issue back to the FERC. On June 5, 2017, the New England Transmission Owners ("NETOS"), including the Company, submitted a filing to the FERC to document the reinstatement of their transmission rates that had been in effect through October 15, 2014. FERC denied this filing and stated that until further notice, the base ROE in New England must remain at the filed rate of 10.57%. On October 16, 2018, FERC issued a Preliminary Order Directing Briefs on our four New England ROE complaints, in which FERC proposes a new methodology for determining whether an existing ROE remains just and reasonable and also for determining a new ROE where an existing ROE is found to be unjust and reasonable. FERC also proposes to set the base ROE in NE at 10.57% with a 13.08% cap on incentives. Briefs were due in January and responses to the briefs are due in March. FERC is under no deadline to act on the briefs and it is too early to determine when or how FERC will decide on the briefs.

The amounts reimbursed to the Company by NEP for years ended December 31, 2018 and 2017 were \$20.2 million and \$19.5 million, respectively, which are included within the accompanying statements of income.

#### Tax Cuts and Jobs Act

In February 2018, the MA DPU issued an order opening an investigation docketed as DPU 18-15 to examine the effect of the Tax Act on the rates of the investor-owned utilities in Massachusetts. The DPU ordered each utility, as of January 1, 2018, to account for any revenues associated with the difference between the previous and current corporate income tax rates, and also establish a regulatory liability for excess recovery in rates of accumulated deferred income taxes resulting from the lower federal corporate income tax rate. The order required utilities to file plans for refunding these amounts by May 1, 2018, with an expectation that a prospective rate reduction would go into effect by July 1, 2018. To the extent that a utility sought to implement any part of its rate adjustment, including the refund of excess deferred federal income taxes, on a date later than July 1, 2018, that party was required to demonstrate that customers would not be harmed by the proposal and that the proposal was otherwise in the public interest. The Company's filing was submitted to the DPU on May 1, 2018, and on June 29, 2018, the DPU ordered the Company to prospectively reduce rates effective July 1, 2018 and reduce its annual target revenue in its Revenue Decoupling Mechanism by \$28 million, subsequently corrected to approximately \$26 million. Initial and Reply Briefs on the Department's legal authority to order retroactive refunds for the period between January 1, 2018 when the change in the federal corporate income tax rate went into effect and June 30, 2018 were filed on August 24, 2018 and August 31, 2018, respectively. On December 21, 2018, the MA DPU issued an order requiring all utilities to begin crediting in rates the amortization of excess deferred federal income taxes, to the extent such amortization was not already included in base distribution rates, through the combination of factors associated with certain reconciling mechanisms and a separate factor for the amortization of the remaining amounts. The Company submitted a tariff compliance filing pursuant to the MA DPU's order and has included credit amortization as a component of the factors proposed in recent filings of certain of its reconciling mechanisms.

In February 2019, the DPU issued an order finding that distribution investor-owned utilities were not required to refund tax savings previously accrued from January 1, 2018 through June 30, 2018, as a result of the federal income tax rate reduction. The Company

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

previously estimated that the total amount that would be subject to refund was approximately \$12.9 million for the Company and Massachusetts Electric. On March 7, 2019, the Attorney General's Office filed a motion for clarification and reconsideration, along with a motion for an extension of the judicial appeal review period. The Attorney General motion is requesting that the DPU provide additional clarity regarding its February 2019 ruling, and to reconsider its determination to allow utilities to keep the federal tax savings accrued from January 1, 2018 through June 30, 2018.

### Service Quality Performance

Nantucket Electric reported a service quality penalty of approximately \$73,000 for its calendar year 2018 performance on the System Average Interruption Duration Index (SAIDI) metric of the DPU's service quality guidelines. The Company's request for a waiver of the service quality guidelines which would eliminate this penalty is currently pending before the DPU. The Company cannot currently predict the outcome of the waiver request.

### Grid Modernization Plan

On August 19, 2015 the Company filed its proposed grid modernization plan with the MA DPU, with four different proposed investment scenarios. On May 10, 2018, the MA DPU issued an Order in this proceeding. The Order approves \$82 million in grid-facing investments over three years in: (1) Conservation Voltage Reduction (CVR)/Volt VAR Optimization (VVO); (2) advanced distribution automation; (3) feeder monitors; (4) communications and information/operational technologies; and (5) advanced distribution management/DSCADA. The MA DPU allowed recovery of both O&M and capital costs through a tracker, and in the future will consider grid mod plans in separate dockets (i.e., not through rate cases). The MA DPU did not approve any customer-facing (i.e., advanced metering infrastructure) investments; the MA DPU will address these in a further investigation to see if there are ways to achieve cost-effective deployment of advanced metering functionality (AMF). The MA DPU found there needs to be widespread adoption of dynamic pricing in order for AMF to be successful, and it needs to address how to facilitate this first. The MA DPU also refined its grid modernization objectives to place additional focus on improved access to the distribution system planning process.

### Electric Vehicle Market Development Program

On September 10, 2018 the MA DPU approved, with certain modifications, the Company's proposal for an Electric Vehicle Market Development Program (EV Program) to deploy charging stations at 140 sites over 3 years and an EV tariff. The total allowed cost, including a performance incentive, is approximately \$21M. The DPU allowed the Company to earn a performance incentive if it develops 75% of its target (510 charging stations) starting at \$750,000 and increasing to \$1.25M if the Company reaches 125% of its goal (850 charging stations).

### Power Purchase Agreements for Renewable Energy Projects

On June 15, 2018, the MA DPU approved ten (10) long-term (20 year) contracts totaling approximately 91 MWs nameplate capacity between the Company and several counterparties pursuant to Section 83A of the Green Communities Act. The MA DPU found that the Company may collect 2.75 percent remuneration on the annual payments made under the proposed contracts. The contracts resulted from a three-state solicitation for renewable energy generation required by Section 83A.

### Solar Massachusetts Renewable Target (SMART) Program

The MA DOER issued regulations requiring the Company and the Massachusetts electric distribution companies to offer a tariff-based 1600 MW solar incentive program for new solar customers known as the SMART Program. A joint electric distribution company tariff filing was submitted to DPU for review and approval on September 12, 2017. The MA DPU approved the SMART Program on September 26, 2018, and enrollment opened on November 26, 2018.

## 6. UTILITY PLANT AND NONUTILITY PROPERTY



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

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

	December 31,	
	2018	2017
	<i>(in thousands of dollars)</i>	
Plant and machinery	\$ 119,673	\$ 117,214
Goodwill	16,552	16,552
Land and buildings	4,692	4,540
Assets in construction	3,710	2,170
Total utility plant and nonutility property	144,627	140,476
Accumulated depreciation and amortization	(55,483)	(53,778)
Utility plant and nonutility property, net	\$ 89,144	\$ 86,698

## 7. FAIR VALUE MEASUREMENTS

The following tables present available-for-sale securities measured and recorded at fair value on the balance sheet on a recurring basis and their level within the fair value hierarchy as of December 31, 2018 and December 31, 2017:

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
	<i>(in thousands of dollars)</i>			
<b>Assets:</b>				
Available-for-sale securities	\$ 463	\$ 626	\$ -	\$ 1,089

	December 31, 2017			
	Level 1	Level 2	Level 3	Total
	<i>(in thousands of dollars)</i>			
<b>Assets:</b>				
Available-for-sale securities	\$ 474	\$ 611	\$ -	\$ 1,085

**Available-for-sale securities:** Available-for-sale securities are included in other special funds on the balance sheet 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 sheet reflects long-term debt at amortized cost. The fair value of the Company's long-term debt was based on quoted market prices when available or estimated using quoted market prices for similar debt. The fair value of this debt at December 31, 2018 and December 31, 2017 was \$51.3 million, respectively.

All other financial instruments on the balance sheet such as accounts receivable, accounts payable, and notes receivable from and payable to associated companies are stated at cost, which approximates fair value.

## 8. EMPLOYEE BENEFITS

The Company participates with other NGUSA subsidiaries in a qualified and non-qualified non-contributory defined benefit plan (the

Name of Respondent	This Report is: (1) X An Original (2) <u>  </u> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

"Pension Plans") and PBOP plans (together with the Pension Plan (the "Plans")), covering substantially all employees.

Plan assets are maintained for all of NGUSA and its subsidiaries in commingled trusts. In respect of cost determination, plan assets are allocated to the Company based on the Company's proportionate share of the Plan's projected benefit obligation. 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 are included within operations and maintenance expense in the accompanying statements of income. Portions of the net periodic benefit costs disclosed below have been capitalized as a component of utility plant.

### Pension Plans

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 non-qualified, non-contributory executive retirement programs provide additional defined pension benefits for certain executives. During the years ended December 31, 2018 and 2017, the Company made contributions of approximately \$0.2 million in each year to the qualified pension plans.

### PBOP Plans

The PBOP plans provide 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 the years ended December 31, 2018 and 2017, the Company made no contributions to the PBOP Plans.

### Net Periodic Benefit Costs

The Company's net periodic benefit pension cost for the years ended December 31, 2018 and 2017 was \$0.2 million in each year.

The Company's net periodic benefit PBOP cost for the years ended December 31, 2018 and 2017 was \$0.2 million in each year.

### Amounts Recognized in Regulatory Assets

The following tables summarize the Company's changes in actuarial gains/losses and prior service costs recognized in regulatory assets for the years ended December 31, 2018 and 2017:

	Pension Plans	
	Years Ended December 31,	
	2018	2017
	(in thousands of dollars)	
Net actuarial loss (gain)	\$ 148	\$ (569)
Amortization of net actuarial loss	(160)	(184)
Amortization of prior service cost, net	(1)	(1)
Total	\$ (13)	\$ (754)
Recognized in regulatory assets	\$ (13)	\$ (754)
Total	\$ (13)	\$ (754)

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

	PBOP Plans	
	Years Ended December 31,	
	2018	2017
	(in thousands of dollars)	
Net actuarial loss	\$ 412	\$ 217
Amortization of net actuarial loss	(68)	(64)
Total	\$ 344	\$ 153
Recognized in regulatory assets	\$ 344	\$ 153
Total	\$ 344	\$ 153

Name of Respondent	This Report is: (1) X An Original (2) <u>  </u> A Resubmission	Date of Report (Mo. Da. Yr) /  /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

#### Amounts Recognized in Regulatory Assets – not yet recognized as components of net actuarial loss

The following tables summarize the Company's amounts in regulatory assets on the balance sheet that have not yet been recognized as components of net actuarial loss at December 31, 2018 and 2017:

	Pension Plans	
	December 31,	
	2018	2017
	<i>(in thousands of dollars)</i>	
Net actuarial loss	\$ 2,412	\$ 2,424
Prior service cost	1	2
Total	<u>\$ 2,413</u>	<u>\$ 2,426</u>
Recognized in regulatory assets	\$ 2,413	\$ 2,426
Total	<u>\$ 2,413</u>	<u>\$ 2,426</u>

	PBOP Plans	
	December 31,	
	2018	2017
	<i>(in thousands of dollars)</i>	
Net actuarial loss	\$ 1,287	\$ 943
Prior service cost	1	1
Total	<u>\$ 1,288</u>	<u>\$ 944</u>
Recognized in regulatory assets	\$ 1,288	\$ 944
Total	<u>\$ 1,288</u>	<u>\$ 944</u>

#### Amounts Recognized on the Balance Sheet

The following table summarizes the portion of the funded status that is recognized on the Company's balance sheet at December 31, 2018 and 2017:

	Pension Plans		PBOP Plans	
	December 31,		December 31,	
	2018	2017	2018	2017
	<i>(in thousands of dollars)</i>			
Current liabilities	\$ (42)	\$ (42)	\$ (181)	\$ (148)
Other non-current liabilities	(2,342)	(2,463)	(2,914)	(2,473)
Total	<u>\$ (2,384)</u>	<u>\$ (2,505)</u>	<u>\$ (3,095)</u>	<u>\$ (2,621)</u>

#### Expected Benefit Payments

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) 11	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

Based on current assumptions, the following benefit payments are expected subsequent to December 31, 2018 in respect of the Company:

<i>(in thousands of dollars)</i>	Pension	PBOP
Years Ended December 31,	Plans	Plans
2019	\$ 233	\$ 107
2020	240	116
2021	247	116
2022	253	120
2023	262	126
2024-2028	1,400	827
Total	\$ 2,634	\$ 1,412

#### Assumptions Used for Employee Benefits Accounting

	Pension Plans	
	Years Ended December 31,	
	2018	2017
<b>Benefit Obligations:</b>		
Discount rate	4.10%	4.30%
Rate of compensation increase	3.50%	3.50%
Expected return on plan assets	6.25%	6.50%
<b>Net Periodic Benefit Costs:</b>		
Discount rate	4.30%	4.25%
Rate of compensation increase	3.50%	3.50%
Expected return on plan assets	6.50%	6.50%
	PBOP Plans	
	Years Ended December 31,	
	2018	2017
<b>Benefit Obligations:</b>		
Discount rate	4.10%	4.30%
Rate of compensation increase	n/a	n/a
Expected return on plan assets	6.25%-6.75%	6.50%-6.75%
<b>Net Periodic Benefit Costs:</b>		
Discount rate	4.30%	4.25%
Rate of compensation increase	n/a	n/a
Expected return on plan assets	6.50%-6.75%	6.50%-6.75%

The Company selects its discount rate assumption based upon rates of return on highly rated corporate bond yields in the marketplace as of each measurement date. Specifically, the Company uses the Hewitt AA Above Median Curve along with the expected future cash flows from the Company retirement plans to determine the weighted average discount rate assumption.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

The expected rate of return for various passive asset classes is based both on analysis of historical rates of return and forward-looking analysis of risk premiums and yields. Current market conditions, such as inflation and interest rates, are evaluated in connection with the setting of the long-term assumptions. A small premium is added for active management of both equity and fixed income securities. The rates of return for each asset class are then weighted in accordance with the actual asset allocation, resulting in a long-term return on asset rate for each plan.

#### Assumed Health Cost Trend Rate

	December 31,	
	2018	2017
Health care cost trend rate assumed for next year		
Pre 65	7.50%	7.00%
Post 65	5.75%	6.00%
Prescription	10.25%	10.25%
Rate to which the cost trend is assumed to decline (ultimate)	4.50%	4.50%
Year that rate reaches ultimate trend		
Pre 65	2028	2025
Post 65	2026	2024
Prescription	2027	2025

#### Defined Contribution Plan

NGUSA has a defined contribution pension plan that covers substantially all employees. For the years ended December 31, 2018 and 2017, the Company recognized an expense in the accompanying statements of income of \$45 thousand and \$38 thousand, respectively, for matching contributions.

#### Other Benefits

At December 31, 2018 and 2017, the Company had accrued workers compensation, auto, and general insurance claims which have been incurred but not yet reported ("IBNR") of \$33 thousand and \$36 thousand, respectively. IBNR reserves have been established for claims and/or events that have transpired but have not yet been reported to the Company for payment.

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) 11	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

## 9. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table represents the changes in the Company's accumulated other comprehensive income for the years ended December 31, 2018 and 2017:

	Unrealized Gain (Loss) on Available-For-Sale Securities <i>(in thousands of dollars)</i>
<b>Balance as of December 31, 2016</b>	\$ 86
Other comprehensive income before reclassifications:	
Gain on investment (net of \$15 tax expense)	60
Amounts reclassified from other comprehensive income:	
Gain on investment (net of \$16 tax benefit) <sup>(1)</sup>	(20)
Net current period other comprehensive income (loss)	40
<b>Balance as of December 31, 2017</b>	\$ 126
Other comprehensive income before reclassifications:	
Gain on investment (net of \$1 tax expense)	3
Amounts reclassified from other comprehensive income:	
Gain on investment (net of \$15 tax benefit) <sup>(1)</sup>	(40)
Net current period other comprehensive income	(37)
<b>Balance as of December 31, 2018</b>	<u>\$ 89</u>

<sup>(1)</sup> Amounts are reported as other income and deductions in the accompanying statements of income.

## 10. CAPITALIZATION

### Long-term Debt

Long-term debt at December 31, 2018 and 2017 is as follows:

	Rate	Maturity	December 31,	
			2018	2017
			<i>(in thousands of dollars)</i>	
2004 MDFA Tax Exempt Bond	Variable	March 1, 2039	\$ 10,000	\$ 10,000
2005 MDFA Tax Exempt Bond	Variable	December 1, 2040	28,000	28,000
2007 MDFA Tax Exempt Bond	Variable	August 1, 2042	13,300	13,300
Total long-term debt			<u>\$ 51,300</u>	<u>\$ 51,300</u>

The aggregate maturities of long-term debt for the years subsequent to December 31, 2018 are 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) 11	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

(in thousands of dollars)

Years Ending December 31,

2019	\$	-
2020		-
2021		-
2022		-
2023		-
Thereafter		51,300
Total	\$	51,300

The Company's debt agreements and banking facilities contain covenants, including those relating to the periodic and timely provision of financial information by the issuing entity and financial covenants such as restrictions on the level of indebtedness. Failure to comply with these covenants, or to obtain waivers of those requirements, could in some cases trigger a right, at the lender's discretion, to require repayment of some of the Company's debt and may restrict the Company's ability to draw upon its facilities or access the capital markets. During the years ended December 31, 2018 and 2017, the Company was in compliance with all such covenants.

#### Debt Authorizations

Since January 12, 2015, the Company had regulatory approval from the FERC to issue up to \$15 million of short-term debt. The authorization was renewed with an effective date of January 11, 2019 for a period of two years that expires on January 10, 2021. The Company had no short-term debt outstanding as of December 31, 2018 and 2017.

#### Electric Revenue Bonds

At December 31, 2018, the Company had \$51.3 million outstanding of Electric Revenue Bonds in tax-exempt commercial paper mode with maturity dates ranging from 2039 through 2042. The debt is remarketed at periods of 1-270 days and had variable interest rates ranging from 1.05% and 1.95% and from 0.85% and 1.10% for the period ended December 31, 2018 and 2017, 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.

The Company has a Standby Bond Purchase Agreement ("SBPA") of \$51.3 million, which expires on June 14, 2023. The SBPA is available to provide liquidity support for \$51.3 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, 2018 and 2017, there were no bond purchases made by the banks participating in this agreement.

Massachusetts Electric unconditionally guarantees the full and prompt payment of the principal, premium, if any, and interest on the 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.

#### Dividend Restrictions

Pursuant to provisions in connection with the prior mergers, 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. Under these provisions, none of the Company's retained earnings at December 31, 2018 and December 31, 2017 were restricted as to common dividends.



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

## 11. INCOME TAXES

### Components of Income Tax Expense

	Years Ended December 31,	
	2018	2017
	<i>(in thousands of dollars)</i>	
Current tax expense (benefit):		
Federal	\$ 1,592	\$ 1,570
State	660	510
Total current tax expense (benefit)	2,252	2,080
Deferred tax expense:		
Federal	(102)	301
State	(112)	33
Total deferred tax expense	(214)	334
Total income tax expense	\$ 2,038	\$ 2,414
Total income taxes in the statements of income:		
Income taxes charged to operations	\$ 1,643	\$ 2,068
Income taxes credited to other income (deductions)	395	346
Total	\$ 2,038	\$ 2,414

### Statutory Rate Reconciliation

The Company's effective tax rate for the years ended December 31, 2018 and 2017 are 30.1% and 36.4% respectively. The following table presents a reconciliation of income tax expense at the federal statutory tax rate of 21% and 30.79% blended rate, respectively, to the actual tax expense:

	Years Ended December 31,	
	2018	2017
	<i>(in thousands of dollars)</i>	
Computed tax	\$ 1,610	\$ 2,054
Change in computed taxes resulting from:		
State income tax, net of federal benefit	418	377
Other items, net	10	(17)
Total	428	360
Federal and state income taxes	\$ 2,038	\$ 2,414

The Company is included in the NGNA and subsidiaries consolidated federal income tax return and Massachusetts unitary state income tax return. The Company has joint and several liabilities for any potential assessments against the consolidated group.

On December 22, 2017, the Tax Act was signed into law. The Tax Act includes significant changes to various federal tax provisions applicable to the Company, including provisions specific to regulated public utilities. The most significant changes include the reduction in the corporate federal income tax rate from 35% to 21% effective January 1, 2018 and the limitation of the net operating loss deduction for net operating losses generated in tax years starting after December 31, 2017 to 80% of taxable income with an indefinite carryforward period. The Tax Act provisions related to regulated public utilities eliminate bonus depreciation for certain property acquired or placed in service after September 27, 2017 and extend the normalization requirements for ratemaking treatment of excess deferred taxes.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr)	Year/Period of Report
Nantucket Electric Company		11	2018/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

On August 3, 2018, the IRS released proposed regulations associated with the expanded depreciation rules enacted as part of the Tax Act. The proposed regulations would enable utilities to claim additional bonus depreciation on property acquired and placed in service between September 28, 2017 and March 31, 2018. The company adopted the guidance in the proposed regulations and revised the impact of the income tax effect of the Tax Act to reflect the additional six months of bonus depreciation.

On December 22, 2017, the Securities and Exchange Commission issued Staff Accounting Bulletin ("SAB") 118, which provides guidance on accounting for the effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date to complete the accounting under ASC 740. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete, a company can determine a reasonable estimate for those effects and record a provisional estimate in the financial statements. The Company has recorded any adjustments related to the Tax Act within this one-year measurement period provided under Staff Accounting Bulletin No. 118.

During the period ending December 31, 2018, the Company adjusted its remeasurement of federal deferred tax assets and liabilities to the enacted tax rate of 21% and recognized the impact of the Tax Act. The Company recognized a net decrease in its deferred tax liability in the amount of \$0.06 million, with \$0.05 million of the change recorded in the income statement, and increased the offsetting regulatory liability for the refund of excess deferred taxes to the ratepayers in the amount of \$0.16 million. The resulting measurement of the impact of the Tax Act was a decrease in the deferred tax liability of \$29 million, with \$0.03 million of the change recorded in the income statement, and a tax regulatory liability of \$4.0 million.

#### Deferred Tax Components

Significant components of the Company's net deferred tax assets and liabilities at December 31, 2018 and December 31, 2017 are as follows:

	December 31,	
	2018	2017
	(in thousands of dollars)	
<b>Deferred tax assets:</b>		
Future federal benefit on state taxes	\$ 195	\$ 219
Postretirement benefits and other employee benefits	1,658	1,563
Regulatory liabilities - other	7,474	6,788
Regulatory liabilities - taxes	188	226
Other items	1,067	1,021
Total deferred tax assets	10,582	9,817
<b>Deferred tax liabilities:</b>		
Investments	-	54
Property related differences	14,566	14,336
Regulatory assets - postretirement benefits	1,431	1,290
Other items	45	6
Total deferred tax liabilities	16,042	15,686
Net deferred income tax liabilities	\$ 5,460	\$ 5,869

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) 11	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

## Unrecognized Tax Benefits

The Company adopted the provisions of FASB guidance which clarifies the accounting for uncertain tax positions as modified by FERC Docket AI07-2-000. FASB guidance provides that the financial effects of a tax position shall initially be recognized when it is more likely than not, based on the technical merits, that the position will be sustained upon examination, assuming the position will be audited, and the taxing authority has full knowledge of all relevant information. FERC docket AI07-2-000 issues supplementary guidance requiring entities to continue to recognize deferred income taxes for Commission accounting and reporting purposes based on the difference between positions taken in tax returns filed or expected to be filed and amounts reported in the financial statements. As of December 31, 2018, and December 31, 2017, the Company did not have any unrecognized tax benefits on a FERC basis.

The Company recognizes interest related to unrecognized tax benefits in other interest, including affiliate interest and related penalties, if applicable, in other deductions, net, in the accompanying consolidated statements of income. As of December 31, 2018, and 2017, the Company has accrued for interest related to unrecognized tax benefits of \$.43m and \$.33m, respectively. During the years ended December 31, 2018 and 2017, the Company recorded interest expense of \$.1m, respectively. No tax penalties were recognized during the years ended December 31, 2018 or 2017.

It is reasonably possible that other events will occur during the next twelve 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 its results of operations, financial position, or cash flows.

During the period, the Company reached a settlement with the IRS for the tax years ended March 31, 2008 and March 31, 2009. The outcome of the settlement did not have a material impact to its results of operations, financial position, or cash flows. The IRS continues its examination of the next cycle which includes income tax returns for the years ended March 31, 2010 through March 31, 2012. The examination is not expected to conclude in the next fiscal year. The income tax returns for the years ended March 31, 2013 through March 31, 2018 remain subject to examination by the IRS.

The state of Massachusetts is in the process of examining the Company's income tax returns for the years ended March 31, 2010 through March 31, 2012. The income tax returns for the years ended March 31, 2013 through March 31, 2018 remain subject to examination by the Massachusetts Department of Revenue.

The following table indicates the earliest tax year subject to examination for each major jurisdiction:

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

## 12. COMMITMENTS AND CONTINGENCIES

### Legal Matters

The Company is subject to various legal proceedings 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.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr)	Year/Period of Report
Nantucket Electric Company		11	2018/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

### 13. RELATED PARTY TRANSACTIONS

#### 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 receivables from, and payables to, certain of its affiliates in the ordinary course of business. The amounts receivable from, and payable to, its affiliates do not bear interest and are settled through the intercompany money pool. A summary of net outstanding accounts receivable from associated companies and accounts payable to associated companies is as follows:

	Accounts Receivable from Associated Companies		Accounts Payable to Associated Companies	
	December 31,		December 31,	
	2018	2017	2018	2017
	(in thousands of dollars)			
Massachusetts Electric Company	\$ 14,476	\$ -	\$ 682	\$ 19,325
NGUSA Service Company	935	14,469	6,469	585
Niagara Mohawk Power Corporation	2,427	-	-	-
Other	155	173	233	1,597
Total	<u>\$ 17,993</u>	<u>\$ 14,642</u>	<u>\$ 7,384</u>	<u>\$ 21,507</u>

#### Advance from Associated Companies

Since January 2015, the Company had FERC and board authorization to borrow up to \$10 million from NGUSA as deemed necessary for working capital needs. The advance is non-interest bearing. At December 31, 2018 and December 31, 2017, respectively, the Company had no outstanding advance from associated companies.

#### Notes Receivable from and Notes Payable to Associated Companies ("Intercompany Money Pool")

The settlement of the Company's various transactions with NGUSA and certain associated companies generally occurs via the intercompany money pool in which it participates. The Company is a participant in the Regulated Money Pool and can both borrow and invest funds. Borrowings from the Regulated Money Pool bear interest in accordance with the terms of the Regulated 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 from associated companies and accounts payable to associated companies' balances are reflected as investing or financing activities in the accompanying statements of cash flows. In addition, for the purpose of presentation in the statements of cash flows, it is assumed all amounts settled through the 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. NGUSA has the ability to borrow up to \$3 billion from National Grid plc for working capital needs including funding of the Regulated Money Pool, if necessary. The Company had short-term intercompany money pool investments of \$53.8 million and \$66.5 million at December 31, 2018 and December 31, 2017, respectively. The average interest rates for the intercompany money pool were 2.22% and 1.44% for the years ended December 31, 2018 and 2017, respectively.

#### Related Party Reimbursement

In accordance with the Credit and Operating Support Agreement dated March 26, 1996, Massachusetts Electric will reimburse the

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Nantucket Electric Company			2018/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

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 its DPU approved Return on Equity ("ROE") for the fiscal year, currently 9.90%. 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, 2018 and 2017, Massachusetts Electric reimbursed the Company \$4.9 million and \$7.0 million, respectively, which is reflected in revenues and the intercompany balances on the accompanying financial statements.

#### 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, and 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 utility plant, and operations and maintenance expense.

Charges from the service companies of NGUSA, including but not limited to non-power goods and services to the Company for the year ended December 31, 2018 and 2017 were \$4.3 million and \$5.0 million, respectively.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report 2018/Q4
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 13,600 customers on the Island of Nantucket.

The Company is a wholly-owned subsidiary of National Grid USA ("NGUSA" or the "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.

Pursuant to a settlement agreement associated with NGUSA's purchase of the Company in 1996, which was approved by the Massachusetts Department of Public Utilities ("MA DPU" or "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. 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. The Company's share of these costs and recoveries are reflected through a return on equity mechanism between the Company and Nantucket Electric, as discussed in Note 13 – "Related Party Transactions."

The accompanying financial statements are prepared in accordance with the 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 of America ("U.S. GAAP"). The primary differences consist of the following:

- For FERC reporting, regulatory assets and liabilities are classified as non-current. For U.S. GAAP reporting, regulatory assets and liabilities are classified as current or long-term as applicable. Additionally, the portion of regulatory assets related to an equity return are included for FERC reporting and derecognized for GAAP reporting.
- The accumulated amounts collected in rates for cost of removal over spending are included within accumulated depreciation for FERC reporting, but are presented as a regulatory liability for U.S. GAAP reporting.
- All debt is classified as long-term in the balance sheet for FERC reporting. Under U.S. GAAP, the presentation reflects current and long-term debt separately.
- For FERC reporting, the debt issuance costs related to term loans are presented in the balance sheet within deferred charges and other assets. Under U.S. GAAP, this is presented in the balance sheet as a direct deduction from the carrying value of debt.
- Goodwill is included within utility plant for FERC reporting, but is presented as other non-current assets for U.S. GAAP reporting.
- For FERC reporting, the liability for uncertain tax positions related to temporary differences is not recognized pursuant to FERC guidance and deferred taxes are recognized based on the difference between positions taken in filed tax returns and amounts reported in the financial statements. For U.S. GAAP reporting, the liability for uncertain tax positions related to temporary differences is recognized and deferred taxes are recognized based on the difference between the positions taken in filed tax returns adjusted for uncertain tax positions related to temporary differences and amounts reported in the financial statements.

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/Period of Report 2018/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

- For FERC reporting, deferred tax assets and liabilities are presented on a gross basis. For U.S. GAAP reporting, deferred tax assets and liabilities are presented on a net basis.
- For FERC reporting, certain revenues or expenses are classified as either utility or non-utility in nature. For GAAP reporting, no distinction between utility and non-utility is made.

#### Supplemental Cash Flow Information

	Twelve Months Ended December 31,	
	2018	2017
	(in thousands of dollars)	
<b>Supplemental disclosures:</b>		
Interest paid	\$ 800	\$ 500
Income taxes paid	1,880	1,831
<b>Supplemental disclosure of non-cash financing and investing activities:</b>		
Capital-related accruals	\$ 169	\$ 190
Parent tax loss allocation	880	-

The Company has evaluated subsequent events and transactions through March 29, 2019 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, 2018.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Use of Estimates

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

### Regulatory Accounting

The 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 FERC and 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 from, or refunded to, customers through future rates. Regulatory assets and liabilities are reflected on the balance sheet 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 an electric revenue decoupling mechanism ("RDM") which requires the Company to adjust its base rates annually to reflect the over or under recovery of the Company's targeted base distribution revenues from the prior fiscal year.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

## 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 income taxes have been computed utilizing the asset and liability approach that requires the recognition of deferred tax assets and liabilities for the tax consequences of temporary differences by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax basis of existing assets and liabilities. Deferred income taxes also reflect the tax effect of net operating losses, capital losses, and general business credit carryforwards. The Company assesses the available positive and negative evidence to estimate whether sufficient future taxable income of the appropriate tax character will be generated to realize the benefits of existing deferred tax assets. When the evaluation of the evidence indicates that the Company will not be able to realize the benefits of existing deferred tax assets, a valuation allowance is recorded to reduce existing deferred tax assets to the net realizable amount.

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 determines its tax provision based on the separate return method, modified by a benefits-for-loss allocation pursuant to a tax sharing agreement between NGNA and its subsidiaries. The benefit of consolidated tax losses and credits are allocated to the NGNA subsidiaries giving rise to such benefits in determining each subsidiary's tax expense in the year that the loss or credit arises. In a year that a consolidated loss or credit carryforward is utilized, the tax benefit utilized in consolidation is paid proportionately to the subsidiaries that gave rise to the benefit regardless of whether that subsidiary would have utilized the benefit. The tax sharing agreement also requires NGNA to allocate its parent tax losses, excluding deductions from acquisition indebtedness, to each subsidiary in the consolidated federal tax return with taxable income. The allocation of NGNA's parent tax losses to its subsidiaries is accounted for as a capital contribution and is performed in conjunction with the annual intercompany cash settlement process following the filing of the federal tax return.

## 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.

## Accounts Receivable and Accumulated Provision for Uncollectible Accounts

The Company recognizes an accumulated provision for uncollectible accounts to record accounts receivable at estimated net realizable value. The provision 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 provision is adjusted accordingly. Receivable balances are written off against the provision for uncollectible accounts when the accounts are disconnected and/or terminated and the balances are deemed to be uncollectible. The Company recorded bad debt expense within operations and maintenance in the statements of income.

## Plant Materials and Operating Supplies

Plant materials and operating supplies are stated at weighted average cost, which represents net realizable value, and are expensed



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) 03/29/2019	Year of Report Dec 31, <u>2018</u>
--	---	--	---------------------------------------

**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)-(k).</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 <b>Nantucket Electric Company</b>	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) <b>03/29/2019</b>	Year of Report <b>Dec 31, 2018</b>
---	---	---	---------------------------------------

**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 &amp; 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
								04
								05
								06
								07
								08
								09
								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
								37
								38
								39
								40
								41
								42
								43
								44
								45
								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) / /	Year/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

**OTHER REGULATORY ASSETS (Account 182.3)**

1. Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable.
2. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$100,000 which ever is less). may be grouped by classes.
3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets  (a)	Balance at Beginning of Current Quarter/Year  (b)	Debits  (c)	CREDITS		Balance at end of Current Quarter/Year  (f)
				Written off During the Quarter /Year Account Charged (d)	Written off During the Period Amount (e)	
1	Deferred Income Taxes	1,187,737	1,268,696	190/282/28	2,456,433	
2						
3	Pension	2,426,198	223,478	9260	235,911	2,413,765
4						
5	OPEB	943,882	437,757	9260	94,083	1,287,556
6						
7	Pension Expense Deferred-Electric	803,850	1,660,884	456	1,497,315	967,419
8						
9	Asset Retirement Obligation	4,006	381			4,387
10						
11	Transition Charge	19,447	32,676	456	33,829	18,294
12						
13	Energy Efficiency	21,002		254	21,002	
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41						
42						
43						
44	TOTAL :	5,406,122	3,623,872		4,338,573	4,691,421

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

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

In September 2006 FASB issued FAS 158 which required employer's to recognize the overfunded or under funded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. However, because the company has specific regulatory recovery of their pension and opeb costs, establishment of regulatory assets to defer charges to OCI that would otherwise result from the adoption of FAS158 is appropriate.

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.: 5 Column: a**

In September 2006 FASB issued FAS 158 which required employer's to recognize the overfunded or underfunded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. However, because the company has specific regulatory recovery of their pension and opeb costs, establishment of regulatory assets to defer charges to OCI that would otherwise result from the adoption of FAS158 is appropriate.

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.: 11 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: 232 Line No.: 13 Column: a**

Pursuant 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 statutory EE Charge 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

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Nantucket Electric Company			2018/Q4
FOOTNOTE DATA			

above. 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.

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/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

**OFFICERS**

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

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	Vice President, CFO, and Director	Urban, Dennis	1,235
2	Senior Vice President	Kelly, Christopher	
3	Senior Vice President	Mills, Jeannette	715
4	Senior Vice President	Macklin, Ronald J.	
5			
6	Resignations		
7	Executive Vice President	Bruckner, John	816
8	Vice President and Controller	Carlin, George	209
9	President	O'Hara, Cordelia	
10			
11	Appointments		
12	President and Director	Reed, Marcy L.	1
13	Chief Operating Officer	Daly, Kenneth D.	
14	Vice President and Controller	McCusker, Christopher	672
15	Vice President and Director	Bunszell, Daniel	2,892
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			

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

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

Salary disclosure includes amounts that have been allocated to Natucket Electric Company (reporting entity). The salary amount allocated to other companies was \$135,009. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2018 through 12-31-2018

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

Salary disclosure includes amounts that have been allocated to Natucket Electric Company (reporting entity). The salary amount allocated to other companies was \$212,979. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2018 through 12-31-2018

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

Salary disclosure includes amounts that have been allocated to Natucket Electric Company (reporting entity). The salary amount allocated to other companies was \$288,655. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2018 through 12-31-2018.

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

Salary disclosure includes amounts that have been allocated to Natucket Electric Company (reporting entity). The salary amount allocated to other companies was \$281,341. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2018 through 12-31-2018.

**Schedule Page: 104 Line No.: 7 Column: c**

Salary disclosure includes amounts that have been allocated to Natucket Electric Company (reporting entity). The salary amount allocated to other companies was \$325,607. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2018 through 12-31-2018.

**Schedule Page: 104 Line No.: 8 Column: c**

Salary disclosure includes amounts that have been allocated to Natucket Electric Company (reporting entity). The salary amount allocated to other companies was \$192,730. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2018 through 12-31-2018.

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

Salary disclosure includes amounts that have been allocated to Natucket Electric Company (reporting entity). The salary amount allocated to other companies was \$471,417. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2018 through 12-31-2018.

**Schedule Page: 104 Line No.: 13 Column: c**

Salary disclosure includes amounts that have been allocated to Natucket Electric Company (reporting entity). The salary amount allocated to other companies was \$371,844. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2018 through 12-31-2018.

**Schedule Page: 104 Line No.: 14 Column: c**

Salary disclosure includes amounts that have been allocated to Natucket Electric Company (reporting entity). The salary amount allocated to other companies was \$102,671. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2018 through 12-31-2018.

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report
Nantucket Electric Company			2018/Q4
FOOTNOTE DATA			

**Schedule Page: 104 Line No.: 15 Column: c**

Salary disclosure includes amounts that have been allocated to Natucket Electric Company (reporting entity). The salary amount allocated to other companies was \$198,704. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2018 through 12-31-2018.



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) 03/29/2019	Year of Report Dec 31, <u>2018</u>
--	---	--	---------------------------------------

**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		President (Appointed 5/01/2018)
03				
04	O'Hara, Cordelia	Warwick, UK		President (Resigned 5/01/2018)
05				
06				
07	Bunszell, Daniel	Brockton, MA		
08	Urban, Dennis	Waltham, MA		
09	Carlin, George	Brooklyn, NY		Vice Pres & Controller (Resigned 5/01/2018)
10				
11				
12				
13	Daly, Kenneth D.	Brooklyn, NY		Chief Operating Officer (Appointed 5/01/2018)
14				
15				
16	McCusker, Christopher	Waltham, MA		Vice Pres & Controller (Appointed 5/01/2018)
17				
18				
19				
20				
21				
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) / /	Year/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

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

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

**Section A. Balances and Changes During Year**

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	52,710,068	52,710,068		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	2,593,592	2,593,592		
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)	2,593,592	2,593,592		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	568,327	568,327		
13	Cost of Removal	398,282	398,282		
14	Salvage (Credit)				
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	966,609	966,609		
16	Other Debit or Cr. Items (Describe, details in footnote):	73,250	73,250		
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	54,410,301	54,410,301		

**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	49,456,252	49,456,252		
27	Regional Transmission and Market Operation				
28	General	4,954,049	4,954,049		
29	TOTAL (Enter Total of lines 20 thru 28)	54,410,301	54,410,301		

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) 3/29/2019	Year of Report December 31, 2018	
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	8/1/2007	8/1/2042	13,300,000	1.59%	212,046
04	Series A					
05	Massachusetts Development					
06	Finance Agency- variable rate					
07	Utility Revenue Bonds	12/16/2004	3/1/2039	10,000,000	1.66%	166,329
08	Series 2004					
09	Massachusetts Development					
10	Finance Agency- variable rate					
11	Utility Revenue Bonds	12/8/2005	12/1/2040	28,000,000	1.64%	458,947
12	Series 2005					
13						
14						
15						
16						
17						
18						
TOTAL				\$51,300,000		\$837,321

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/Period of Report End of 2018/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	4,631,465	190/282/283	2,445,421	1,390,849	3,576,893
2						
3	Energy Efficiency	6,063,769	431/451	1,442,547	1,242,977	5,864,199
4						
5	Transmission Service	13,928,894	456	369,392	2,112,488	15,671,990
6						
7	Basic Service Administrative Cost	1,496,312	456	18,478	60,713	1,538,547
8						
9	Revenue Decoupling Mechanism	1,107,238	456	1,264,844	1,616,801	1,459,195
10						
11	Cable Facilities	525,244	456	280,818	347,022	591,448
12						
13	Service Quality Penalty		456	280	73,073	72,793
14						
15	Over Collect- Commodity	306,178	449	147,631	306,518	465,065
16						
17	Tax Reform - Tax Savings				110,074	110,074
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
35						
36						
37						
38						
39						
40						
41	TOTAL	28,059,100		5,969,411	*****	29,350,204

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) /  /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

**Schedule Page: 278 Line No.: 3 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.: 5 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.: 7 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.: 9 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.: 11 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 customer rate impacts by deferring costs in the first several years and recovering such deferrals in later years.

By Order dated August 26, 2016 in D.P.U. 15-176, the Department approved the Company's reduction of the average CFS from 1.865¢ to of 0.763¢ per kWh, thru 2026. This allowed the Company to avoid over-recovering cable facilities costs from customers while still fully

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report
Nantucket Electric Company			2018/Q4
FOOTNOTE DATA			

recovering the cost of the first cable by the end of its depreciable life in 2016, after which recovery of the second cable would revert to full cost of service.

**Schedule Page: 278 Line No.: 11 Column: b**

Beginning balance in prior year was understated by \$1,951. This amount was reported in balance Line 13, Service Quality Penalty.

**Schedule Page: 278 Line No.: 13 Column: a**

Under the Company's Service Quality Plan, it may be penalized for performance in certain categories that fall below any historic average. Any penalties are credited to customers in a manner directed by the DPU. Service Quality penalty credit factors were implemented pursuant to Docket Nos. D.P.U. 07-22 and D.P.U. 08-19 respectively, to refund customers for poor service in 2005 and 2006. Current balance consists of residual refunds per DPU 11-SQ-11 for service quality penalties and 11-85-A for Storm penalties.

**Schedule Page: 278 Line No.: 13 Column: b**

Beginning balance in prior year reported as \$1,951. This amount belonged in balance Line 11, Cable Facilities.

**Schedule Page: 278 Line No.: 15 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 DPU, payments to 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 recovery recovered from or credited to all customers.

**Schedule Page: 278 Line No.: 17 Column: a**

On Dec 22, 2017, the Tax Cuts and Jobs Act of 2017 Act was passed decreasing the federal corporate income tax rate from 35% to 21% effective Jan 1, 2018. The revenue requirement approved in DPU 15-155 used a federal corporate income tax at the higher rate. Per Docket No. 18-15 the DPU finds it appropriate to adjust rates based on the lower rate of 21%, so that ratepayers receive the benefits from the decrease. This balance reflects the estimated refund payable to ratepayers if so ordered by the Massachusetts Department of Public Utilities. (As per DPU 18-15)

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/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

**ELECTRIC OPERATING REVENUES (Account 400)**

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

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	1,054,100	2,674,994
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	240,946	1,027,681
5	Large (or Ind.) (See Instr. 4)	2,954	1,842
6	(444) Public Street and Highway Lighting	-3	439
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	1,297,997	3,704,956
11	(447) Sales for Resale		
12	TOTAL Sales of Electricity	1,297,997	3,704,956
13	(Less) (449.1) Provision for Rate Refunds	115,693	1,199,002
14	TOTAL Revenues Net of Prov. for Refunds	1,182,304	2,505,954
15	Other Operating Revenues		
16	(450) Forfeited Discounts	20,239	14,837
17	(451) Miscellaneous Service Revenues	3,956,556	3,496,193
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	511,539	521,794
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	16,153,967	17,395,149
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	20,642,301	21,427,973
27	TOTAL Electric Operating Revenues	21,824,605	23,933,927

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/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

**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
8,976	22,062	1,073	3,363	2
				3
2,414	9,698	180	452	4
30	17	1	2	5
			1	6
				7
				8
				9
11,420	31,777	1,254	3,818	10
				11
11,420	31,777	1,254	3,818	12
				13
11,420	31,777	1,254	3,818	14

Line 12, column (b) includes \$ 3,694 of unbilled revenues.

Line 12, column (d) includes 32 MWH relating to unbilled revenues



Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo. Da. Yr) / /	Year/Period of Report 2018/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

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

**Line 17: (451) Miscellaneous Service Revenues**

Open Access Revenue-DSM	\$ 2,812,093
Open Access Revenue-Customer Charge	1,022,895
Misc Service Revenue-Electric	121,568
Total 94510000	\$ 3,956,556

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

**Line 17: (451) Miscellaneous Service Revenues**

Open Access Revenue-DSM	\$ 2,482,069
Open Access Revenue-Customer Charge	1,012,431
Misc Service Revenue-Electric	1,692
Total 94510000	\$ 3,496,193

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

**Line 21: (456) Other Electric Revenues**

Other Elec Revenue-Nantucket Reimbursem	\$ 4,929,052
Open Access Revenue - Access Charge	(77,907)
Open Access Revenue - Transmission	3,298,411
Open Access Revenue - Distribution	8,253,993
Open Access Revenue - Decoupling	(351,955)
Other Electric Revenue - Miscellaneous	1,774
Contribution in Aid of Contruction	70,600
Total 94560000	\$ 16,153,967

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

**Line 21: (456) Other Electric Revenues**

Other Elec Revenue-Nantucket Reimbursem	\$ 6,996,043
Open Access Revenue - Access Charge	61,227
Open Access Revenue - Transmission	3,137,147
Open Access Revenue - Distribution	7,041,650
Open Access Revenue - Decoupling	(123,693)
Other Electric Revenue - Miscellaneous	60,444
Contribution in Aid of Contruction	222,331
Total 94560000	\$ 17,395,149

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/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

**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	<b>1. POWER PRODUCTION EXPENSES</b>		
2	<b>A. Steam Power Generation</b>		
3	Operation		
4	(500) Operation Supervision and Engineering		
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)		
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)		
22	<b>B. Nuclear Power Generation</b>		
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	<b>C. Hydraulic Power Generation</b>		
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	<b>C. Hydraulic Power Generation (Continued)</b>		
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)		

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/Period of Report End of 2018/Q4
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				
64	(548) Generation Expenses				
65	(549) Miscellaneous Other Power Generation Expenses				
66	(550) Rents				
67	TOTAL Operation (Enter Total of lines 62 thru 66)				
68	Maintenance				
69	(551) Maintenance Supervision and Engineering				
70	(552) Maintenance of Structures				
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)				
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)				
75	E. Other Power Supply Expenses				
76	(555) Purchased Power	1,104,436	2,570,037		
77	(556) System Control and Load Dispatching				
78	(557) Other Expenses				
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	1,104,436	2,570,037		
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	1,104,436	2,570,037		
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	114,069	113,203		
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		19		
94	(563) Overhead Lines Expenses	955	67		
95	(564) Underground Lines Expenses				
96	(565) Transmission of Electricity by Others	3,291,546	3,017,701		
97	(566) Miscellaneous Transmission Expenses	13,787	14,408		
98	(567) Rents				
99	TOTAL Operation (Enter Total of lines 83 thru 98)	3,420,357	3,145,398		
100	Maintenance				
101	(568) Maintenance Supervision and Engineering				
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)				
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	3,420,357	3,145,398		

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/Period of Report End of 2018/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)					
If the amount for previous year is not derived from previously reported figures, explain in footnote.					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
113	3. REGIONAL MARKET EXPENSES				
114	Operation				
115	(575.1) Operation Supervision				
116	(575.2) Day-Ahead and Real-Time Market Facilitation				
117	(575.3) Transmission Rights Market Facilitation				
118	(575.4) Capacity Market Facilitation				
119	(575.5) Ancillary Services Market Facilitation				
120	(575.6) Market Monitoring and Compliance				
121	(575.7) Market Facilitation, Monitoring and Compliance Services				
122	(575.8) Rents				
123	Total Operation (Lines 115 thru 122)				
124	Maintenance				
125	(576.1) Maintenance of Structures and Improvements				
126	(576.2) Maintenance of Computer Hardware				
127	(576.3) Maintenance of Computer Software				
128	(576.4) Maintenance of Communication Equipment				
129	(576.5) Maintenance of Miscellaneous Market Operation Plant				
130	Total Maintenance (Lines 125 thru 129)				
131	TOTAL Regional Transmission and Market Op Exps (Total 123 and 130)				
132	4. DISTRIBUTION EXPENSES				
133	Operation				
134	(580) Operation Supervision and Engineering	104,027	28,434		
135	(581) Load Dispatching	59,335	38,019		
136	(582) Station Expenses	31,517	25,248		
137	(583) Overhead Line Expenses	36,600	103,027		
138	(584) Underground Line Expenses	107,483	76,466		
139	(585) Street Lighting and Signal System Expenses				
140	(586) Meter Expenses	94,016	124,724		
141	(587) Customer Installations Expenses	3,096	2,755		
142	(588) Miscellaneous Expenses	260,774	299,492		
143	(589) Rents	8,609			
144	TOTAL Operation (Enter Total of lines 134 thru 143)	705,457	698,165		
145	Maintenance				
146	(590) Maintenance Supervision and Engineering	10,458	19,573		
147	(591) Maintenance of Structures	7,741			
148	(592) Maintenance of Station Equipment	59,854	55,911		
149	(593) Maintenance of Overhead Lines	797,835	1,250,346		
150	(594) Maintenance of Underground Lines	131,734	247,171		
151	(595) Maintenance of Line Transformers	13,729	15,681		
152	(596) Maintenance of Street Lighting and Signal Systems	42,777	32,148		
153	(597) Maintenance of Meters	1,038	-169		
154	(598) Maintenance of Miscellaneous Distribution Plant	27,349	24,483		
155	TOTAL Maintenance (Total of lines 146 thru 154)	1,092,515	1,645,144		
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	1,797,972	2,343,309		
157	5. CUSTOMER ACCOUNTS EXPENSES				
158	Operation				
159	(901) Supervision	14,286	9,029		
160	(902) Meter Reading Expenses	6,409	7,056		
161	(903) Customer Records and Collection Expenses	309,136	219,892		
162	(904) Uncollectible Accounts	-183,967	-76,817		
163	(905) Miscellaneous Customer Accounts Expenses	22,608	17,279		
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	168,472	176,439		



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) 03/29/2019	Year of Report Dec 31, <u>2018</u>
--	---	--	---------------------------------------

**PART XVIII: SALES FOR RESALE**

- |   |   |
|---|---|
| <p>1. 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.</p> <p>2. 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.</p> <p>3. In column (b), identify the FERC Rate Schedule or Tariff Number.</p> | <p>4. 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.</p> <p>5. Report in column (d) the megawatt-hours shown on bills rendered to each purchaser.</p> <p>6. Report in column (e) the total charge shown on bills rendered to each purchaser.</p> <p>7. Footnote entries as required and provide explanations following all required data.</p> |
|---|---|

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) / /	Year/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

**PURCHASED POWER (Account 555)**  
(Including power exchanges)

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.
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.
3. In column (b), enter a Statistical Classification Code based on the original contractual terms and conditions of the service as follows:

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

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

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

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

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

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

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

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

Line No.	Name of Company or Public Authority (Footnote Affiliations) (a)	Statistical Classification (b)	FERC Rate Schedule or Tariff Number (c)	Average Monthly Billing Demand (MW) (d)	Actual Demand (MW)	
					Average Monthly NCP Demand (e)	Average Monthly CP Demand (f)
1	New England Power	OS	1			
2	Constellation	RQ	1			
3	Dominion Energy Marketing Inc	RQ	1			
4	DTE Energy	RQ	1			
5	NextEra Marketing	RQ	1			
6	Direct Energy	RQ	1			
7	Calpine	RQ	1			
8	EMERA	RQ	1			
9	Vitol	RQ	1			
10	DYNEGY	RQ	1			
11						
12						
13						
14						
Total						

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

**PURCHASED POWER (Account 555) (Continued)**  
(Including power exchanges)

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

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

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) of Settlement (\$) (m)	
4,569				435,115	-77,906	357,209	1
110				7,952		7,952	2
1,132				100,428		100,428	3
2,297				206,902		206,902	4
1,579				155,798		155,798	5
645				65,430		65,430	6
2,050				181,121		181,121	7
402				29,596		29,596	8
							9
							10
							11
							12
							13
							14
12,784				1,182,342	-77,906	1,104,436	



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/Period of Report End of 2018/Q4
SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS FOR DEPRECIATION, AMORTIZATION AND DEPLETION					
Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.					
Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)		
1	Utility Plant				
2	In Service				
3	Plant in Service (Classified)	122,736,281	122,736,281		
4	Property Under Capital Leases				
5	Plant Purchased or Sold				
6	Completed Construction not Classified	1,338,268	1,338,268		
7	Experimental Plant Unclassified				
8	Total (3 thru 7)	124,074,549	124,074,549		
9	Leased to Others				
10	Held for Future Use				
11	Construction Work in Progress	3,709,611	3,709,611		
12	Acquisition Adjustments	16,551,550	16,551,550		
13	Total Utility Plant (8 thru 12)	144,335,710	144,335,710		
14	Accum Prov for Depr, Amort, & Depl	55,256,295	55,256,295		
15	Net Utility Plant (13 less 14)	89,079,415	89,079,415		
16	Detail of Accum Prov for Depr, Amort & Depl				
17	In Service:				
18	Depreciation	54,410,301	54,410,301		
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)	54,410,301	54,410,301		
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)	55,256,295	55,256,295		

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/Period of Report End of 2018/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
					12
					13
					14
					15
					16
					17
					18
					19
					20
					21
					22
					23
					24
					25
					26
					27
					28
					29
					30
					31
					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) / /	Year/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

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

1. Report below the original cost of electric plant in service according to the prescribed accounts.

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.

3. Include in column (c) or (d), as appropriate, corrections of additions and retirements for the current or preceding year.

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.

5. Enclose in parentheses credit adjustments of plant accounts to indicate the negative effect of such accounts.

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)

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		
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)		
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)		

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/Period of Report End of 2018/Q4
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	1,602,589	155,523	
61	(361) Structures and Improvements	437,666		
62	(362) Station Equipment	17,099,835	225,292	
63	(363) Storage Battery Equipment			
64	(364) Poles, Towers, and Fixtures	6,810,045	227,794	
65	(365) Overhead Conductors and Devices	4,566,812	842,901	
66	(366) Underground Conduit	15,506,723	62,545	
67	(367) Underground Conductors and Devices	50,714,478	505,219	
68	(368) Line Transformers	7,031,826	358,266	
69	(369) Services	7,612,832	631,124	
70	(370) Meters	1,294,665	92,428	
71	(371) Installations on Customer Premises			
72	(372) Leased Property on Customer Premises			
73	(373) Street Lighting and Signal Systems	493,603	20,688	
74	(374) Asset Retirement Costs for Distribution Plant			
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	113,171,074	3,121,780	
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	2,177,521		
88	(391) Office Furniture and Equipment	82,540		
89	(392) Transportation Equipment			
90	(393) Stores Equipment			
91	(394) Tools, Shop and Garage Equipment	86,511	55,017	
92	(395) Laboratory Equipment	23,695		
93	(396) Power Operated Equipment			
94	(397) Communication Equipment	5,854,482	3,791	
95	(398) Miscellaneous Equipment	31,660		
96	SUBTOTAL (Enter Total of lines 86 thru 95)	8,287,414	58,808	
97	(399) Other Tangible Property	3,802		
98	(399.1) Asset Retirement Costs for General Plant			
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	8,291,216	58,808	
100	TOTAL (Accounts 101 and 106)	121,462,290	3,180,588	
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)	121,462,290	3,180,588	

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/Period of Report End of 2018/Q4
--	---	---------------------------------------	---

**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
					37
					38
					39
					40
					41
					42
					43
					44
					45
					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) / /	Year/Period of Report End of 2018/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
			1,758,112		60
			437,666		61
			17,325,127		62
					63
55,869		-1	6,981,969		64
248,200		-29	5,161,484		65
5,045		-24	15,564,199		66
61,320	-1	306	51,158,682		67
54,512		-251	7,335,329		68
74,356		-1	8,169,599		69
41,553			1,345,540		70
					71
					72
24,023			490,268		73
					74
564,878	-1		115,727,975		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
			31,005		86
3,450			2,174,071		87
			82,540		88
					89
					90
			141,528		91
			23,695		92
					93
			5,858,273		94
			31,660		95
3,450			8,342,772		96
			3,802		97
					98
3,450			8,346,574		99
568,328	-1		124,074,549		100
					101
					102
					103
568,328	-1		124,074,549		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) 03/29/2019	Year of Report Dec 31, 2018
--	---	--	--------------------------------

**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) 03/29/2019	Year of Report Dec 31, <u>2018</u>
--	---	--	---------------------------------------

**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) 03/29/2019	Year of Report Dec 31, <u>2018</u>
--	---	--	---------------------------------------

**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 <b>Nantucket Electric Company</b>	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo., Da., Yr.) <b>03/29/2019</b>	Year/Period of Report End of <b>2018</b>
---	---	--	---

**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 <b>Nantucket Electric Company</b>		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo., Da., Yr.) <b>03/29/2019</b>	Year/Period of Report End of <u>2018</u>
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, 2018****FULL NAME OF COMPANY - NANTUCKET ELECTRIC COMPANY****LOCATION OF PRINCIPAL BUSINESS OFFICE - 40 Sylvan Road, Waltham, MA 02451****STATEMENT OF INCOME FOR THE YEAR**

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

## NANTUCKET ELECTRIC COMPANY

FOR THE YEAR ENDED DECEMBER 31, 2018

## BALANCE SHEET

See Copy of Balance Sheet Filed with the DPU Return Attached

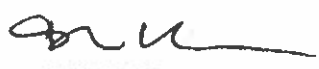
Title of Account		Balance End of Year	Title of Account		Balance End of Year
<b>UTILITY PLANT</b>		\$	<b>PROPRIETARY CAPITAL</b>		\$
Utility Plant .....			<b>CAPITAL STOCK</b>		
<b>OTHER PROPERTY</b>			Common Stock Issued.....		
<b>AND INVESTMENTS</b>			Preferred Stock Issued.....		
Nonutility Property.....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

NOTES:

## NANTUCKET ELECTRIC COMPANY

FOR THE YEAR ENDED DECEMBER 31, 2018

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 Additions to Earned Surplus.....			
Dividends Declared -- Preferred Stock.....			
Dividends Declared -- Common Stock.....			
Unappropriated Earned Surplus (at end of period).....			
ELECTRIC OPERATING REVENUES			
Account	Operating Revenues		
	Amount for Year	Increase or (Decrease) from Preceding Year	
<b>SALES OF ELECTRICITY</b>	\$	\$	
Residential Sales.....	1,054,100	(1,620,894)	
Commercial and Industrial Sales.....			
Small (or Commercial).....	240,946	(786,735)	
Large (or Industrial).....	2,954	1,112	
Public Street and Highway Lighting.....	(3)	(442)	
Other Sales to Public Authorities.....			
Sales to Railroad and Railways.....			
Interdepartmental Sales.....			
Miscellaneous Electric Sales.....			
Provision for Rate Refunds.....	(115,693)	1,083,309	
Total Sales to Ultimate Consumers.....	1,182,304	(1,323,650)	
Sales for Resale.....			
Total Sales of Electricity.....	1,182,304	(1,323,650)	
<b>OTHER OPERATING REVENUES</b>			
Forfeited Discounts.....	20,239	5,402	
Miscellaneous Service Revenues.....	3,956,556	460,363	
Sales of Water and Water Power.....			
Rent from Electric Property.....	511,539	(10,255)	
Interdepartmental Rents.....			
Other Electric Revenues.....	16,153,967	(1,241,182)	
Total Other Operating Revenues.....	20,642,301	(785,672)	
Total Electric Operating Revenues.....	\$ 21,824,605	\$ (2,109,322)	
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.....	1,104,436	-	1,104,436
Total Power Production Expenses.....	1,104,436	-	1,104,436
Transmission Expenses.....	3,420,357	-	3,420,357
Distribution Expenses.....	705,457	1,092,515	1,797,972
Customer Accounts Expenses.....	2,790,015	-	2,790,015
Sales Expenses.....	18,139	-	18,139
Administrative and General Expenses.....	2,917,768	764	2,918,532
Total Electric Oper. and Maint. Expenses	\$ 10,956,172	\$ 1,093,279	\$ 12,049,451

GAS OPERATING REVENUES		(Not Applicable)	
Account	Operating Revenues		Increase of (Decrease) from Preceding Year
	Amount for Year		
<b>SALES OF GAS</b>			
Residential Sales .....	\$		\$
Commercial and Industrial Sales .....			
Small (or Commercial) .....			
Large (or Industrial) .....			
Other Sales to Public Authorities .....			
Interdepartmental Sales .....			
Miscellaneous Gas Sales .....			
Total Sales to Ultimate Consumers .....			
Sales for Resale .....			
Total Sales of Gas .....			
<b>OTHER OPERATING REVENUES</b>			
Forfeited Discounts .....			
Miscellaneous Service Revenues .....			
Revenues from Transportation of Gas of Others .....			
Sales of Products Extracted from Natural Gas .....			
Revenues from Natural Gas Processed by Others .....			
Rent from Gas Property .....			
Interdepartmental Rents .....			
Other Gas Revenues .....			
Total Other Operating Revenues .....			
Total Gas Operating Revenues .....			
<b>SUMMARY OF GAS OPERATION AND MAINTENANCE EXPENSES</b> (Not Applicable)			
Functional Classification	Operation	Maintenance	Total
Steam Production .....	\$	\$	\$
Manufactured Gas Production .....			
Other Gas Supply Expenses .....			
Total Production Expenses .....			
Local Storage Expenses .....			
Transmission and Distribution Expenses .....			
Customer Accounts Expenses .....			
Sales Expenses .....			
Administrative and General Expenses .....			
Total Gas Operation and Maintenance Exp...			
<p>.....March 29, 2019....., I hereby certify that the foregoing statements are full, just and true to the best of my knowledge and belief. This statement is signed under the penalties of perjury.</p> <p style="text-align: right;">Christopher McCusker </p> <p style="text-align: right;">VP, NE Controller</p> <p style="text-align: right;">David Campbell</p> <p style="text-align: right;">VP, US Treasurer</p>			

## NANTUCKET ELECTRIC COMPANY

FOR THE YEAR ENDED DECEMBER 31, 2018

GAS OPERATING REVENUES (Not Applicable)			
Account	Operating Revenues		
	Amount for Year	Increase of (Decrease) from Preceding Year	
<b>SALES OF GAS</b>			
Residential Sales.....	\$	\$	
Commercial and Industrial Sales.....			
Small (or Commercial).....			
Large (or Industrial).....			
Other Sales to Public Authorities.....			
Interdepartmental Sales.....			
Miscellaneous Gas Sales.....			
Total Sales to Ultimate Consumers.....			
Sales for Resale.....			
Total Sales of Gas.....			
<b>OTHER OPERATING REVENUES</b>			
Forfeited Discounts.....			
Miscellaneous Service Revenues.....			
Revenues from Transportation of Gas of Others.....			
Sales of Products Extracted from Natural Gas.....			
Revenues from Natural Gas Processed by Others.....			
Rent from Gas Property.....			
Interdepartmental Rents.....			
Other Gas Revenues.....			
Total Other Operating Revenues.....			
Total Gas Operating Revenues.....			
<b>SUMMARY OF GAS OPERATION AND MAINTENANCE EXPENSES (Not Applicable)</b>			
Functional Classification	Operation	Maintenance	Total
Steam Production.....	\$	\$	\$
Manufactured Gas Production.....			
Other Gas Supply Expenses.....			
Total Production Expenses.....			
Local Storage Expenses.....			
Transmission and Distribution Expenses.....			
Customer Accounts Expenses.....			
Sales Expenses.....			
Administrative and General Expenses.....			
Total Gas Operation and Maintenance Exp....			
<p>.....March , 2019....., I hereby certify that the foregoing statements are full, just and true to the best of my knowledge and belief. This statement is signed under the penalties of perjury.</p> <div style="text-align: right; margin-top: 20px;"> <p>Christopher McCusker</p> <p>.....</p> <p>VP, NE Controller</p> </div> <div style="text-align: right; margin-top: 20px;"> <p>David Campbell</p> <p>.....</p> <p>VP, US Treasurer</p> </div>			



## TABLE OF CONTENTS

		Support
General Information	S1-S3	
Communities Served	S3	Page Center reports for EIA
Notes Receivable	S4	Balance Sheet - Zero bal
Accounts Receivable	S5	Balance Sheet
Production Fuel & Oil Stocks	S6	Balance Sheet - Zero bal
Deferred Losses From Disposition Of Utility Plant	S7	NA
Notes Payable	S8	
Payables to Associated Companies	S9	Balance Sheet
Deferred Gains from Disposition Of Utility Plant	S10	NA
Operating Reserves	S11	Accounts not used
Sales of Electricity To Utilimate Customers	S12	
Other Utility Operating Income	S13	Accounts not used
Overhead Distribution Lines Operated	S14	PowerPlan Report 1200 & 1201
Electric Distribution Services	S14	PowerPlan Report 1200 & 1201
Street Lamps Connected To System	S15	
Rate Schedule Information	S16	Previous filings
Advertising Expenses	S17	
Charges For Professional & Other Consulting Services	S18	
Deposits & Collateral	S19	
Signature Page	S20	N/A
Return on Equity	S21	Core Financials

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 29, 2019	Year of Report December 31, 2018
Nantucket Electric Company			

## GENERAL INFORMATION

PRINCIPAL AND SALARIED OFFICERS  
(As of December 31, 2018)

Titles	Names	Addresses	Annual Salaries
Vice President and CFO	Urban, Dennis	Waltham, MA	\$ 1,235
Senior Vice President	Bunszell, Daniel	Brockton, MA	\$ -
Senior Vice President	Kelly, Christopher	Northborough, MA	\$ -
Senior Vice President	Mills, Jeannette	Waltham, MA	\$ 715
Vice President and Controller	Macklin, Ronald J.	Hicksville, NY	\$ -
Resignations			
Executive Vice President	Bruckner, John	Hicksville, NY	\$ 816
Vice President and Controller	Carlin, George	Brooklyn, NY	\$ 209
Appointment			
President	Reed, Marcy L.	Waltham, MA	\$ 1
Chief Operating Officer	Daly, Kenneth D.	Brooklyn, NY	\$ -
Vice President and Controller	McCusker, Christopher	Waltham, MA	\$ 48,220

## DIRECTORS\*

(As of December 31, 2018)

Names	Addresses	Fees Paid During Year
O'Hara, Cordelia	Warkwick, UK	-
Bunszell, Daniel	Brockton, MA	-
<p>* 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."</p>		

Name of Respondent	This Report Is: (1)[x] An Original (2)[ ] A Resubmission	Date of Report (Mo, Da, Yr) March 29, 2019	Year of Report December 31, 2018
Nantucket Electric Company			

GENERAL INFORMATION - Continued

1. Corporate name of company making this report,  
Nantucket Electric Company

2. Date of organization,  
January 8, 1895

3. Date of incorporation,  
January 8, 1895

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, 2018

<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 2018 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 29, 2019	Year of Report December 31, 2018
Nantucket Electric Company			
GENERAL INFORMATION - Continued			
Names of the cities or towns in which the company supplies ELECTRICITY, with the number of customers' meters in each place.			
City or Town	Number of Customers' Meters December 31, 2018	City or Town	Number of Customers' Meters December 31, 2018
Nantucket	13,884		
		Total	13,884

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 29, 2019	December 31, 2018
<p align="center">NOTES RECEIVABLE (Account 141) (Not Applicable)</p> <p>1. Give the particulars called for below concerning notes receivable at end of year.  2. Give particulars of any note pledged or discounted.  3. Minor items may be grouped by classes, showing number of such items.  4. Designate any note the maker of which is a director, officer or other employee.</p>					
Line No.	Name of Maker and Purpose for Which Received (a)	Date of Issue (b)	Date of Maturity (c)	Interest Rate (d)	Amount End of Year (e)
1					\$
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12				Total	\$

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 29, 2019	Year of Report December 31, 2018
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):	\$	2,506,681
2	Electric (Includes \$ 0.00 Unbilled Revenue).....		
3			
4	Other Electric and Gas Utilities.....		
5	Other Accounts Receivable (Account 143):		
6	Officers and employees.....		
7	Due on subscriptions to capital stock (state class series		
8	of stock).....		
9			
10	Miscellaneous (group and describe by classes):		
11			
12	Miscellaneous Accounts Receivable (includes Property Damage and Energy Supply)		25,634
13	Union Billable Labor		429
14	Other A/R - Non-Associated		219
15			
16		Subtotal	26,282
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			
57	Total	\$	2,532,963

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 29, 2019		Year of Report December 31, 2018	
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 29, 2019		Year of Report December 31, 2018	
<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 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 29, 2019	Year of Report December 31, 2018	
<p style="text-align: center;">NOTES PAYABLE (Account 231)</p> <p>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				\$ -

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 29, 2019	December 31, 2018
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	\$ 19,593		
2	NGUSA Service Company	682,042		
3	NG Engineering Svcs, LLC	1,432		
4	Niagara Mohawk Power Corporation	148		
5	The Brooklyn Union Gas Company	257		
6	KeySpan Gas East Corporation	(8)		
7	Massachusetts Electric Company	6,468,513		
8	Boston Gas Company	105		
9	New England Power Company	212,391		
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23	Total Account 234	7,384,473		
24	<u>Account 233</u>			
25				
26	National Grid USA Service Co., Inc.			
27	(Money Pool)	-	1.44%	-
28				
29				
	Totals	\$ 7,384,473		\$ -

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 27, 2018		December 31, 2018	
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 29, 2019	December 31, 2018

**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)	\$ (142,630)	925	\$ 1,632,135	\$ 1,808,210	\$ 33,445
4						
5	Workman's Compensation Reserve	-	184	41,631	41,631	-
6						
7	Injuries and Damages (includes Gen, Auto and OCIP)	178,772	228	900,184	721,412	-
8						
9	<b>Account 262 Subtotal</b>	36,142	1,337	2,573,950	2,571,253	33,445
10						
11	<u>Account 263 (FERC 253):</u>					
12						
13	Pension	2,463,246	9260/232	3,013,675	2,892,563	2,342,134
14						
15	Other Post Employment Benefits	2,472,978	232/ 234	3,736,678	4,177,275	2,913,575
16						
17	<b>Account 263 Subtotal</b>	4,936,224	-	6,750,353	7,069,838	5,255,709
18						
19						
20						
21	<u>Account 265 (FERC 253)</u>					
22						
23	FIN 48 Income Tax Liability	243,603	409	1,749,121	1,904,926	399,408
24						
25	Deferred ROE - Energy Efficiency Working Capital	15,190	427	19,718	5,537	1,009
26						
27	FAS 112	99,929	184	288,670	253,260	64,519
28						
29	<b>Account 265 Subtotal</b>	358,722	1,020	2,057,509	2,163,723	464,936
30						
31						
32						
33						
34	<b>Total</b>	\$ 136,071		\$ 2,862,620	\$ 2,824,513	\$ 97,964

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 29, 2019	December 31, 2018		
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	0	\$ -	0.0000	-	-	
2		E Res-Elec Space Htg.	0	-	0.0000	-	-	
3		R-1 Residential	8,960,782	1,016,645	11.3455	1,015	1,036	
4		R-2 Res. Low Income	263,451	31,851	12.0899	27	27	
5		G-1 Gen. Serv. Small	50,154	5,604	11.1736	10	10	
6								
7		Total Account 440	9,274,387	1,054,100	11.3657	1,052	1,073	
8		Rate Refunds, Net	-305,706	(90,867)				
9								
10								
11	442	R-1 Residential	34,707	4,270	12.3030	11	13	
12		G-1 Gen. Serv.Small	1,494,018	148,216	9.9206	167	160	
13		G-2 Gen. Serv. Demand	775,176	65,534	8.4541	7	7	
14		G-3 Time Of Use-Large	229,940	25,880	11.2551	1	1	
15		S4A St Lt - Security	0		0.0000	-	-	
16								
17								
18		Total Account 442	2,533,841	243,900	9.6257	186	181	
19		Rate Refunds, Net	-83,522	(24,826)				
20								
21								
22	444	S-1 St.Lt.Co.Own Equip.	0	(2)	0.0000	-	-	
23		S-3 St.Lt.U/G Div. of Own	0	(1)	0.0000	-	-	
24		G-1 Gen. Serv. Small	0	-	0.0000	-	-	
25								
26		Total Account 444	0	(3)	0.0000	-	-	
27		Rate Refunds, Net	0	-				
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						
53	Unbilled							
54	TOTAL SALES TO ULTIMATE CONSUMERS		11,419,000	\$ 1,182,304	7.8858	1,238	1,254	

Name of Respondent		This Report Is:		Date of Report	Year of Report
Nantucket Electric Company		(1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr) March 29, 2019	December 31, 2018
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 Nantuckett Electric Company		This Report Is: (1) [ x ] An Original (2) [ ] A Resubmission	Date of Report (Mo, Da, Yr) March 29, 2019	Year of Report Dec. 31, 2018
OVERHEAD DISTRIBUTION LINES OPERATED				
Line		Length (Pole Miles)		
No.		Wood Poles	Steel Towers	Total
1	Miles - Beginning of Year .....	122.37		122.37
2	Added During Year .....	11.42		11.42
3	Retired During Year .....	-4.79		-4.79
	Adjusted During Year.....			
4	Miles - End of Year .....	129.00		129.00
5				
6				
7				
8	Distribution System Characteristics - A.C. or D.C., phase, cycles and operating voltages for light and power.			
9				
10				
11				
12				
13				
14				
15				
ELECTRIC DISTRIBUTION SERVICES				
Line	Item	Electric		
No.		Services		
16	Number at beginning of year .....	7,058		
17	Additions during year :			
18	Purchased .....			
19	Installed .....	53		
20	Associated with utility plant acquired .....			
21	Total additions .....	53		
22	Reductions during year :			
23	Retirements .....	(45)		
24	Associated with utility plant sold .....			
25	Total reductions .....	(45)		
26	Adjustments during year:			
27	Adjustments .....	-		
28	Adjustments due to miscalculation in prior years.....	-		
29				
30	Number at End of Year .....	7,066		

[illegible]



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 29, 2019	December 31, 2018
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
10/1/2016	1305	RESIDENTIAL REGULAR R-1		
10/1/2016	1306	RESIDENTIAL-LOW INCOME R-2		
		R-1/R-2 COMBINED	1%	
10/1/2016	1307	RESIDENTIAL - TIME-OF-USE (OPTIONAL) R-4	1%	
10/1/2016	1308	GENERAL SERVICE - SMALL COMMERCIAL AND INDUSTRIAL G-1	1%	
10/1/2016	1309	GENERAL SERVICE - DEMAND G-2	2%	
10/1/2016	1310	TIME-OF-USE - G-3	2%	
10/1/2018	1363	STREET AND AREA LIGHTING – COMPANY OWNED EQUIPMENT S-1		
10/1/2018	1364	STREET LIGHTING – OVERHEAD – CUSTOMER OWNED EQUIPMENT S-2		
10/1/2018	1365	STREET LIGHTING – UNDERGROUND – DIVISION OF OWNERSHIP S-3		
10/1/2016	1314	STREET AND AREA LIGHTING – CUSTOMER OWNED EQUIPMENT S-5		
10/1/2018	1366	DECORATIVE STREET AND AREA LIGHTING – COMPANY OWNED EQUIPMENT S-6		
		STREET AND AREA LIGHTING COMBINED	5%	

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 Factors, Storm Fund Replenishment Factors, Revenue Decoupling Mechanism Factors, Solar Cost Adjustment Factors, Pension/PBOP Adjustment Factors, Basic Service Administrative Cost Factors and Net Metering Recovery Surcharges

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 29, 2019	December 31, 2018
ADVERTISING EXPENSES					
Line No.	Account No.	Type (a)	General Description (b)	Amount for Year (c)	
1	<u>Account 99090000</u>	<u>Information and Instructional Advertising Expense</u>			
2					
3		Adminstrative & General Admin		\$	59,177
4		Adminstrative & General Commercial & Industrial			430
5		Commercial & Industrial Direct Install			20,948
6		NWA Low-Income Single Family			6,310
7		Residential Adminstrative & General			315
8		Residential Consumer Products			3,155
9		Residential Demand Response			110
10		Residential Home Energy Services			115,759
11		Residential Lighting			3,273
12		Residential New Construction			3,155
13		Customer Education D&G Bill Insert			8,674
14		Customer Informational Advertising Expense			1,105
15		Minor Items <\$100.00			52
16		National Grid - Demand Side Management			34,718
17					
18		Information and Instructional Advertising Expense Subtotal			257,181
19					
20	<u>Account 99130000</u>	<u>Advertising Expenses</u>			
21		Digital Outside Services			1,507
22		Digital Web/Social			1,155
23		Implementation - External Web/Social			12,248
24		Interactive Experience & Tech WebSocial			598
25		National Grid -genaral brand deployment an infrastructure			337
26		Minor Items <\$100.00			54
27					
28		Advertising Expenses Subtotal			15,899
29					
30	<u>Account 99301000</u>	<u>General Advertising Expenses</u>			
31		External Partnerships			780
32		Minor Items <\$100.00			12
33					
34		General Advertising Expenses Subtotal			792
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51					
52					
53					
54	<b>TOTAL</b>			\$	273,872

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 29, 2019	Year of Report December 31, 2018
Nantucket Electric Company			
CHARGES FOR OUTSIDE SERVICES (Continued)			
1. Report the information specified below for all charges made during the year included in any account			
<p>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:</p> <p>(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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>5. Designate associated companies.</p>			
1	1. (a) National Grid USA Service Company (Associated Company)		
2	40 Sylvan Road, Waltham, Massachusetts 02451		
3			
4	(b) The following services are rendered:		
5			
6	Servicing Division:		
7			
8	Purchasing, Stores, Rates, Advertising, Employee Relations,		
9	Treasury, Accounting, Audit, Insurance, Taxes, Emergency		
10	Service, Administrative and Budgeting.		
11			
12	Engineering and Construction Division:		
13	Civil and Mechanical Engineering, Electrical and District		
14	Engineering, Transmission Lines and Properties, Engineering		
15	Supervision, Construction, Emergency and Miscellaneous.		
16			
17	(c) At cost, including interest on borrowed capital and a reasonable		
18	return on amount of capital necessary to perform services.		
19	Services performed by the Service Company for companies in		
20	the National Grid USA system will be rendered to them at cost		
21	in accordance with the service contracts between Service Company		
22	and its associate companies.		

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 29, 2019	December 31, 2018
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 and certain of its affiliates party thereto.</p> <p>5. A Mutual Assistance Agreement dated as of March 28, 2008, as extended by a letter agreement effective as of March 19, 2019.</p>		
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			
57			
58			
59			
60			
61			
62			
63			
64			
65			
66			
67			
68			
69			
70			

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 29, 2019	December 31, 2018

CHARGES FOR OUTSIDE SERVICES (Continued)			
71			
72	<u>Account #</u>		
73		<b><u>Transmission Expenses</u></b>	
74	95630000 Overhead line expenses	\$	725
75	95660000 Miscellaneous transmission expenses		12,596
76	Total Transmission Expenses	\$	<u>13,321</u>
77			
78		<b><u>Distribution Expenses</u></b>	
79	95800000 Operation supervision and engineering		88,417
80	95810000 Load dispatching		37,722
81	95820000 Station expenses		3,429
82	95830000 Overhead line expenses		22,122
83	95840000 Underground line expenses		3,527
84	95860000 Meter expenses		17,339
85	95870000 Customer installations expenses		478
86	95880000 Miscellaneous distribution expenses		68,672
87	95900000 Maintenance supervision and engineering		1,174
88	95910000 Maintenance of structures		1,042
89	95920000 Maintenance of station equipment		8,509
90	95930000 Maintenance of overhead lines		173,665
91	95940000 Maintenance of underground lines		11,007
92	95950000 Maintenance of line transformers		257
93	95960000 Maintenance of street lighting and signal systems		6,545
94	95970000 Maintenance of meters		405
95	95980000 Maintenance of miscellaneous distribution plant		573
96	Total Distribution Expenses	\$	<u>444,883</u>
97			
98		<b><u>Customer Expenses</u></b>	
99	99010000 Supervision		11,830
100	99020000 Meter reading expenses		1,271
101	99030000 Customer records and collection expenses		145,403
102	99040000 Uncollectible accounts		2,124
103	99050000 Miscellaneous customer accounts expenses		17,207
104	99070000 Supervision		1,517
105	99080000 Customer assistance expenses		151,869
106	99090000 Informational and instructional advertising expenses		48,208
107	99100000 Miscellaneous customer service and informational expenses		12,496
108	Total Customer Expenses	\$	<u>391,925</u>
109			
110		<b><u>Sales Expenses</u></b>	
111	99110000 Supervision		1,312
112	99120000 Demonstrating and selling expenses		593
113	99130000 Advertising expenses		14,367
114	99160000 Miscellaneous sales expenses		152
115	Total Sales Expenses	\$	<u>16,424</u>
116			
117		<b><u>Administrative and General Expenses</u></b>	
118	99200000 Administrative and general salaries		573,721
119	99210000 Office supplies and expenses		345,559
120	99230000 Outside services employed		12,961
121	99240000 Property insurance		41,123
122	99250000 Injuries and damages		53,519
123	99260000 Employee pensions and benefits		721,147
124	99280000 Regulatory commission expenses		10,442
125	99301000 General advertising expenses		791
126	99302000 Miscellaneous general expenses		27,239
127	99310000 Rents		219,112
128	99350000 Maintenance of general plant		540
129	Total Administrative and General Expenses	\$	<u>2,006,154</u>
130			
131	<b>Total Electric Operating and Maintenance Expenses</b>	<b>\$</b>	<b><u>2,872,707</u></b>
132			

Name of Respondent	This Report Is: (1)[X] An Original (2)[ ] A Resubmission	Date of Report (Mo, Da, Yr) March 29, 2019	Year of Report December 31, 2018
Nantucket Electric Company			
CHARGES FOR OUTSIDE SERVICES (Continued)			
133			
134	<u>Account #</u>		
135			
136	91070000 Construction Work in Progress	\$	900,869
137	91080000 Accum Provision for Deprec		40,272
138	91630000 Stores Clearing		48,985
139	92282000 Injuries & Damages Reserve		11,962
140	92420000 Curr&Accr Liab-Miscellaneous		(34,701)
141	94030000 Depreciation expense		42,583
142	94050000 Amortization of Other Plant		217,321
143	94081000 Taxes Other Than Inc Tax-Util Oper Inc		151,430
144	94171000 Expenses of Non-Utility Operations		16,034
145	94190000 Interest and Dividend Income		(17,219)
146	94210000 Misc Non-Operating Income		(10,393)
147	94261000 Donations		15,786
148	94262000 Life insurance		2,536
149	94264000 Exp Certain Civic, Political & Related Activ		5,084
150	94265000 Other deductions		3,951
151	94310000 Other Interest Expense		844
152	Total Other Accounts	\$	<u>1,395,344</u>
153			
154	<b>Total Charges</b>	\$	<b><u>4,268,051</u></b>
155			
156			

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 29, 2019	December 31, 2018
CHARGES FOR OUTSIDE SERVICES (Continued)				
157	<u>Payment for Outside Vendors and Other Consultative Service</u>			
158	<u>Vendor</u>			
159		<u>Plant Accounts</u>		
160	ABM BUILDING SOLUTIONS LLC		\$	111,923
161	BEALS AND THOMAS INC.			67,221
162	CHA CONSULTING INC			29,430
163	DAVID FREDERICKS			35,848
164	KOBO UTILITY CONSTRUCTION CORP.			347,595
165	MCPHEE ELECTRIC LTD			89,332
166	POWER ENGINEERS CONSULTING INC.			33,880
167	RDW GROUP INC			63,071
168	TOWN OF NANTUCKET			76,246
169	TRC ENVIRONMENTAL CORP.			100,800
170	Other Vendors (42 in total)			149,346
171				
172	Total Plant Accounts		\$	<u>1,104,692</u>
173				
174		<u>Operation Accounts</u>		
175	ALIXPARTNERS LLP			31,061
176	ASPLUNDH CONSTRUCTION LLC			202,791
177	COMPUTER SCIENCES CORP.			63,150
178	CONVERGENT OUTSOURCING INC			30,647
179	DELOITTE & TOUCHE LLP			26,408
180	IBM CORP.			43,571
181	KOBO UTILITY CONSTRUCTION CORP.			100,081
182	NIXON PEABODY LLP			109,627
183	ON TARGET UTILITY SERVICE			70,208
184	PONTOON SOLUTIONS INC			61,412
185	PREMIER UTILITY SERVICES LLC			30,575
186	REGULUS GROUP LLC			43,060
187	VERIZON BUSINESS SERVICES			32,257
188	Other Vendors (579 in total)			360,987
189				
190	Total Operation Accounts		\$	<u>1,205,835</u>
191				
192	<b>Total Charges</b>		\$	<b><u>2,310,527</u></b>
193				
194				

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 29, 2019	Year of Report December 31, 2018
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			\$ 118,506
2				
3				
4				
5				
6				
7				
8				
9				
10	Deposits on Hand = Cash received.			
11				
12	*Provided by Billings Management			
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23				
24				
25				
26				
27				
28				
29				
30				
31				
32				
33				
34				
35				
36				
37				
38				
39				
40				
41				
42				
43				
44				
45				
46				
47				
48				
49				
50	Total			\$ 118,506



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 29, 2019	Year of Report December 31, 2018
Nantucket Electric Company			

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

Christopher McCusker



VP, NE Controller

David Campbell

VP, US Treasurer

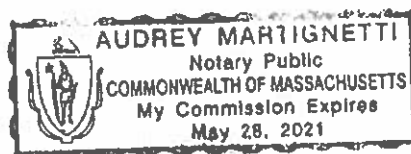
SIGNATURE OF ABOVE PARTIES AFFIXED OUTSIDE THE COMMONWEALTH OF  
MASSACHUSETTS MUST BE PROPERLY SWORN TO

Middlesex ss. March 29 2019

Then personally appeared CHRISTOPHER MCCUSKER

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

Audrey Martignetti Notary Public  
Justice of the Peace



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 29, 2019	Year of Report December 31, 2018
Nantucket Electric Company			

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

Christopher McCusker VP, NE Controller

David Campbell VP, US Treasurer

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

STATE OF NEW YORK ss. COUNTY OF KINGS MARCH 29, 2019

Then personally appeared DAVID CAMPBELL

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

Adam P. Tysza

Notary Public  
Justice of the Peace

ADAM P. TYSZKA  
Notary Public, State of New York  
Reg. No. 01TY6380602  
Qualified in Queens County  
Commission Expires September 10, 2022

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 29, 2019	Year of Report December 31, 2018
Nantucket Electric Company				
RETURN ON EQUITY				
Line No.	FERC Form 1 Reference	Description	Amount (000's)	
1	<b>Net Utility Income Available for Common Shareholders</b>			
2				
3	Add: Page 117 Line 27	Net Utility Operating Income	\$	4,934
4				
5	Add:	Amort of Acquisition Premium		-
6				
7				
8				
9	Less: Page 117 Line 70	Net Interest Charges		1,195
10				
11	Less: Page 118 Line 31	Preferred Stock Dividends		13
12				
13	Net Utility Income Available for Common Shareholders			<u>3,726</u>
14				
15				
16	<b>Total Utility Common Equity</b>			
17				
18	Add: Page 112 Line 16	Total Proprietary Capital		66,791
19				
20	Add: Page 112 Line 9	Discount on Preferred Stock		-
21				
22	Add: Page 112 Line 10	Preferred Stock Expense		-
23				
24	Less: Page 112 Line 3	Preferred Stock Issued		-
25				
26	Less: Page 112 Line 12	Unappropriated, Undistributed Sub Earnings		-
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			51,085
33				
34	Electric Operations Allocator ( Line 51 below)			99.10%
35				
36		Total Utility Common Equity		<u>50,625</u>
37				
38				
39	<b>Electric Operations Allocator</b>			
40				
41	Add: Page 110 Line 4	Total Utility Plant		144,336
42	Less: Page 200 Line 12	Acquisition Adjustments		16,552
43				<u>127,784</u>
44				
45				
46	Add: Page 110 Line 4	Total Utility Plant		144,336
47	Add: Page 110 Line 32	Total Other Property and Investment		1,154
48	Less: Page 200 Line 12	Acquisition Adjustments		16,552
49				<u>128,938</u>
50				
51		Electric Operations Allocator (Line 43 / Line 49)		<u>99.10%</u>
52				
53				
54				
55	<b>Return on Equity</b>	(Line 13 / Line 36)		<u><u>7.36%</u></u>
56				