

THE COMMONWEALTH OF MASSACHUSETTS

ANNUAL RETURN

OF THE

NANTUCKET ELECTRIC COMPANY

TO THE

DEPARTMENT OF PUBLIC UTILITIES

YEAR ENDED DECEMBER 31, 2019

nationalgrid

Commonwealth of Massachusetts
Department of Public Utilities

One South Street
Boston, MA 02110

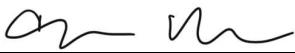
STATEMENT OF OPERATING REVENUES

YEAR 2019

Name of Company Nantucket Electric Company
D/B/A _____
Address One Metrotech Center 12th Floor
Brooklyn, NY 11201

		Location on <u>Annual Return</u>
Massachusetts Operating Revenues (Intrastate)	\$ <u>22,312,180</u>	<u>refer to FERC Form 1</u>
Other Revenues (outside Massachusetts)	\$ _____	_____
Total Revenues	\$ <u>22,312,180</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 Christopher McCusker
Title 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 _____

Check appropriate box:

☒ Original signed form

☐ Conformed copy

Form 1-F Approved
OMB No. 1902-0029
(Expires 11/30/2022)



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, 2019

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

III	Comparative Balance Sheet (110-113)
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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

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

II. Who Must Submit

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

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

1. For the CPA certification, submit with the original submission or within 30 days after the filing date of FERC Form 1-F, a letter or report (not applicable to respondents classified as Class C or Class D prior to January 1, 1984):

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 18th of the year following the calendar year covered by this report (18 C.F.R. § 141.2). Submit FERC Form 3-Q within 70 days from the end of the reporting quarter (18 C.F.R. § 141.400).

Where to Send Comments on Public Reporting Burden

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

GENERAL INSTRUCTIONS

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

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

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 2019/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 Controller - NE	
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="radio"/> An Original (2) <input type="radio"/> A Resubmission	10 Date of Report <i>(Mo, Da, Yr)</i> 03/31/2020
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	3/31/2020

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	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	/ /	End of 2019/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	148,563,244	140,626,099
3	Construction Work in Progress (107)	200-201	2,133,447	3,709,611
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		150,696,691	144,335,710
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	57,204,942	55,256,295
6	Net Utility Plant (Enter Total of line 4 less 5)		93,491,749	89,079,415
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)		93,491,749	89,079,415
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)		290,808	290,808
19	(Less) Accum. Prov. for Depr. and Amort. (122)		229,927	226,629
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)		1,217,564	1,089,365
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)		1,278,445	1,153,544
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		64,120	30,798
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)		2,324,532	2,506,681
41	Other Accounts Receivable (143)		0	26,282
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		293,756	124,483
43	Notes Receivable from Associated Companies (145)		64,408,290	53,797,426
44	Accounts Receivable from Assoc. Companies (146)		927,061	17,993,466
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	256,702	191,874
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

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	30,516,930
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	41,617,148	36,165,286
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)	23,099	89,055
16	Total Proprietary Capital (lines 2 through 15)		72,157,178	66,771,272
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)		348,017	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		31,855	33,445
29	Accumulated Provision for Pensions and Benefits (228.3)		4,768,099	5,255,709
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)		7,578	7,090
35	Total Other Noncurrent Liabilities (lines 26 through 34)		5,155,549	5,296,244
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		2,537,914	2,314,244
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		2,117,424	7,384,473
41	Customer Deposits (235)		122,456	118,506
42	Taxes Accrued (236)	262-263	1,966,214	2,441,262
43	Interest Accrued (237)		42,498	31,586
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

[illegible]

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2019/Q4
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STATEMENT OF INCOME

Quarterly

1. Report in column (c) the current year to date balance. Column (c) equals the total of adding the data in column (g) plus the data in column (i) plus the data in column (k). Report in column (d) similar data for the previous year. This information is reported in the annual filing only.

2. Enter in column (e) the balance for the reporting quarter and in column (f) the balance for the same three month period for the prior year.

3. Report in column (g) the quarter to date amounts for electric utility function; in column (i) the quarter to date amounts for gas utility, and in column (k) the quarter to date amounts for other utility function for the current year quarter.

4. Report in column (h) the quarter to date amounts for electric utility function; in column (j) the quarter to date amounts for gas utility, and in column (l) the quarter to date amounts for other utility function for the prior year quarter.

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

Annual or Quarterly if applicable

5. Do not report fourth quarter data in columns (e) and (f)

6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility columnin a similar manner to a utility department. Spread the amount(s) over lines 2 thru 26 as appropriate. Include these amounts in columns (c) and (d) totals.

7. Report amounts in account 414, Other Utility Operating Income, in the same manner as accounts 412 and 413 above.

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	22,312,180	21,824,605		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	11,047,048	10,956,172		
5	Maintenance Expenses (402)	320-323	1,417,748	1,093,279		
6	Depreciation Expense (403)	336-337	2,708,219	2,593,592		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337				
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	594,156	604,992		
15	Income Taxes - Federal (409.1)	262-263	1,842,115	1,351,846		
16	- Other (409.1)	262-263	225,545	557,288		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	-635,261	-266,215		
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)					
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)		17,199,570	16,890,954		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		5,112,610	4,933,651		

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 2019/Q4
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STATEMENT OF INCOME FOR THE YEAR (Continued)

9. Use page 122 for important notes regarding the statement of income for any account thereof.

10. Give concise explanations concerning unsettled rate proceedings where a contingency exists such that refunds of a material amount may need to be made to the utility's customers or which may result in material refund to the utility with respect to power or gas purchases. State for each year effected the gross revenues or costs to which the contingency relates and the tax effects together with an explanation of the major factors which affect the rights of the utility to retain such revenues or recover amounts paid with respect to power or gas purchases.

11 Give concise explanations concerning significant amounts of any refunds made or received during the year resulting from settlement of any rate proceeding affecting revenues received or costs incurred for power or gas purchases, and a summary of the adjustments made to balance sheet, income, and expense accounts.

12. If any notes appearing in the report to 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
22,312,180	21,824,605					2
						3
11,047,048	10,956,172					4
1,417,748	1,093,279					5
2,708,219	2,593,592					6
						7
						8
						9
						10
						11
						12
						13
594,156	604,992					14
1,842,115	1,351,846					15
225,545	557,288					16
-635,261	-266,215					17
						18
						19
						20
						21
						22
						23
						24
17,199,570	16,890,954					25
5,112,610	4,933,651					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 2019/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)		5,112,610	4,933,651			
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)		627	10,308			
34	(Less) Expenses of Nonutility Operations (417.1)		46,966	16,034			
35	Nonoperating Rental Income (418)						
36	Equity in Earnings of Subsidiary Companies (418.1)	119					
37	Interest and Dividend Income (419)		1,701,305	1,351,273			
38	Allowance for Other Funds Used During Construction (419.1)		121,998	115,338			
39	Miscellaneous Nonoperating Income (421)		34,495	26,694			
40	Gain on Disposition of Property (421.1)						
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		1,811,459	1,487,579			
42	Other Income Deductions						
43	Loss on Disposition of Property (421.2)						
44	Miscellaneous Amortization (425)						
45	Donations (426.1)		13,094	15,787			
46	Life Insurance (426.2)		7,333	2,536			
47	Penalties (426.3)		315	73,693			
48	Exp. for Certain Civic, Political & Related Activities (426.4)		3,733	7,108			
49	Other Deductions (426.5)		-87,955	-10,173			
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		-63,480	88,951			
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	302,947	240,357			
54	Income Taxes-Other (409.2)	262-263	130,283	102,241			
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	6,682	52,332			
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)		439,912	394,930			
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		1,435,027	1,003,698			
61	Interest Charges						
62	Interest on Long-Term Debt (427)		844,657	837,321			
63	Amort. of Debt Disc. and Expense (428)		107,237	112,732			
64	Amortization of Loss on Reacquired Debt (428.1)						
65	(Less) Amort. of Premium on Debt-Credit (429)						
66	(Less) Amortization of Gain on Reacquired Debt-Credit (429.1)						
67	Interest on Debt to Assoc. Companies (430)						
68	Other Interest Expense (431)		270,147	261,494			
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		27,784	16,547			
70	Net Interest Charges (Total of lines 62 thru 69)		1,194,257	1,195,000			
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		5,353,380	4,742,349			
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)		5,353,380	4,742,349			

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 2019/Q4
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STATEMENT OF RETAINED EARNINGS

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

Line No.	Item (a)	Contra Primary Account Affected (b)	Current Quarter/Year Year to Date Balance (c)	Previous Quarter/Year Year to Date Balance (d)
	UNAPPROPRIATED RETAINED EARNINGS (Account 216)			
1	Balance-Beginning of Period		36,165,286	31,435,847
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4	Implementation of recognition and measurement of financial assets and liabilities		99,715	
5	Reversal of impact of ASU 2018-02 (Prior year activity)		-1,233	
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)		98,482	
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		5,353,380	4,742,349
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)
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)			(12,910)
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		41,617,148	36,165,286
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

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FOOTNOTE DATA			

Schedule Page: 118 Line No.: 4 Column: c

The company implemented ASU 2016-01 ("Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities" for the fiscal year ended March 31, 2019 with a net impact of \$0.1 million.

Schedule Page: 118 Line No.: 5 Column: c

The company implemented ASU 2016-02 ("Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" for the fiscal year ended March 31, 2020 with a net impact of \$1,233.

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 2019/Q4
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STATEMENT OF CASH FLOWS

(1) Codes to be used:(a) Net Proceeds or Payments;(b)Bonds, debentures and other long-term debt; (c) Include commercial paper; and (d) Identify separately such items as investments, fixed assets, intangibles, etc.

(2) Information about noncash investing and financing activities must be provided in the Notes to the Financial statements. Also provide a reconciliation between "Cash and Cash Equivalents at End of Period" with related amounts on the Balance Sheet.

(3) Operating Activities - Other: Include gains and losses pertaining to operating activities only. Gains and losses pertaining to investing and financing activities should be reported in those activities. Show in the Notes to the Financials the amounts of interest paid (net of amount capitalized) and income taxes paid.

(4) Investing Activities: Include at Other (line 31) net cash outflow to acquire other companies. Provide a reconciliation of assets acquired with liabilities assumed in the Notes to the Financial Statements. Do not include on this statement the dollar amount of leases capitalized per the USofA General Instruction 20; instead provide a reconciliation of the dollar amount of leases capitalized with the plant cost.

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	5,353,380	4,742,349
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	2,708,219	2,593,592
5	Amortization of Debt Discount and Expense	107,237	112,732
6			
7			
8	Deferred Income Taxes (Net)	-628,579	-213,883
9	Investment Tax Credit Adjustment (Net)		
10	Net (Increase) Decrease in Receivables	301,053	-367,428
11	Net (Increase) Decrease in Inventory	-64,828	-40,528
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	-155,828	962,570
14	Net (Increase) Decrease in Other Regulatory Assets	238,849	-473,020
15	Net Increase (Decrease) in Other Regulatory Liabilities	-1,629,838	2,345,676
16	(Less) Allowance for Other Funds Used During Construction	121,998	115,338
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	-774,675	-35,400
19	Accounts Receivable/Payable from/to Associated companies	-2,513,769	
20			
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	2,819,223	9,511,322
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-6,187,667	-4,573,917
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	-121,998	-115,338
31	Other (provide details in footnote):	3,362	22,623
32	Cost of Removal	-368,577	-325,000
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-6,430,884	-4,760,956
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 2019/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)		
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):	-57,277	-41,213		
54	Affiliate Moneypool Lending	3,702,260	-4,777,029		
55					
56	Net Cash Provided by (Used in) Investing Activities				
57	Total of lines 34 thru 55)	-2,785,901	-9,579,198		
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):				
77					
78	Net Decrease in Short-Term Debt (c)				
79					
80	Dividends on Preferred Stock				
81	Dividends on Common Stock		-12,910		
82	Net Cash Provided by (Used in) Financing Activities				
83	(Total of lines 70 thru 81)		-12,910		
84					
85	Net Increase (Decrease) in Cash and Cash Equivalents				
86	(Total of lines 22,57 and 83)	33,322	-80,786		
87					
88	Cash and Cash Equivalents at Beginning of Period	30,798	111,584		
89					
90	Cash and Cash Equivalents at End of period	64,120	30,798		

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 2019/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

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

	2019
<u>Operating Activities - Other</u>	
Change in Prepayments	\$ 66,984
Change in Unamortized Debt Expense	(46,538)
Change in Clearing Accounts	1
Change in Miscellaneous Deferred Debits	(12,723)
Change in Accumulated Provision for Injuries and Damages	(1,590)
Change in Accumulated Provision for Pensions and Benefits	(487,610)
Change in Asset Retirement Obligations	488
Change in Other Deferred Credits	(31,061)
Change in Deferred Income Taxes	(26,170)
Change in Pension/OPEB Capitalized dollars	(236,456)
	<u>\$ (774,675)</u>

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

	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.: 31 Column: b

	2019
<u>Investing Activities - Other</u>	
Change in Utility Plant other	\$ 3,362
	<u>\$ 3,362</u>

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

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

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

	2019
<u>Investing Activities - Other</u>	
Change in Special Funds	\$ (128,199)
Change in Accumulated Other Comprehensive Income	70,922
	<u>\$ (57,277)</u>

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 2019/Q4
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FOOTNOTE DATA			

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

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

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Nantucket Electric Company			2019/Q4
FOOTNOTE DATA			

Schedule Page: 122(a)(b) Line No.: 6 Column: b

The company implemented ASU 2016-01 ("Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities" for the fiscal year ended March 31, 2019 with a net impact of \$0.1 million.

The company implemented ASU 2016-02 ("Income Statement - Reporting Comprehensive Income (Topic 220): Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income" for the fiscal year ended March 31, 2020 with a net impact of \$1,233.

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 2019/Q4
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<p align="center">NOTES TO FINANCIAL STATEMENTS</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>5. Give a concise explanation of any retained earnings restrictions and state the amount of retained earnings affected by such restrictions.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
<p>PAGE 122 INTENTIONALLY LEFT BLANK SEE PAGE 123 FOR REQUIRED INFORMATION.</p>

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 2019/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 an electric retail distribution company providing electric service to approximately 13,800 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, approved by the Massachusetts Department of Public Utilities ("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 12 – "Related Party Transactions."

The accompanying financial statements are prepared in accordance with accounting requirements of the Federal Energy Regulatory Commission ("FERC") as set forth in its applicable Uniform System of Accounts. This is a comprehensive basis 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, the non-service cost of net periodic benefits is classified as operating expenses. For U.S. GAAP reporting, the non-service cost of net periodic benefits are classified as other income (deductions).
- 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 U.S. GAAP reporting.
- The accumulated amounts collected in rates for cost of removal over spending are included within accumulated depreciation for FERC reporting, but are 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

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Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

in filed tax returns adjusted for uncertain tax positions related to temporary differences and amounts reported in the financial statements.

- For FERC reporting, deferred tax assets and liabilities are presented on a gross basis. 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

	Years Ended December 31,	
	2019	2018
	<i>(in thousands of dollars)</i>	
Supplemental disclosures:		
Interest paid	\$ 809	\$ 800
Income taxes refunded (paid)	(2,258)	1,880
Supplemental disclosure of non-cash financing and investing activities:		
Capital-related accruals	\$ 15	\$ 169
Parent tax loss allocation	-	880

The Company has evaluated subsequent events and transactions through March 31, 2020, 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, 2019.

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 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. In accordance with Accounting Standards Codification ("ASC") 980, "Regulated Operations," 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. See Note 3, "Revenue," for additional details.

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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 benefits 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 those subsidiaries 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.

Fair Value Measurements

The Company measures available-for-sale securities and pension and postretirement benefits other than pension plan assets at fair

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 2019/Q4
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NOTES TO FINANCIAL STATEMENTS (Continued)			

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;
- 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 typically in commingled funds or limited partnerships that are not publicly traded and have ongoing subscription and redemption activity. As a practical expedient, the fair value of these investments is the Net Asset Value (“NAV”) per fund share, derived from the underlying securities’ quoted prices in active markets.

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, 2019 and 2018 are as follows:

	<u>Years Ended December 31,</u>	
	<u>2019</u>	<u>2018</u>
Composite rates	3.1%	3.3%

Depreciation expense includes a component for estimated cost of removal, which is recovered through rates charged to customers. When utility plant is retired, the original cost and cost of removal, less salvage, is charged to accumulated depreciation. The Company had cumulative costs recovered in excess of costs incurred of \$1.3 million and \$1.2 million as of December 31, 2019 and 2018, respectively.

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. The equity component of AFUDC is reported in the accompanying statement of income as non-cash income and the debt component of AFUDC 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 rates

Impairment of Long-Lived Assets

The Company tests the impairment of long-lived assets 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 estimated

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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, 2019 and 2018, 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 Accounting Standards Update ("ASU") No. 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 not considered 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 carrying amount of goodwill.

Historically, the fair value of the Company was calculated for the annual goodwill impairment test utilizing both the income and market-based approaches. For the year ended December 31, 2019, the fair value of the Company was calculated utilizing only the income approach. The Company believes that this approach provides the most reliable information about the Company's estimated fair value. Based on the resulting fair value from the annual analyses, the Company determined that no adjustment to the goodwill carrying value was required for the year ended December 31, 2019 or 2018.

Employee Benefits

The Company participates with other NGUSA 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.

New and Recent Accounting Guidance

Accounting Guidance Adopted

Leases

In February 2016, the FASB issued ASU No. 2016-02 "Leases" (codified as Topic 842) related to lease accounting, effective January 1, 2019 for public entities. The new standard supersedes the lease accounting guidance under Topic 840. 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. Lessor accounting under Topic 842 remains largely consistent with Topic 840. The Company adopted this new guidance on April 1st, 2019.

The Company has elected the practical expedient "package" under Topic 842 in which any expired contracts need not be reassessed to determine whether they are or contain leases; leases that have commenced prior to the adoption of this standard will not be reassessed under Topic 842; and any initial direct costs for existing leases need not be reassessed. The Company elected to the practical expedient to not reassess existing easements that were not previously accounted for as leases under Topic 840. Additionally, the Company elected the practical expedient to not evaluate whether sales tax and other similar taxes are lessor and lessee costs. Instead, such cost will be deemed lessee costs. The Company elected not to take the "hindsight" practical expedient nor other specific practical expedients to combine lease and non-lease components for contracts in which the Company is the lessee or

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the lessor. Furthermore, the Company has made the accounting policy election, in which it is the lessee, to not account for short term leases, those under 12 months or less, under Topic 842. Rather, short term leases will be accounted for under Topic 840.

The Company has various operating leases relating to office space and fleet vehicles. The Company as a regulated entity, is permitted to continue to recognize expense using the timing that conforms to the regulatory rate treatment. In measuring the right of use assets and lease liabilities, the Company excludes variable lease payments, other than those that depend on an index, a rate or are in substance fixed payments and includes lease payments made at or before the commencement date. The Company's lease terms include options to extend or terminate the lease when it is reasonably certain that such options will be exercised. Lease liabilities are recognized based on the present value of the lease payments over the lease term at the commencement date. Additionally, as most leases do not provide an implicit rate, the Company uses an estimate of its collateralized incremental borrowing rate based on the information available at the commencement date to determine the present value of future payments. Operating leases are included in operating lease ROU assets and current and noncurrent operating lease liabilities on the balance sheet. Finance leases are included in property, plant, and equipment, other current liabilities, and other noncurrent liabilities on the balance sheet.

As of December 31, 2019, the Company does not have material rights or obligations under operating or finance leases that have not yet commenced.

As of December 31, 2019, the Company's operating leases related to fleet vehicles had a weighted average discount rate of 2.6% and a weighted average remaining lease term of 4 years. The Company's operating leases related to real estate had a weighted average discount rate of 2.7% and a weighted average remaining lease term of 4 years.

For the year ended December 31, 2019, the Company had total fixed and variable operating lease costs of \$112 thousand.

(in thousands of dollars)

<u>Year Ending December 31,</u>	Real Estate Operating Leases	Fleet Vehicle Operating Leases	Total
2020	\$ 7	\$ 29	\$ 36
2021	29	115	144
2022	29	88	117
2023	29	85	114
2024	17	60	77
Thereafter	-	22	22
Total future minimum lease payments	\$ 111	\$ 399	\$ 510
Less: imputed interest	(5)	(22)	(27)
Total	\$ 106	\$ 377	\$ 483
Reported as of December 31, 2019			
Obligations under capital leases - current	\$ 28	\$ 107	\$ 135
Obligations under capital leases - noncurrent	78	270	348
Total	\$ 106	\$ 377	\$ 483

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 adopted the standard as of April 1, 2019 and its application of the standard did not have a material impact on the presentation, results of operations, cash

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flows, and financial position of the Company.

Accounting Guidance Not Yet Adopted

Financial Instruments

In June 2016, the FASB issued ASU No. 2016-13 "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements" which 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. In May 2019, the FASB issued ASU 2019-05, "Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief," permitting entities to irrevocably elect the fair value option for financial instruments that were previously recorded at amortized cost basis within the scope of Topic 326, with the exception of held-to-maturity debt securities. For the Company, the requirements in these Updates, as amended by ASU 2019-10 "Financial Instruments—Credit Losses (Topic 326), Derivatives and Hedging (Topic 815), and Leases (Topic 842): Effective Dates," will be effective for fiscal years beginning after December 15, 2022, including interim periods within those fiscal years. The Company is currently assessing the application of this 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 May 2019, the FASB issued ASU 2019-05, "Financial Instruments—Credit Losses (Topic 326): Targeted Transition Relief", permitting entities to irrevocably elect fair value option for financial instruments that were previously recorded at amortized cost basis within the scope of Topic 326, with the exception of held-to-maturity debt securities. The effective date and transition requirements are the same as those in ASU 2016-13, "Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Statements". The Company is currently assessing the impact of this standard together with ASU 2016-13.

3. REVENUE

The following table presents, for the years ended December 31, 2019 and 2018, revenue from contracts with customers, as well as additional revenue from sources other than contracts with customers, disaggregated by major source:

	Years Ended December 31,	
	2019	2018
	(in thousands of dollars)	
Revenue from Contracts with Customers:		
Electric Distribution	\$ 13,647	\$ 13,841
Electric Transmission	4,889	5,009
Other Revenue from Contracts with Customers	2,081	5,398
Total Revenue from Contracts with Customers	20,617	24,248
Revenue from Regulatory Mechanisms	1,695	(2,423)
Total Operating Revenues	\$ 22,312	\$ 21,825

Electric Distribution: The Company owns and maintains an electric distribution network on Nantucket Island. Distribution revenues are primarily from the sale of electricity, and related services to retail customers. Distribution sales are regulated by the DPU, which is responsible for determining the prices and other terms of services as part of the ratemaking process. The arrangement where a utility provides a service to a customer in exchange for a price approved by a regulator is referred to as a tariff sales contract. Electric distribution revenues are derived from the regulated sale and distribution of electricity to residential, commercial, and industrial customers within the Company's service territory under the tariff rates. The tariff rates approved by the regulator are designed to recover the costs incurred by the Company for the products and services provided, along with a return on investment.

The performance obligation related to distribution sales is to provide electricity to the customers on demand. The electricity supplied

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under the tariff represents a single performance obligation as it is a series of distinct goods or services that are substantially the same. The performance obligation is satisfied over time because the customer simultaneously receives and consumes the electricity as the Company provides this service. The Company records revenues related to the distribution sales based upon the approved tariff rate and the volume delivered to the customers, which corresponds with the amount the Company has the right to invoice.

The distribution revenue also includes estimated unbilled amounts, which represent the estimated amounts due from retail customers for electricity provided to customers by the Company, but not yet billed. Unbilled revenues are determined based on estimated unbilled sales volumes for the respective customer classes and then applying the applicable tariff rate to those volumes. Actual amounts billed to customers when the meter readings occur, may be different from the estimated amounts.

Certain customers have the option to obtain electricity from other suppliers. In those circumstances revenue is only recognized for providing delivery of the commodity to the customer.

Electric Transmission: The Company owns an electric transmission system in Nantucket. Transmission systems generally include overhead lines, underground cables and substations, connecting generation and interconnectors to the distribution system. The Company's transmission services are regulated by both the DPU and by the Federal Energy Regulatory Commission (FERC) in respect of interstate transmission.

Electric transmission revenues arise under tariff agreements and are collected primarily from the Company's Nantucket distribution customers.

Other Revenue from Contracts with Customers: Other Revenue from Contracts with Customers consists of capital related operations and maintenance billings and pole rentals.

Revenue from Regulatory Mechanisms: The Company records revenues in accordance with accounting principles for rate-regulated operations that are arrangements between the Company and the regulator, which are not accounted for as contracts with customers. These include various deferral mechanisms such as energy efficiency programs and programs that qualify as Alternative Revenue Programs ("ARPs"). ARPs enable the Company to adjust rates in the future, in response to past activities or completed events. The Company's electric distribution rates have a Revenue Decoupling Mechanism ("RDM") which allows for annual adjustments to the Company's delivery rates as a result of the reconciliation between allowed revenue and billed revenue. The Company also has other ARPs related to the achievement of certain objectives, demand side management initiatives, and certain other rate making mechanisms. The Company recognizes ARPs with a corresponding offset to a regulatory asset or liability account when the regulatory specified events or conditions have been met, when the amounts are determinable, and are probable of recovery (or payment) through future rate adjustments.

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:

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	December 31,	
	2019	2018
	(in thousands of dollars)	
<i>Other regulatory assets</i>		
Postretirement benefits	\$ 4,399	\$ 4,669
Rate adjustment mechanisms	49	18
Other	5	4
Total	<u>4,453</u>	<u>4,691</u>
<i>Other regulatory liabilities</i>		
Rate adjustment mechanisms	19,037	19,135
Energy Efficiency	2,622	5,901
Regulatory deferred tax liability	3,465	3,577
Second cable deferral	1,096	591
Other	1,388	146
Total	<u>\$ 27,608</u>	<u>\$ 29,350</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 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 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

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Massachusetts Electric. As discussed in the “Related Party Reimbursement” section in Note 12, “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.

General Rate Case

In November 2015, the Company, together with its affiliate, Massachusetts Electric, filed an application for new base distribution rates that became effective October 1, 2016. The DPU approved an overall increase in base distribution revenue of approximately \$170 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.

Storm recovery allowed in base rates increased from \$4.3 million to \$10.5 million per year. 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 Capital Investment Recovery Mechanism (“CIRM”) from \$170 million to \$249 million, based on a three years calendar year historical average of capital investment, 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.

On November 15, 2018, the Company, together with its affiliate, Massachusetts Electric filed an application for new base distribution rates to become effective October 1, 2019. On September 30, 2019, and updated on October 11, 2019, the DPU approved an overall net increase in base distribution revenue of approximately \$42 million based upon a 9.6% return on equity, with 53.49% equity, 46.43% long-term debt and 0.08% preferred stock. The DPU approved a five-year performance-based ratemaking (“PBR”) plan, which adjusts base distribution revenue annually based on a pre-determined formula. With the PBR plan, the Company will agree not to file for an effective change in base distribution rates outside of the operation of the PBR plan for five-years and the CIRM will be discontinued after a transition period. The approved net increase includes an increase in the annual funding of the storm fund from \$10.5 million to \$16 million per year, and an extension of the storm fund replenishment factor through November 2023.

Tax Act

On March 15, 2018, the FERC initiated multiple proceedings intended to adjust FERC-jurisdictional rates to reflect the corporate tax changes as a result of the passage of the Tax Act. Of the proceedings initiated relevant to the Company is the Notice of Inquiry (“NOI”) seeking comments on the effects of the Tax Act on all FERC-jurisdiction rates and a Notice of Proposed Rulemaking (“NOPR”) issued as a result of the NOI. In response to the FERC NOI, the Company made recommendations designed to mitigate the cash flow impacts of the expected refunds including providing flexibility regarding the methods used to refund accumulated deferred income tax (“ADIT”) to customers and providing flexibility regarding the time period of the flow back. In the NOPR, FERC proposed to give the flexibility the company proposed. Comments on the NOPR were due on January 22, 2019. The Company is awaiting a final rule from FERC.

In February 2018, the DPU opened an investigation to examine the effect of the Tax Act on the rates of the investor-owned utilities in Massachusetts as of January 1, 2018 and directed the utilities to account for any revenues associated with the difference between the previous and current corporate income tax rates and establish a regulatory liability for excess recovery in rates of ADIT. On May 1, 2018, the Company submitted its proposal for reducing electric rates prospectively, and for addressing ADIT. On June 29, 2018, the DPU approved the Company’s proposal for reducing rates prospectively and directed the Company to reduce rates effective July

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1, 2018 and reduce its annual target revenue in its Revenue Decoupling Mechanism by \$28 million, subsequently corrected to \$26 million. On December 21, 2018, the 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 Department approved the Company's compliance filing and proposed tariff allowing for the credit to customers of the amortization of the remaining amounts on January 28, 2019 and noted it would investigate the proposed refund of excess ADIT associated with the tax credit provision in D.P.U. 19-05, the Company's annual retail rate filing proceeding, and the excess ADIT associated with reconciling mechanisms in the individual dockets for those mechanisms. The Department further noted it would investigate in the pending general rate case (D.P.U. 18-150), the Company's proposal to remove excess ADIT associated with any reconciling mechanism and the applicable amortization from those mechanisms and credit the remaining amounts through base distribution rates effective October 1, 2019.

In February 2019, the DPU issued an order finding that the Massachusetts 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 previously estimated that the total amount that would be subject to refund was approximately \$13.8 million for the Company and Massachusetts Electric. On March 7, 2019, the Attorney General's Office filed a motion for clarification and reconsideration 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. The Motion for Clarification and Reconsideration is still pending.

On November 21, 2019, the FERC issued Order 864 to address ratemaking and regulatory reporting of excess or deficient ADIT related to the Tax Act. The order applies to public utility transmission providers with formula rates and stated rates and provides that public utilities with formula rates submit a compliance filing within 30 days of the effective date of the final rule or in the public utilities next annual informational filing following the issuance of the final rule. The compliance filing must demonstrate how the public utilities formula rate adjusts rate base via a Rate Adjustment mechanism, returns or recovers excess or deficient ADIT via an Income Tax Allowance Mechanism and must include an ADIT worksheet to support the excess or deficient ADIT calculation and amortization. The ADIT worksheet must be populated and will be a new and permanent worksheet. The mechanisms and worksheet must remain applicable to any future changes to tax rates that give rise to excess or deficient ADIT, including changes to state and local tax rates. Excess or deficient ADIT associated with future tax rate changes will automatically be included in a public utility's formula rate without the need for a Section 205 filing. The order does not prescribe a recovery/refund period for deficient/excess ADIT for unprotected excess/deficient ADIT that it not subject to the normalization requirements. FERC will evaluate proposed amortization periods on a case by case basis. The Company will submit a compliance filing with June 14, 2020 annual informational filing.

Grid Modernization Plan

On August 19, 2015, the Company, together with its affiliate, Massachusetts Electric, filed its proposed grid modernization plan with the DPU, with four different proposed investment scenarios. On May 10, 2018, the DPU issued an Order in this proceeding. The Order approves \$82 million in grid-facing investments over three years in: (1) Conservation Voltage Reduction and Volt VAR Optimization; (2) advanced distribution automation; (3) feeder monitors; (4) communications and information/operational technologies; and (5) advanced distribution management/distribution supervisory control and data acquisition. The DPU allowed recovery of both operation and maintenance expense and capital costs through a reconciling mechanism, and in the future will consider grid modernization plans in separate dockets (i.e., not through rate cases). The DPU did not approve any customer-facing (i.e., advanced metering infrastructure) investments; the 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 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 DPU also refined its grid modernization objectives to place additional focus on improved access to the distribution system planning process.

6. UTILITY PLANT AND NONUTILITY PROPERTY

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

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	December 31,	
	2019	2018
	<i>(in thousands of dollars)</i>	
Plant and machinery	\$ 127,427	\$ 119,673
Goodwill	16,552	16,552
Land and buildings	4,876	4,692
Assets in construction	2,133	3,710
Total utility plant and nonutility property	150,988	144,627
Accumulated depreciation and amortization	(57,435)	(55,483)
Utility plant and nonutility property, net	<u>\$ 93,553</u>	<u>\$ 89,144</u>

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, 2019 and December 31, 2018:

	December 31, 2019			
	Level 1	Level 2	Level 3	Total
	<i>(in thousands of dollars)</i>			
Assets:				
Available-for-sale securities	\$ 524	\$ 693	\$ -	\$ 1,217

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

Available-for-sale securities: Available-for-sale securities are included in other non-current assets 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).

8. EMPLOYEE BENEFITS

The Company participates with other NGUSA subsidiaries in a qualified and non-qualified non-contributory defined benefit plans (the "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 its proportionate share of the projected benefit obligations. The Plans' costs are first directly charged to the Company based on the Company's employees that participate in the Plans. 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 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, and non-service costs are included

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within other income (deductions), net in the accompanying statement of income. Portions of the net periodic benefit costs disclosed below have been capitalized as a component of property, plant and equipment.

Pension Plans

The Qualified Pension Plan is a defined benefit plan which provides most 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, 2019 and 2018, the Company made contributions of approximately \$0.6 million and \$0.2 million, respectively, 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, 2019 and 2018, the Company made no contributions to the PBOP Plans.

Defined Contribution Plan

NGUSA has a defined contribution pension plan that covers substantially all employees. For the years ended December 31, 2019, and 2018, the Company recognized an expense in the accompanying statement of income of \$50 thousand and \$45 thousand, respectively, for matching contributions.

Net Periodic Benefit Costs

The Company's net periodic benefit pension cost for the years ended December 31, 2019 and 2018 was \$0.1 million and \$0.2 million, respectively.

The Company's net periodic benefit PBOP costs for the years ended December 31, 2019 and 2018 was \$0.2 million each year

Amounts Recognized in OCI and Regulatory Assets

The following tables summarize the Company's changes in actuarial gains/losses and prior service costs recognized primarily in regulatory assets as well as other comprehensive income for the years ended December 31, 2019 and 2018:

	Pension Plans	
	Years Ended December 31,	
	2019	2018
	<i>(in thousands of dollars)</i>	
Net actuarial (gain) loss	\$ (153)	\$ 148
Amortization of net actuarial loss	(142)	(160)
Amortization of prior service cost, net	(1)	(1)
Total	<u>\$ (296)</u>	<u>\$ (13)</u>
Recognized in regulatory assets	<u>\$ (296)</u>	<u>\$ (13)</u>
Total	<u>\$ (296)</u>	<u>\$ (13)</u>

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PBOP Plans		
Years Ended December 31,		
	2019	2018
	<i>(in thousands of dollars)</i>	
Net actuarial loss	\$ 79	\$ 412
Amortization of net actuarial loss	(44)	(68)
Total	<u>\$ 35</u>	<u>\$ 344</u>
Included in regulatory assets	<u>\$ 35</u>	<u>\$ 344</u>
Total	<u>\$ 35</u>	<u>\$ 344</u>

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

The following tables summarize the Company's amounts recognized in regulatory assets and accumulated other comprehensive income on the balance sheet that have not yet been recognized as components of net actuarial loss at December 31, 2019 and 2018:

Pension Plans		
December 31,		
	2019	2018
	<i>(in thousands of dollars)</i>	
Net actuarial loss	\$ 2,116	\$ 2,412
Prior service cost	1	1
Total	<u>\$ 2,117</u>	<u>\$ 2,413</u>
Included in regulatory assets	<u>\$ 2,117</u>	<u>\$ 2,413</u>
Total	<u>\$ 2,117</u>	<u>\$ 2,413</u>

PBOP Plans		
December 31,		
	2019	2018
	<i>(in thousands of dollars)</i>	
Net actuarial loss	\$ 1,367	\$ 1,287
Prior service (benefit) cost	(43)	1
Total	<u>\$ 1,324</u>	<u>\$ 1,288</u>
Included in regulatory assets	<u>\$ 1,324</u>	<u>\$ 1,288</u>
Total	<u>\$ 1,324</u>	<u>\$ 1,288</u>

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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, 2019 and 2018:

	Pension Plans		PBOP Plans	
	December 31,		December 31,	
	2019	2018	2019	2018
	<i>(in thousands of dollars)</i>			
Current liabilities	\$ (39)	\$ (42)	\$ (71)	\$ (181)
Other non-current liabilities	(1,590)	(2,342)	(3,178)	(2,914)
Total	<u>\$ (1,629)</u>	<u>\$ (2,384)</u>	<u>\$ (3,249)</u>	<u>\$ (3,095)</u>

Expected Benefit Payments

Based on current assumptions, the following benefit payments are expected subsequent to December 31, 2019 in respect of the Company:

<i>(in thousands of dollars)</i>		
Years Ended December 31,	Pension Plans	PBOP Plans
2020	\$ 377	\$ 83
2021	388	89
2022	404	100
2023	418	108
2024	432	119
2025-2029	2,360	806
Total	<u>\$ 4,379</u>	<u>\$ 1,305</u>

Assumptions Used for Employee Benefits Accounting

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	Pension Plans	
	As of and Years Ended December 31,	
	2019	2018
Benefit Obligations:		
Discount rate	4.10%	4.10%
Rate of compensation increase	3.50%	3.50%
Expected return on plan assets	6.50%	6.25%
Net Periodic Benefit Costs:		
Discount rate	4.10%	4.30%
Rate of compensation increase	3.50%	3.50%
Expected return on plan assets	6.25%	6.50%

	PBOP Plans	
	As of and Years Ended December 31,	
	2019	2018
Benefit Obligations:		
Discount rate	4.10%	4.10%
Rate of compensation increase	n/a	n/a
Expected return on plan assets	6.50%-7.25%	6.25%-6.75%
Net Periodic Benefit Costs:		
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%

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.

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

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	December 31,	
	2019	2018
Health care cost trend rate assumed for next year		
Pre 65	7.25%	7.50%
Post 65	5.75%	5.75%
Prescription	9.75%	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	2028
Post 65	2026	2026
Prescription	2027	2027

Plan Assets

NGUSA, as the Plans' sponsor, manages the benefit plan investments to minimize the long-term cost of operating the Plans, with a reasonable level of risk. Risk tolerance is determined as a result of a periodic study which analyzes the Plans' liabilities and funded status and results in the determination of the allocation of assets across equity and fixed income securities. Equity investments are broadly diversified across U.S. and non-U.S. stocks, as well as across growth, value, and small and large capitalization stocks. Likewise, the fixed income portfolio is broadly diversified across market segments. Small investments are also approved for private equity, real estate, and infrastructure, with the objective of enhancing long-term returns while improving portfolio diversification. For the PBOP Plans, since the earnings on a portion of the assets are taxable, those investments are managed to maximize after tax returns consistent with the broad asset class parameters established by the study. Investment risk and return are reviewed by NGUSA's Investment Committee on a quarterly basis.

The Pension Plan is a trustee non-contributory defined benefit plan covering all eligible represented employees of the Company and eligible non-represented employees of the participating National Grid companies. The PBOP Plans are both a contributory and non-contributory, trustee, employee life insurance and medical benefit plan sponsored by NGUSA. Life insurance and medical benefits are provided for eligible retirees, dependents, and surviving spouses of NGUSA.

The target asset allocations for the benefit plans as of December 31, 2019 and 2018 are as follows:

	Pension Plans		PBOP Union		PBOP Non-Union	
	December 31,		December 31,		December 31,	
	2019	2018	2019	2018	2019	2018
	<i>(in thousands of dollars)</i>					
U.S. Equities	20%	20%	34%	34%	45%	45%
Global equities	7%	7%	12%	12%	0%	0%
Global tactical asset allocation	10%	10%	17%	17%	0%	0%
Non-US equities	10%	10%	17%	17%	25%	25%
Fixed income securities	40%	40%	20%	20%	30%	30%
Private equity	5%	5%	0%	0%	0%	0%
Real estate	5%	5%	0%	0%	0%	0%
Infrastructure	3%	3%	0%	0%	0%	0%
Total	100%	100%	100%	100%	100%	100%

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Fair Value Measurements

The following tables provide the fair value measurements amounts for the pension and PBOP assets at the Plan level:

December 31, 2019					
	Level 1	Level 2	Level 3	Not Categorized	Total
	(in thousands of dollars)				
Pension Assets:					
Cash and cash equivalents	\$ -	\$ 3,103	\$ -	\$ 38,828	\$ 41,931
Accounts receivable	98,655	-	-	-	98,655
Accounts payable	(225,533)	-	-	-	(225,533)
Equity	217,399	-	-	761,498	978,897
Fixed income securities	-	729,751	-	349,596	1,079,347
Futures contracts	(158)	-	-	-	(158)
Preferred securities	-	5,617	-	-	5,617
Private equity	-	-	-	177,908	177,908
Real estate	-	-	-	109,054	109,054
Other	73,593	-	-	216,186	289,779
Total	\$ 163,956	\$ 738,471	\$ -	\$ 1,653,070	\$ 2,555,497

PBOP Assets:					
Cash and cash equivalents	\$ 14,891	\$ -	\$ -	\$ 771	\$ 15,662
Accounts receivable	2,093	-	-	-	2,093
Accounts payable	(534)	-	-	-	(534)
Equity	182,775	-	-	283,365	466,140
Fixed income securities	-	160,554	-	-	160,554
Futures contracts	124	-	-	-	124
Other	40,464	-	-	80,394	120,858
Total	\$ 239,813	\$ 160,554	\$ -	\$ 364,530	\$ 764,897

December 31, 2018					
	Level 1	Level 2	Level 3	Not Categorized	Total
	(in thousands of dollars)				
Pension Assets:					
Cash and cash equivalents	\$ -	\$ 2,189	\$ -	\$ 20,126	\$ 22,315
Accounts receivable	29,246	-	-	-	29,246
Accounts payable	(47,183)	-	-	-	(47,183)
Convertible or Exchangeable Securities	-	183	-	-	183
Equity	170,397	-	-	594,782	765,179
Fixed income securities	-	539,533	-	322,613	862,146
Future contracts	3,787	-	-	-	3,787
Preferred securities	-	4,419	-	-	4,419
Private equity	-	-	-	231,770	231,770
Real estate	-	-	-	109,998	109,998
Other	64,531	-	-	127,295	191,826
Total	\$ 220,778	\$ 546,324	\$ -	\$ 1,406,584	\$ 2,173,686

PBOP Assets:					
Cash and cash equivalents	\$ 18,116	\$ 101	\$ -	\$ 1,085	\$ 19,302
Accounts receivable	3,386	-	-	-	3,386
Accounts payable	(2,187)	-	-	-	(2,187)
Equity	142,498	-	-	244,786	387,284
Fixed income securities	-	150,011	-	-	150,011
Future contracts	(91)	-	-	-	(91)
Other	37,092	-	-	73,516	110,608
Total	\$ 198,814	\$ 150,112	\$ -	\$ 319,387	\$ 668,313

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The methods used to fair value pension and PBOP assets are described below:

Cash and cash equivalents: Cash and cash equivalents that can be priced daily are classified as Level 1. Active reserve funds, reserve deposits, commercial paper, repurchase agreements, and commingled cash equivalents are classified as Level 2. Cash and cash equivalents invested in commingled money market investment funds which have NAV used as a practical expedient pricing per fund share are excluded from the fair value hierarchy.

Accounts receivable and accounts payable: Accounts receivable and accounts payable are classified as Level 1. Such amounts are short-term and settle within a few days of the measurement date.

Equity and preferred securities: Common stocks, preferred stocks, and real estate investment trusts are valued using the official close of the primary market on which the individual securities are traded. Equity securities are primarily comprised of securities issued by public companies in domestic and foreign markets plus investments in commingled funds, which are valued on a daily basis. If the Company can exchange shares of the publicly traded securities and the fair values are primarily sourced from the closing prices on stock exchanges where there is active trading, the securities are classified as Level 1 investments. If there is less active trading, then the publicly traded securities would typically be priced using observable data, such as bid and ask prices, and these measurements are classified as Level 2 investments. Mutual funds with publicly quoted prices and active trading are classified as Level 1 investments. For investments in commingled funds that are not publicly traded and have ongoing subscription and redemption activity, the fair value of the investment is the NAV used as a practical expedient per fund share, derived from the underlying securities' quoted prices in active markets. These investments are excluded from the fair value hierarchy.

Fixed income securities: Fixed income securities (which include corporate debt securities, municipal fixed income securities, U.S. Government and Government agency securities including government mortgage backed securities, index linked government bonds, and state and local bonds), convertible securities, and investments in securities lending collateral (which include repurchase agreements, asset backed securities, floating rate notes and time deposits) are valued with an institutional bid valuation. A bid valuation is an estimated price a dealer would pay for a security (typically in an institutional round lot). Oftentimes, these evaluations are based on proprietary models which pricing vendors establish for these purposes. In some cases, there may be manual sources when primary vendors do not supply prices. Fixed income investments are primarily comprised of fixed income securities and fixed income commingled funds. The prices for direct investments in fixed income securities are generated on a daily basis. Prices generated from less active trading with wider bid ask prices are classified as Level 2 investments. Mutual funds with publicly quoted prices and active trading are classified as Level 1 investments. For commingled funds that are not publicly traded and have ongoing subscription and redemption activity, the fair value of the investment is the NAV used as a practical expedient, per fund share. These investments are excluded from the fair value hierarchy.

Private equity and real estate: Commingled equity funds, commingled special equity funds, limited partnerships, real estate, venture capital, and other investments are valued using evaluations (NAV used as a practical expedient per fund share) based on proprietary models, or based on the NAV used as a practical expedient. Investments in private equity and real estate funds are primarily invested in privately held real estate investment properties, trusts, and partnerships as well as equity and debt issued by public or private companies. The Company's interest in a fund or partnership is estimated based on the NAV used as a practical expedient. The Company's interest in these funds cannot be readily redeemed due to the inherent lack of liquidity and the primarily long-term nature of the underlying assets. Distribution is made through the liquidation of the underlying assets. The Company views these investments as part of a long-term investment strategy. These investments are valued by each investment manager based on the underlying assets. The funds utilize valuation techniques consistent with the market, income, and cost approaches to measure the fair value of certain real estate investments. The majority of the underlying assets are valued using significant unobservable inputs and often require significant management judgment or estimation based on the best available information. Market data includes observations of the trading multiples of public companies considered comparable to the private companies being valued. Investments in limited partnerships with redemption restrictions and that use NAV used as a practical expedient are excluded from the fair value hierarchy.

While management believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the NAV used as a practical expedient could result in a different fair value

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measurement at the reporting date.

9. CAPITALIZATION

Long-term Debt

Long-term debt at December 31, 2019 and 2018 is as follows:

			December 31,	
	Rate	Maturity	2019	2018
(in thousands of dollars)				
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			\$ 51,300	\$ 51,300

The aggregate maturities of long-term debt for the years subsequent to December 31, 2019 are as follows:

<i>(in thousands of dollars)</i>		
<u>Years Ending December 31,</u>		
2020	\$	-
2021		-
2022		-
2023		-
2024		-
Thereafter		51,300
Total	\$	<u>51,300</u>

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. As of and for the years ended December 31, 2019 and 2018, 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 external short-term debt outstanding as of December 31, 2019 and December 31, 2018. Refer to Note 12, "Related Party Transactions" under "Intercompany Money Pool" for short-term debt outstanding to associated companies.

Electric Revenue Bonds

At December 31, 2019, the Company had \$51.3 million outstanding of Electric Revenue Bonds in the form of tax-exempt commercial paper 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 for 1.23% and 2.3% and from 1.05% and 1.95% for the years ended December 31, 2019 and 2018, 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.

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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 the form of tax-exempt commercial paper. 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, 2019 and 2018, 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, 2019 and December 31, 2018 were restricted as to common dividends.

10. INCOME TAXES

Components of Income Tax Expense

	Years Ended December 31,	
	2019	2018
	<i>(in thousands of dollars)</i>	
Current tax expense (benefit):		
Federal	\$ 2,145	\$ 1,592
State	356	660
Total current tax expense (benefit)	2,501	2,252
Deferred tax expense:		
Federal	(857)	(102)
State	228	(112)
Total deferred tax expense	(629)	(214)
Total income tax expense	\$ 1,872	\$ 2,038
Total income taxes in the statements of income:		
Income taxes charged to operations	\$ 1,432	\$ 1,643
Income taxes credited to other income (deductions)	440	395
Total	\$ 1,872	\$ 2,038

Statutory Rate Reconciliation

The Company's effective tax rates for the years ended December 31, 2019 and 2018 are 26.0% and 30.1%, respectively. The following table presents a reconciliation of income tax expense (benefit) at the federal statutory tax rate of 21% to the actual tax expense:

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	Years Ended December 31,	
	2019	2018
	<i>(in thousands of dollars)</i>	
Computed tax	\$ 1,517	\$ 1,610
Change in computed taxes resulting from:		
State income tax, net of federal benefit	461	418
Other items, net	(106)	10
Total	355	428
Federal and state income taxes	\$ 1,872	\$ 2,038

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 liability for any potential assessments against the consolidated group.

As a result of the enactment of the Tax Cuts and Jobs Act (Tax Act) on December 22, 2017, which reduced the corporate federal income tax rate from 35% to 21%, the Company remeasured its federal deferred tax assets and liabilities. The remeasurement resulted in a decrease in net deferred income tax liability and an increase in regulatory liability for the refund of excess accumulated deferred income taxes to the ratepayers ("excess ADIT"). As of March 31, the regulatory liability for excess ADIT on a pre-tax basis which is presented in Other Regulatory Liabilities amounted to \$4 million (\$2.9 million post-tax), of which \$5.4 million is subject to the normalization requirements and amortization using Average Rate Assumption Method. The amortization method and period for the remaining balance of excess ADIT, not subject to the normalization requirements, has not been agreed between the Company and regulator. During the current period the Company did not recognize any amortization of excess ADIT.

The FERC accounts affected by the remeasurement of the deferred income taxes include:

182.3 Other Regulatory Assets
190 Accumulated Deferred Income Taxes
254 Other Regulatory Liabilities
282 Accumulated Deferred Income Taxes - Other Property
283 Accumulated Deferred Income Taxes - Other

The FERC accounts affected by the amortization of excess ADIT include:

410 Provision for Deferred Income Taxes
411 Provision for Deferred Income Taxes - Credit"

On November 21, 2019, FERC issued a final rule for public utility transmission rate changes to address ADIT changes caused by the Tax Act. The final rule requires a "Rate Base Adjustment Mechanism" to include any unamortized excess or deficient ADIT as an adjustment to rate base and an "Income Tax Allowance Adjustment Mechanism" to decrease or increase the income tax components of their rates by any amortized excess or deficient ADIT. Both mechanisms will apply to excess ADIT resulting from the Tax Act and any future federal, state, and local income tax rate changes. A permanent ADIT Worksheet is required to be included in the utility's transmission formula rate filings. The Company expects to submit the required compliance filing by the appropriate due date.

Deferred Tax Components

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	December 31,	
	2019	2018
	<i>(in thousands of dollars)</i>	
Deferred tax assets:		
Future federal benefit on state taxes	\$ -	\$ 195
Postretirement benefits and other employee benefits	1,457	1,658
Regulatory liabilities - other	6,596	7,474
Regulatory liabilities - taxes	961	188
Other items	202	1,067
Total deferred tax assets	9,216	10,582
Deferred tax liabilities:		
Property related differences	12,969	14,566
Regulatory assets - postretirement benefits	1,202	1,431
Other items	-	45
Total deferred tax liabilities	14,171	16,042
Net deferred income tax liabilities	\$ 4,955	\$ 5,460

Federal and State Income Tax Audit Status

During the year ended December 31, 2019, the Company reached a settlement with the IRS for the tax years ended March 31, 2010, 2011 and 2012. The outcome of the settlement did not have a material impact to the Company's results of operations, financial position, or cash flows.

During the year ended December 31, 2019, the IRS began its examination of the next audit cycle which includes the income tax returns for the years ended March 31, 2013 through March 31 2015. The examination is not expected to conclude in the next fiscal year. The Company does not anticipate the settlement to have a material impact on the Company's financial position. The income tax returns for the years ended March 31, 2016 through March 31, 2019 remain subject to examination by the IRS.

The state of Massachusetts is in the process of examining the Company's Massachusetts income tax returns for the years ended March 31, 2010 through March 31, 2012. The income tax returns for the years end March 31, 2013 through March 31, 2019 remain subject to examination by the state of Massachusetts.

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

Jurisdiction	Tax Year
Federal	March 31, 2013
Massachusetts	March 31, 2010

Uncertain Tax Positions

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, 2019 and December 31, 2018, the Company did not have any unrecognized tax benefits on a FERC

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basis.

The Company recognizes interest related to unrecognized tax benefits in other interest, including affiliate interest and related penalties, if applicable, in other income, net, in the accompanying statement of income. As of December 31, 2019 and 2018, the Company has accrued for interest related to unrecognized tax benefits of \$0.15 million and \$0.43 million, respectively. During the years ended December 31, 2019 and 2018, the Company recorded interest expense of \$0.1 million and \$0.1 million, respectively. No tax penalties were recognized during the years ended December 31, 2019 and 2018.

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.

11. 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.

12. 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 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, 2019	December 31, 2018	December 31, 2019	December 31, 2018
<i>(in thousands of dollars)</i>				
Massachusetts Electric Company	\$ 370	\$ 935	\$ 243	\$ 6,469
NGUSA Service Company	111	14,476	469	682
Niagara Mohawk Power Corporation	222	2,427	-	-
NGUSA	22	-	1,052	-
Other	202	155	353	233
Total	<u>\$ 927</u>	<u>\$ 17,993</u>	<u>\$ 2,117</u>	<u>\$ 7,384</u>

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 and investments in 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 are reflected as investing or financing

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 2019/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

activities in the accompanying statement of cash flows. For the purpose of presentation in the statement 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 \$3.0 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 \$64.4 million and \$53.8 million at December 31, 2019 and December 31, 2018, respectively. The average interest rates for the intercompany money pool were 2.54% and 2.77% for the years ended December 31, 2019 and December 31, 2018, respectively.

Related Party Reimbursement

In accordance with the Credit and Operating Support Agreement dated March 26, 1996, Massachusetts Electric will reimburse the Company an amount equal to the difference between the Company's actual net income for the year and the net income necessary for the Company to earn 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. The Company is entitled to retain any return in excess of 9.9%. For the years ended December 31, 2019 and 2018, Massachusetts Electric reimbursed the Company \$1.4 million and \$4.9 million, respectively.

Service Company Charges

The affiliated service companies of NGUSA provide certain services to the Company at their cost. The service company costs are generally allocated to associated companies through a tiered approach. First and foremost, costs are directly charged to the benefited company whenever practicable. Secondly, in cases where direct charging cannot be readily determined, costs are allocated using cost/causation principles linked to the relationship of that type of service, such as number of employees, number of customers/meters, capital expenditures, value of property owned, 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 to the Company, are mostly related to traditional administrative support functions for the years ended December 31, 2019 and 2018 were \$5.1 million and \$4.3 million, respectively.

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2020	Year of Report Dec 31, 2019
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PART IX: ALLOWANCES (Accounts 158.1 and 158.2)

- | | |
|--|--|
| <p>1. Report below the particulars (details) called for concerning allowances.</p> <p>2. Report all acquisitions of allowances at cost.</p> <p>3. Report allowances in accordance with a weighted average cost allocation method and other accounting as prescribed by General Instruction No. 21 in the Uniform System of Accounts.</p> | <p>4. Report the allowances transactions by the period they are first eligible for use: the current year's allowances in columns (b)-(c), allowances for the three succeeding years in columns (d)-(f), starting with the following year, and allowances for the remaining succeeding years in columns (g)-(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				
02					
03	Acquired During Year:	N/A			
04	Issued (Less Withheld Allow.)				
05	Returned by EPA				
06					
07	Purchases/Transfers:				
08					
09					
10					
11					
12					
13					
14					
15	Total				
16					
17	Relinquished During Year:				
18	Charges to Account 509				
19	Other.				
20					
21	Cost of Sales Transfers:				
22					
23					
24					
25					
26					
27					
28	Total				
29	Balance-End of Year				
30					
31	Sales:				
32	Net Sales Proceeds (Assoc. Co.)				
33	Net Sales Proceeds (Other)				
34	Gains				
35	Losses				
	Allowances Withheld Account 158.2)				
36	Balance--Beginning of Year				
37	Add: Withheld by EPA				
38	Deduct: Returned by EPA				
39	Cost of Sales				
40	Balance-End of Year				
41					
42	Sales:				
43	Net Sales Proceeds (Assoc. Co.)				
44	Net Sale Proceeds (Other)				
45	Gains				
46	Losses				

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/31/2020	Year of Report Dec 31, 2019
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PART IX: ALLOWANCES (Accounts 158.1 and 158.2) (Continued)

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.

7. Report on lines 8-14 the names of vendors/transferees of allowances acquired and identify associated companies (See "associated company" under "Definitions" in the Uniform System of Accounts).

8. Report lines 22-27 the names of purchasers/transferees of allowance disposed of and identify associated companies.

9. Report the net costs and benefits of hedging transactions on a separate line under purchases/transfers and sales/transfers.

10. Report on lines 32-35 & 43-46 the net sales proceeds and gains or losses from allowance sales.

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
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Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2019/Q4
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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	Pension	2,413,765	58,526	426.5/926	354,774	2,117,517
2						
3	OPEB	1,287,556	102,814	426.5/926	67,801	1,322,569
4						
5	Pension Expense Deferred-Electric	967,419	721,908	456/926	730,123	959,204
6						
7	Asset Retirement Obligation	4,387	421	403.1/411	27	4,781
8						
9	Transition Charge	18,294	41,925	419.1/456	11,718	48,501
10						
11						
12						
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43						
44	TOTAL :	4,691,421	925,594		1,164,443	4,452,572

Name of Respondent	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2019/Q4
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FOOTNOTE DATA			

Schedule Page: 232 Line No.: 1 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.: 3 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.: 5 Column: a

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

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

Pursuant to D.P.U. 08-27, the Company is allowed to recover the cost of retiring an asset through base rates. Assets to be retired are deferred and the deferred balance is reduced as the cost is recovered from customers.

Schedule Page: 232 Line No.: 9 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.

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 2019/Q4
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OFFICERS			
1. Report below the name, title and salary for each executive officer whose salary is \$50,000 or more. An "executive officer" of a respondent includes its president, secretary, treasurer, and vice president in charge of a principal business unit, division or function (such as sales, administration or finance), and any other person who performs similar policy making functions. 2. If a change was made during the year in the incumbent of any position, show name and total remuneration of the previous incumbent, and the date the change in incumbency was made.			
Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	President and Director	Reed, Marcy	3,386
2	Vice President, CFO, and Director	Urban, Dennis	1,313
3	Senior Vice President	Mills, Jeannette	697
4	Vice President and Controller	McCusker, Christopher	1,168
5			
6			
7	Resignations		
8	Chief Operating Officer	Daly, Kenneth D.	617
9	Senior Vice President	Macklin, Ronald J	226
10	Treasurer	DeRosa, Charles V.	620
11	Senior Vice President	Kelly, Christopher	1,105
12	Vice President and Director	Bunszell, Daniel	962
13			
14	Appointments		
15	Chief Electric Engineer	Kelly, Christopher	1,105
16	Treasurer	Campbell, David H.	556
17	Senior Vice President	Bracken, Vivienne	
18			
19			
20			
21			
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Name of Respondent	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2019/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

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

Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies were \$491,542. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2019 to 12-31-2019.

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

Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies were \$226,176. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2019 to 12-31-2019.

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

Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies were \$260,376. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2019 to 12-31-2019.

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

Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies were \$190,265. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2019 to 12-31-2019.

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

Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies were \$106,429. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2019 to 12-31-2019.

Schedule Page: 104 Line No.: 9 Column: c

Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies were \$84,675. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2019 to 12-31-2019.

Schedule Page: 104 Line No.: 10 Column: c

Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies were \$234,657. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2019 to 12-31-2019.

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

Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies were \$263,203. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2019 to 12-31-2019.

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

Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies were \$210,662. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2019 to 12-31-2019.

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

Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies were \$226,176. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2019 to 12-31-2019.

Schedule Page: 104 Line No.: 16 Column: c

Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies were \$240,478. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2019 to 12-31-2019.

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) 03/31/2020	Year of Report Dec 31, <u>2019</u>
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PART XI: DATA ON OFFICERS AND DIRECTORS

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

Line No	Name (a)	Address (b)	Number of Votes (c)	Comments (d)
01	Reed, Marcy L.* (President & Director)	Waltham, MA		
02	Kelly, Christopher (Senior Vice President)	Waltham, MA		Removed 5/14/2019
03	Bracken, Vivienne (Senior Vice President)	Warwick, UK		Appointed 3/7/2019
04	Macklin, Ronald J. (Senior Vice President)	Hicksville, NY		Resigned 4/30/2019
05	Mills, Jeannette (Senior Vice President)	Waltham, MA		
06	Bunszell, Daniel* (Vice President & Director)	Brockton, MA		Resigned 8/12/2019
07	Urban, Dennis* (VP, CFO, & Director)	Waltham, MA		
08	McCusker, Christopher (VP & Controller)	Waltham, MA		
09	Daly, Kenneth D. (Chief Operating Officer)	Brooklyn, NY		Resigned 3/31/2019
10				
11				
12				
13				
14				
15	Campbell, David H. (VP and Treasurer)	Waltham, MA		Appointed
16	2/15/2019			
17	DeRosa, Charles V. (Treasurer)	Brooklyn, NY		Resigned 2/1/2019)
18				
19				
20				
21				
22				

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	54,410,301	54,410,301		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	2,708,219	2,708,219		
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)	2,708,219	2,708,219		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	501,322	501,322		
13	Cost of Removal	291,372	291,372		
14	Salvage (Credit)				
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	792,694	792,694		
16	Other Debit or Cr. Items (Describe, details in footnote):	-71,674	-71,674		
17	Prior year adjustments				
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	56,254,152	56,254,152		

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	51,357,748	51,357,748		
27	Regional Transmission and Market Operation				
28	General	4,896,404	4,896,404		
29	TOTAL (Enter Total of lines 20 thru 28)	56,254,152	56,254,152		

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Name of Respondent NANTUCKET ELECTRIC COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) 3/31/2020	Year of Report December 31, 2019	
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	1.68%	223,309
04	Series A					
05	Massachusetts Development					
06	Finance Agency- variable rate					
07	Utility Revenue Bonds					
08	Series 2004	12/16/2004	3/1/2039	10,000,000	1.64%	164,151
09	Massachusetts Development					
10	Finance Agency- variable rate					
11	Utility Revenue Bonds					
12	Series 2005	12/8/2005	12/1/2040	28,000,000	1.63%	457,197
13						
14						
15						
16						
17						
18						
TOTAL				\$51,300,000		\$844,657

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 2019/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	3,576,893	282/283/410	371,356	259,486	3,465,023
2						
3	Energy Efficiency	5,864,199	431/451/908	5,312,716	2,070,749	2,622,232
4						
5	Transmission Service	15,671,990	456	386,794	1,672,232	16,957,428
6						
7	Basic Service Administrative Cost	1,538,547	431/456	1,385	58,774	1,595,936
8						
9	Revenue Decoupling Mechanism	1,459,195	456	1,630,534	1,377,070	1,205,731
10						
11	Cable Facilities	591,448	431/456	280,188	784,420	1,095,680
12						
13	Service Quality Penalty	72,793	456	308	311	72,796
14						
15	Over Collect- Commodity	465,065	431/449.1	202,078	220,609	483,596
16						
17	Tax Reform - Tax Savings	110,074				110,074
18						
19						
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21						
22						
23						
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25						
26						
27						
28						
29						
30						
31						
32						
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41	TOTAL	29,350,204		8,185,359	6,443,651	27,608,496

Name of Respondent	This Report is: (1) X An Original (2) A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2019/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

Schedule Page: 278 Line No.: 1 Column: a

In FAS 109, the objectives of accounting for income taxes are to recognize (a) the amount of taxes payable or refundable for the current year, and (b) deferred tax liabilities and assets for the future tax consequences of events that have been recognized in the Company's financial statements or tax returns.

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.

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

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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 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.: 13 Column: a

Pursuant to G.L. c. 164, § 1I and the Department of Public Utilities' ("Department") Guidelines established in Service Quality Standards for Electric Distribution Companies and Local Gas Distribution Companies, D.P.U. 12-120-D (2015) ("Guidelines").

Under the Company's Service Quality Plan, it may be penalized for performance in certain categories that fall below any historic average.

In Docket D.P.U. 18-SQ-12, for the System Average Duration Index (SAIDI) metric, the Company reported a penalty of \$72,793, but requested that the Department grant a waiver from the Guidelines to exclude 43.814 minutes of SAIDI incurred due to the occurrence of the Winter Storm Niko on February 9, 2017 in Nantucket.

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)

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ELECTRIC OPERATING REVENUES (Account 400)

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

Line No.	Title of Account (a)	Operating Revenues Year to Date Quarterly/Annual (b)	Operating Revenues Previous year (no Quarterly) (c)
1	Sales of Electricity		
2	(440) Residential Sales	1,114,592	1,054,100
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	148,756	240,946
5	Large (or Ind.) (See Instr. 4)	1,743	2,954
6	(444) Public Street and Highway Lighting	-280	-3
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	1,264,811	1,297,997
11	(447) Sales for Resale		
12	TOTAL Sales of Electricity	1,264,811	1,297,997
13	(Less) (449.1) Provision for Rate Refunds	-67,800	115,693
14	TOTAL Revenues Net of Prov. for Refunds	1,332,611	1,182,304
15	Other Operating Revenues		
16	(450) Forfeited Discounts	19,857	20,239
17	(451) Miscellaneous Service Revenues	7,230,703	3,956,556
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	535,835	511,539
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	13,193,174	16,153,967
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	20,979,569	20,642,301
27	TOTAL Electric Operating Revenues	22,312,180	21,824,605

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ELECTRIC OPERATING REVENUES (Account 400)

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

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

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

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

MEGAWATT HOURS SOLD		AVG.NO. CUSTOMERS PER MONTH		Line No.
Year to Date Quarterly/Annual (d)	Amount Previous year (no Quarterly) (e)	Current Year (no Quarterly) (f)	Previous Year (no Quarterly) (g)	
				1
113,778	114,493	12,045	11,943	2
				3
57,183	56,761	1,650	1,631	4
670	690	4	4	5
268	264	5	5	6
				7
				8
				9
171,899	172,208	13,704	13,583	10
				11
171,899	172,208	13,704	13,583	12
				13
171,899	172,208	13,704	13,583	14

Line 12, column (b) includes \$ 60,848 of unbilled revenues.

Line 12, column (d) includes -268 MWH relating to unbilled revenues

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

Misc Service Revenue-Electric

Open Access Revenue-DSM	\$ 5,821,949
Open Access Revenue-Customer Charge	1,066,068
Misc Service Revenue-Electric	342,686
	<u>\$ 7,230,703</u>

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

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
	<u>\$ 3,956,556</u>

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

Other Electric Revenue

Other Elec Revenue-Nantucket Reimbursem	\$ 1,418,811
Open Access Revenue - Access Charge	-130,981
Open Access Revenue - Transmission	3,608,549
Open Access Revenue - Distribution	7,841,404
Open Access Revenue - Decoupling	-331,414
Other Electric Revenue - Miscellaneous	660,231
Contribution in Aid of Contruction	126,574
	<u>\$ 13,193,174</u>

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

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
	<u>\$ 16,153,967</u>

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES					
If the amount for previous year is not derived from previously reported figures, explain in footnote.					
Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)		
1	1. POWER PRODUCTION EXPENSES				
2	A. Steam Power Generation				
3	Operation				
4	(500) Operation Supervision and Engineering				
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. Nuclear Power Generation				
23	Operation				
24	(517) Operation Supervision and Engineering				
25	(518) Fuel				
26	(519) Coolants and Water				
27	(520) Steam Expenses				
28	(521) Steam from Other Sources				
29	(Less) (522) Steam Transferred-Cr.				
30	(523) Electric Expenses				
31	(524) Miscellaneous Nuclear Power Expenses				
32	(525) Rents				
33	TOTAL Operation (Enter Total of lines 24 thru 32)				
34	Maintenance				
35	(528) Maintenance Supervision and Engineering				
36	(529) Maintenance of Structures				
37	(530) Maintenance of Reactor Plant Equipment				
38	(531) Maintenance of Electric Plant				
39	(532) Maintenance of Miscellaneous Nuclear Plant				
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)				
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)				
42	C. Hydraulic Power Generation				
43	Operation				
44	(535) Operation Supervision and Engineering				
45	(536) Water for Power				
46	(537) Hydraulic Expenses				
47	(538) Electric Expenses				
48	(539) Miscellaneous Hydraulic Power Generation Expenses				
49	(540) Rents				
50	TOTAL Operation (Enter Total of Lines 44 thru 49)				
51	C. Hydraulic Power Generation (Continued)				
52	Maintenance				
53	(541) Maintenance Supervision and Engineering				
54	(542) Maintenance of Structures				
55	(543) Maintenance of Reservoirs, Dams, and Waterways				
56	(544) Maintenance of Electric Plant				
57	(545) Maintenance of Miscellaneous Hydraulic Plant				
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)				
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)				

Line	Account	Amount for	Amount for
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Name of Respondent Nantucket Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2019/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)	
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES			
166	Operation			
167	(907) Supervision	341	2,243	
168	(908) Customer Assistance Expenses	1,841,859	2,345,772	
169	(909) Informational and Instructional Expenses	94,194	257,181	
170	(910) Miscellaneous Customer Service and Informational Expenses	58,530	16,347	
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	1,994,924	2,621,543	
172	7. SALES EXPENSES			
173	Operation			
174	(911) Supervision	510	1,490	
175	(912) Demonstrating and Selling Expenses	90	593	
176	(913) Advertising Expenses	7,785	15,899	
177	(916) Miscellaneous Sales Expenses	95	157	
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	8,480	18,139	
179	8. ADMINISTRATIVE AND GENERAL EXPENSES			
180	Operation			
181	(920) Administrative and General Salaries	742,900	693,654	
182	(921) Office Supplies and Expenses	557,920	560,401	
183	(Less) (922) Administrative Expenses Transferred-Credit	140,635	262,161	
184	(923) Outside Services Employed	269,874	305,233	
185	(924) Property Insurance	43,108	41,354	
186	(925) Injuries and Damages	48,798	54,808	
187	(926) Employee Pensions and Benefits	866,500	858,736	
188	(927) Franchise Requirements			
189	(928) Regulatory Commission Expenses	77,744	103,668	
190	(929) (Less) Duplicate Charges-Cr.			
191	(930.1) General Advertising Expenses	111	793	
192	(930.2) Miscellaneous General Expenses	46,763	48,746	
193	(931) Rents	476,813	512,536	
194	TOTAL Operation (Enter Total of lines 181 thru 193)	2,989,896	2,917,768	
195	Maintenance			
196	(935) Maintenance of General Plant	683	764	
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	2,990,579	2,918,532	
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	12,464,796	12,049,451	

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) 03/31/2020	Year of Report Dec 31, <u>2019</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					

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)	
					-134,975	-134,975	1
3,360				349,115		349,115	2
969				78,535		78,535	3
8,526				787,534		787,534	4
1,448				120,182		120,182	5
18				1,652		1,652	6
-18				-4,442		-4,442	7
							8
							9
							10
							11
							12
							13
							14
14,303				1,332,576	-134,975	1,197,601	

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 2019/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)	124,470,527	124,470,527		
4	Property Under Capital Leases				
5	Plant Purchased or Sold				
6	Completed Construction not Classified	6,953,750	6,953,750		
7	Experimental Plant Unclassified				
8	Total (3 thru 7)	131,424,277	131,424,277		
9	Leased to Others				
10	Held for Future Use				
11	Construction Work in Progress	2,133,447	2,133,447		
12	Acquisition Adjustments	16,551,550	16,551,550		
13	Total Utility Plant (8 thru 12)	150,109,274	150,109,274		
14	Accum Prov for Depr, Amort, & Depl	57,100,146	57,100,146		
15	Net Utility Plant (13 less 14)	93,009,128	93,009,128		
16	Detail of Accum Prov for Depr, Amort & Depl				
17	In Service:				
18	Depreciation	56,254,152	56,254,152		
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)	56,254,152	56,254,152		
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)	57,100,146	57,100,146		

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Nantucket Electric Company			
FOOTNOTE DATA			

Schedule Page: 200 Line No.: 13 Column: c

On page 200-201, the company reports a Total Utility Plant of \$150,696,691 which includes \$587,417 in Right of Use Assets related to Operating Leases. For the purposes of this page, the Right of Use Assets are excluded.

Schedule Page: 200 Line No.: 14 Column: c

On page 200-201, the company reports a Total Accumulated Provision for Depreciation/Amortization and Depletion of \$57,204,942 which includes \$104,796 in Right of Use Assets related to Operating Leases. For the purposes of this page, the Right of Use Assets are excluded.

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 2019/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
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					33

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2019/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) reversals of tentative				
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 2019/Q4
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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

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

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

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

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

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
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					20
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					36
					37
					38
					39
					40
					41
					42
					43
					44
					45
					46

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
			1,818,516		60
			437,666		61
	5,468		21,584,183		62
					63
28,933			7,421,499		64
84,365			5,769,484		65
4,171			15,687,439		66
85,879			52,299,937		67
71,186			7,634,308		68
11,182			8,611,097		69
31,628			1,454,472		70
					71
					72
11,201			531,881		73
					74
328,545	5,468		123,250,482		75
					76
					77
					78
					79
					80
					81
					82
					83
					84
					85
			31,005		86
			2,174,071		87
			82,540		88
					89
					90
			141,528		91
			23,695		92
					93
172,777			5,685,494		94
			31,660		95
172,777			8,169,993		96
			3,802		97
					98
172,777			8,173,795		99
501,322	5,468		131,424,277		100
					101
					102
					103
501,322	5,468		131,424,277		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) 03/31/2020	Year of Report Dec 31, 2019
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PART XXII: PURCHASES AND SALES OF ANCILLARY SERVICES

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

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

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

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

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

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

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

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

	Type of Ancillary Service (a)	Amount Purchased For the Year			Amount Sold For the Year		
		(b)	(c)	(d)	(e)	(f)	(g)
		Usage – Related Billing Determinant			Usage – Related Billing Determinant		
		Number of Units	Unit of Measure	Dollars	Number of Units	Unit of measure	Dollars
1	Scheduling, System Control and Dispatch	N/A					
2	Reactive Supply and Voltage						
3	Regulation and Frequency Response						
4	Energy Imbalance						
5	Operating Reserve - Spinning						
6	Operating Reserve - Supplemental						
7	Other						
8	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) 03/31/2020	Year of Report Dec 31, <u>2019</u>
PART XXIII: Monthly Transmission System Peak Load					
<p>(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.</p> <p>(2) Report on Column (b) by month the transmission system's peak load.</p> <p>(3) Report on Columns (c) and (d) the specified information for each monthly transmission - system peak load reported on Column (b).</p> <p>(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.</p>					
Name of System:					
Line No.		Monthly Peak MW - Total	Day of Monthly Peak	Hour of Monthly Peak	Firm Network Service - For Self
	(a)	(b)	(c)	(d)	(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) 03/31/2020	Year of Report Dec 31, <u>2019</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 Nantucket Electric Company		This Report is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission		Date of Report (Mo., Da., Yr.) 03/31/2020	Year/Period of Report End of 2019
Transmission Service and Generation Interconnection Study Costs					
1. Report the particulars (details) called for concerning the costs incurred and the reimbursements received for performing transmission service and generator interconnection studies. 2. List each study separately. 3. In column (a) provide the name of the study. 4. In column (b) report the cost incurred to perform the study at the end of period. 5. In column (c) report the account charged with the cost of the study. 6. In column (d) report the amounts received for reimbursement of the study costs at end of period. 7. In column (e) report the account credited with the reimbursement received for performing the study.					
Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
Transmission Studies					
1	N/A				
2					
3					
4					
5					
6					
7					
8					
9					
10					

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

Name of Respondent Nantucket Electric Company		This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo., Da., Yr.) 03/31/2020	Year/Period of Report End of <u>2019</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, 2019

FULL NAME OF COMPANY - NANTUCKET ELECTRIC COMPANY

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

STATEMENT OF INCOME FOR THE YEAR

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

NANTUCKET ELECTRIC COMPANY

FOR THE YEAR ENDED DECEMBER 31, 2019

BALANCE SHEET

See Copy of Balance Sheet Filed with the DPU Return Attached

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

NOTES:

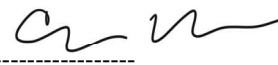
NANTUCKET ELECTRIC COMPANY

FOR THE YEAR ENDED DECEMBER 31, 2019

STATEMENT OF EARNED SURPLUS			
Unappropriated Earned Surplus (at beginning of period).....	\$		
Balance Transferred from Income.....			
Miscellaneous Credits to Surplus.....			
Miscellaneous Debits to Surplus.....			
Appropriations of Surplus.....			
Net Additons to Earned Surplus.....			
Dividends Declared -- Preferred Stock.....			
Dividends Declared -- Common Stock.....			
Unappropriated Earned Surplus (at end of period).....			
ELECTRIC OPERATING REVENUES			
Account	Operating Revenues		
	Amount for Year	Increase or (Decrease) from Preceding Year	
SALES OF ELECTRICITY	\$	\$	
Residential Sales.....	1,114,592	60,492	
Commercial and Industrial Sales.....			
Small (or Commercial).....	148,756	(92,190)	
Large (or Industrial).....	1,743	(1,211)	
Public Street and Highway Lighting.....	(280)	(277)	
Other Sales to Public Authorities.....			
Sales to Railroad and Railways.....			
Interdepartmental Sales.....			
Miscellaneous Electric Sales.....			
Provision for Rate Refunds.....	67,800	183,493	
Total Sales to Ultimate Consumers.....	1,332,611	150,307	
Sales for Resale.....			
Total Sales of Electricity.....	1,332,611	150,307	
OTHER OPERATING REVENUES			
Forfeited Discounts.....	19,857	(382)	
Miscellaneous Service Revenues.....	7,230,703	3,274,147	
Sales of Water and Water Power.....			
Rent from Electric Property.....	535,835	24,296	
Interdepartmental Rents.....			
Other Electric Revenues.....	13,193,174	(2,960,793)	
Total Other Operating Revenues.....	20,979,569	337,268	
Total Electric Operating Revenues.....	\$ 22,312,180	\$ 487,575	
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.....	1,197,601	-	1,197,601
Total Power Production Expenses.....	1,197,601	-	1,197,601
Transmission Expenses.....	3,621,644	-	3,621,644
Distribution Expenses.....	925,483	1,417,065	2,342,548
Customer Accounts Expenses.....	2,303,944	-	2,303,944
Sales Expenses.....	8,480	-	8,480
Administrative and General Expenses.....	2,989,896	683	2,990,579
Total Electric Oper. and Maint. Expenses	\$ 11,047,048	\$ 1,417,748	\$ 12,464,796

NANTUCKET ELECTRIC COMPANY

FOR THE YEAR ENDED DECEMBER 31, 2019

GAS OPERATING REVENUES		(Not Applicable)	
Account	Operating Revenues		
	Amount for Year	Increase of (Decrease) from Preceding Year	
SALES OF GAS			
Residential Sales.....	\$	\$	
Commercial and Industrial Sales.....			
Small (or Commercial).....			
Large (or Industrial).....			
Other Sales to Public Authorities.....			
Interdepartmental Sales.....			
Miscellaneous Gas Sales.....			
Total Sales to Ultimate Consumers.....			
Sales for Resale.....			
Total Sales of Gas.....			
OTHER OPERATING REVENUES			
Forfeited Discounts.....			
Miscellaneous Service Revenues.....			
Revenues from Transportation of Gas of Others.....			
Sales of Products Extracted from Natural Gas.....			
Revenues from Natural Gas Processed by Others.....			
Rent from Gas Property.....			
Interdepartmental Rents.....			
Other Gas Revenues.....			
Total Other Operating Revenues.....			
Total Gas Operating Revenues.....			
SUMMARY OF GAS OPERATION AND MAINTENANCE EXPENSES			
(Not Applicable)			
Functional Classification	Operation	Maintenance	Total
Steam Production.....	\$	\$	\$
Manufactured Gas Production.....			
Other Gas Supply Expenses.....			
Total Production Expenses.....			
Local Storage Expenses.....			
Transmission and Distribution Expenses.....			
Customer Accounts Expenses.....			
Sales Expenses.....			
Administrative and General Expenses.....			
Total Gas Operation and Maintenance Exp....			
<p>..31...March , 2020, 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>			

NANTUCKET ELECTRIC COMPANY

FOR THE YEAR ENDED DECEMBER 31, 2019

GAS OPERATING REVENUES		(Not Applicable)	
Account	Operating Revenues		
	Amount for Year	Increase of (Decrease) from Preceding Year	
SALES OF GAS			
Residential Sales.....	\$	\$	
Commercial and Industrial Sales.....			
Small (or Commercial).....			
Large (or Industrial).....			
Other Sales to Public Authorities.....			
Interdepartmental Sales.....			
Miscellaneous Gas Sales.....			
Total Sales to Ultimate Consumers.....			
Sales for Resale.....			
Total Sales of Gas.....			
OTHER OPERATING REVENUES			
Forfeited Discounts.....			
Miscellaneous Service Revenues.....			
Revenues from Transportation of Gas of Others.....			
Sales of Products Extracted from Natural Gas.....			
Revenues from Natural Gas Processed by Others.....			
Rent from Gas Property.....			
Interdepartmental Rents.....			
Other Gas Revenues.....			
Total Other Operating Revenues.....			
Total Gas Operating Revenues.....			
SUMMARY OF GAS OPERATION AND MAINTENANCE EXPENSES			
(Not Applicable)			
Functional Classification	Operation	Maintenance	Total
Steam Production.....	\$	\$	\$
Manufactured Gas Production.....			
Other Gas Supply Expenses.....			
Total Production Expenses.....			
Local Storage Expenses.....			
Transmission and Distribution Expenses.....			
Customer Accounts Expenses.....			
Sales Expenses.....			
Administrative and General Expenses.....			
Total Gas Operation and Maintenance Exp....			
<p>...31...March , 2020, 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>			

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 31, 2020	Year of Report December 31, 2019
Nantucket Electric Company			

GENERAL INFORMATION

PRINCIPAL AND SALARIED OFFICERS*
(As of December 31, 2019)

Titles	Names	Addresses	Annual Salaries ⁽¹⁾
Vice President and CFO	Urban, Dennis	Waltham, MA	\$ 1,313
Chief Electric Engineer	Kelly, Christopher	Waltham, MA	\$ 1,105
Senior Vice President	Mills, Jeannette	Waltham, MA	\$ 697
Senior Vice President	Bracken, Vivienne	Warwick, UK	\$ -
President	Reed, Marcy L.	Waltham, MA	\$ 3,385
Vice President and Controller	McCusker, Christopher	Waltham, MA	\$ 1,168

DIRECTORS*
(As of December 31, 2019)

Names	Addresses	Fees Paid During Year
Urban, Dennis	Waltham, MA	None
Mc Callan, Michael	Waltham MA	None
Reed, Marcy L.	Waltham, MA	None
<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>		

(1) Salary paid by National Grid USA Service Company, Inc. (an associated company). The amounts disclosed herein represent only the portion of the officers' salary that is allocated to the Company.

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 31, 2020	December 31, 2019

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, 2019

<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 2019 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 31, 2020	Year of Report December 31, 2019
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, 2019	City or Town	Number of Customers' Meters December 31, 2019
Nantucket	14,052		
		Total	14,052

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 31, 2020	December 31, 2019		
<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 31, 2020	Year of Report December 31, 2019
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):	2,324,532	
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			
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			
51			
52			
53			
54			
55			
56			
57	Total	\$ 2,324,532	

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) March 31, 2020		Year of Report December 31, 2019	
PRODUCTION FUEL AND OIL STOCKS (Included in Account 151) (Except Nuclear Materials) (Not Applicable)							
1. Report below the information called for concerning production fuel and oil stocks. 2. Show quantities in tons of 2,000 lbs., or Mcf, whichever unit of quantity is applicable. 3. Each kind of coal or oil should be shown separately. 4. Show electric fuels separately by specific use.							
Line No.	Item (a)	Total Cost (b)	Kinds of Fuel and Oil				
			Quantity (c)	Cost (d)	Quantity (e)	Cost (f)	
1	On hand Beginning of Year					\$	
2	Received During Year						
3	TOTAL						
4	Used During Year (Note A)						
5							
6							
7							
8	Sold or Transferred						
9	TOTAL DISPOSED OF						
10	BALANCE END OF YEAR						
Line No.	Item (g)		Kinds of Fuel and Oil - Continued				
			Quantity (h)	Cost (i)	Quantity (j)	Cost (k)	
11	On hand Beginning of Year			\$		\$	
12	Received During Year						
13	TOTAL						
14	Used During Year (Note A)						
15							
16							
17							
18	Sold or Transferred						
19	TOTAL DISPOSED OF						
20	BALANCE END OF YEAR						

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

Name of Respondent 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 31, 2020		Year of Report December 31, 2019 (Not Applicable)	
DEFERRED LOSSES FROM DISPOSITION OF UTILITY PLANT (Account 187)							
1. In column (a) give a brief description of property creating the deferred loss and the date the loss was recognized. Identify items by department where applicable. 2. Losses on property with an original cost of less than \$50,000 may be grouped. The number of items making up the grouped amount shall be reported in column (a). 3. In column (b) give date of Commission approval of journal entries. Where approval has not been received, give explanation following the respective item in column (a). (See Account 187, Deferred Losses From sale of Utility Plant.)							
Line No.	Description of Property (a)	Date J.E. Approved (b)	Total Amount of Loss (c)	Balance Beginning of Year (d)	Current Year		Balance End of Year (g)
					Amortizations to Acc. 411,6 (e)	Additional Losses (f)	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25	Total		\$	\$	\$	\$	\$

Name of Respondent		This Report Is:		Date of Report		Year of Report	
Nantucket Electric Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		March 31, 2020		December 31, 2019	
NOTES PAYABLE (Account 231)							
Report particulars indicated concerning notes payable at year end				(Not Applicable)			
Line No.	Payee (a)	Date of Note (b)	Date of Maturity (c)	Int. Rate (d)	Balance End of Year (e)		
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21	Total				\$	-	

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 31, 2020	December 31, 2019
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	\$ 1,052,775		
2	NGUSA Service Company	468,693		
3	NG Engineering Svcs, LLC	16		
4	Massachusetts Electric Co	243,005		
5	Boston Gas Company	58		
6	New England Power Co	352,777		
7	PSEG Electric Service TSA Co	100		
8				
9				
10				
11				
12				
13				
14				
15				
16				
17				
18				
19				
20				
21				
22				
23	Total Account 234	2,117,424		
24	<u>Account 233</u>			
25				
26	National Grid USA Service Co., Inc.			
27	(Money Pool)	-	2.54%	-
28				
29				
	Totals	\$ 2,117,424		\$ -

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 31, 2019		Year of Report December 31, 2019	
<p>DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT (Account 256) (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	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 31, 2020	December 31, 2019

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	Incurred but Not Reported 'Reserves (IBNR)	\$ 33,445	925	\$ 21,630	\$ 17,857	\$ 29,672
4						
5	Workman's Compensation Reserve	-	184	207,195	207,195	(0)
6						
7	Injuries and Damages (includes Gen, Auto and OCIP)	-	228	64,693	66,876	2,183
8						
9	Account 262 Subtotal	33,445		293,518	291,928	31,855
10						
11	<u>Account 263 (FERC 228.3)</u>					
12						
13	Pension	2,342,134		4,058,021	3,306,319	1,590,432
14						
15	Other Post Employment Benefits	2,913,575	234/242	3,519,868	3,783,960	3,177,667
16						
17	Account 263 Subtotal	5,255,709		7,577,889	7,090,279	4,768,099
18						
19						
20						
21	<u>Account 265 (FERC 253)</u>					
22						
23	FAS 112	64,519	184	1,989,355	2,222,494	297,658
24						
25	FIN 48 Income Tax Liability	399,408	282/283	2,113,379	1,838,188	124,217
26						
27	Deferred ROE - Energy Efficiency Working Capital	1,009	426.5	1,009	-	0
28						
29	Other Provision	-		-	12,000	12,000
30						
31	Account 265 Subtotal	464,936		4,103,743	4,072,682	433,875
32						
33						
34	Total	\$ 5,754,090		\$ 11,975,150	\$ 11,454,889	\$ 5,233,829

Name of Respondent		This Report Is:	Date of Report		Year of Report			
Nantucket Electric Company		(1) <input type="checkbox"/> An Original (2) <input checked="" type="checkbox"/> A Resubmission	(Mo, Da, Yr) March 31, 2020		December 31, 2019			
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	1	5	
2		E Res-Elec Space Htg.	0	-	0.0000	-	-	
3		R-1 Residential	112,432,869	1,081,959	0.9623	11,824	11,856	
4		R-2 Res. Low Income	1,184,318	22,985	1.9408	142	141	
5		G-1 Gen. Serv. Small	286,798	9,648	3.3640	43	43	
6								
7		Total Account 440	113,903,985	1,114,592	0.9785	12,010	12,045	
8		Rate Refunds, Net	-221,458	56,004				
9								
10	442	R-1 Residential	297,519	14,301	4.8068	46	44	
11		G-1 Gen. Serv.Small	24,882,171	147,638	0.5933	1,518	1,520	
12		G-2 Gen. Serv. Demand	18,255,701	(4,597)	-0.0252	81	81	
13		G-3 Time Of Use-Large	14,559,309	(6,843)	-0.0470	11	11	
14		S4A St Lt - Security	0		0.0000	-	-	
15								
16								
17		Total Account 442	57,994,700	150,499	0.2595	1,656	1,656	
18		Rate Refunds, Net	-46,647	11,796				
19								
20	444	S-1 St.Lt.Co.Own Equip.	188,249	(196)	0.0000	1	1	
21		S-3 St.Lt.U/G Div. of Own	79,921	(83)	0.0000	4	-	
22		G-1 Gen. Serv. Small	0	-	0.0000	-	4	
23								
24		Total Account 444	268,170	(280)	0.0000	5	5	
25		Rate Refunds, Net	0	-				
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		Total						
53		Unbilled						
54	TOTAL SALES TO ULTIMATE CONSUMERS		171,898,750	\$ 1,332,611	7.8858	13,671	13,706	

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 31, 2020	December 31, 2019
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 31, 2020	Year of Report December 31, 2019
OVERHEAD DISTRIBUTION LINES OPERATED				
Line		Length (Pole Miles)		
No.		Wood Poles	Steel Towers	Total
1	Miles - Beginning of Year	129.00		129.00
2	Added During Year	11.46		11.46
3	Retired During Year	-3.29		-3.29
	Adjusted During Year			
4	Miles - End of Year	137.18		137.18
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 Services		
No.				
16	Number at beginning of year	7,066		
17	Additions during year :			
18	Purchased			
19	Installed	31		
20	Associated with utility plant acquired			
21	Total additions	31		
22	Reductions during year :			
23	Retirements	(4)		
24	Associated with utility plant sold			
25	Total reductions	(4)		
26	Adjustments during year:			
27	Adjustments	-		
28	Adjustments due to miscalculation in prior years.....	-		
29				
30	Number at End of Year	7,094		

[illegible]

Name of Respondent		This Report Is:	Date of Report (Mo, Da, Yr)	Year of Report
NANTUCKET ELECTRIC COMPANY		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	March 31, 2020	December 31, 2019

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
10/1/2019	621	RESIDENTIAL REGULAR R-1		
10/1/2019	622	RESIDENTIAL-LOW INCOME R-2 R-1/R-2 COMBINED	8%	
10/1/2019	623	GENERAL SERVICE - SMALL COMMERCIAL AND INDUSTRIAL G-1	6%	
10/1/2019	624	GENERAL SERVICE - DEMAND G-2	7%	
10/1/2019	625	TIME-OF-USE - G-3	4%	
10/1/2019	626	STREET AND AREA LIGHTING – COMPANY OWNED EQUIPMENT S-1		
10/1/2019	627	STREET LIGHTING – OVERHEAD – CUSTOMER OWNED EQUIPMENT S-2		
10/1/2019	628	STREET LIGHTING – UNDERGROUND – DIVISION OF OWNERSHIP S-3		
10/1/2019	629	STREET AND AREA LIGHTING – CUSTOMER OWNED EQUIPMENT S-5		
10/1/2019	630	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 31, 2020	December 31, 2019
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		Administrative & General Admin		\$	2,674
4		Commercial & Industrial Direct Install			-802
5		Commercial & Industrial Existing Building			6,332
6		Commercial & Industrial New Buildings & Major Repairs			8,202
7		Commercial & Industrial Small Business Turnkey			12,348
8		Residential Administrative & General			114
9		Residential Coordinated Deli			27,576
10		Residential Home Energy Services			15,588
11		Residential Cooling & Heating			10,221
12		RCD-High Rise			904
13		Minor Items <\$100.00			204
14		National Grid - Demand Side Management			10,833
15					
16					
17					
18		Information and Instructional Advertising Expense Subtotal			94,194
19					
20	<u>Account 99130000</u>	<u>Advertising Expenses</u>			
21		Digital Outside Services			3,150
22		DigitalWeb/Social/Email/Mobile Com			796
23		Interactive Experience & Tech WebSocial			1,029
24		Branding Events Brand Deployment			2,644
25		National Grid -general brand deployment an infrastructure			126
26		Minor Items <\$100.00			40
27					
28		Advertising Expenses Subtotal			7,785
29					
30	<u>Account 99301000</u>	<u>General Advertising Expenses</u>			
31		Brand Deployment			111
32					
33					
34		General Advertising Expenses Subtotal			111
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50					
51					
52					
53					
54	TOTAL			\$	102,090

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 31, 2020	Year of Report December 31, 2019
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: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 31, 2020	Year of Report December 31, 2019
Nantucket Electric Company			
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, 2021.</p>		
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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 31, 2020	December 31, 2019
CHARGES FOR OUTSIDE SERVICES (Continued)				
71				
72	<u>Account #</u>			
73	<u>Transmission Expenses</u>			
74	95600000	Transmission Operation Supervision and Engineering	\$	154
75	95660000	Miscellaneous Transmission Expenses		8,476
76		Total Transmission Expenses	\$	8,630
77				
78	<u>Distribution Expenses</u>			
79	95800000	Operation supervision and engineering		59,402
80	95810000	Load dispatching		57,515
81	95820000	Station expenses		1,777
82	95830000	Overhead line expenses		5,793
83	95840000	Underground line expenses		3,024
84	95860000	Meter expenses		9,716
85	95870000	Customer Installation expenses		187
86	95880000	Miscellaneous distribution expenses		45,857
87	95900000	Maintenance supervision and engineering		991
88	95920000	Maintenance of station equipment		11,761
89	95930000	Maintenance of overhead lines		53,802
90	95940000	Maintenance of underground lines		24
91	95950000	Maintenance of line transformers		642
92	95960000	Maintenance of street lighting and signal systems		268
93	95970000	Maintenance of meters		283
94	95980000	Maintenance of miscellaneous distribution plant		422
95		Total Distribution Expenses	\$	251,464
96				
97	<u>Customer Expenses</u>			
98	99010000	Supervision		12,519
99	99020000	Meter reading expenses		24
100	99030000	Customer records and collection expenses		147,871
101	99040000	Uncollectible accounts		(2,111)
102	99050000	Miscellaneous customer accounts expenses		17,933
103	99070000	Supervision		6
104	99080000	Customer assistance expenses		95,282
105	99090000	Informational and instructional advertising expenses		14,563
106	99100000	Miscellaneous customer service and informational expenses		56,327
107		Total Customer Expenses	\$	342,414
108				
109	<u>Sales Expenses</u>			
110	99110000	Supervision		6,046
111	99120000	Demonstrating and selling expenses		5,712
112	99130000	Advertising expenses		2,613
113	99160000	Miscellaneous sales expenses		95
114		Total Sales Expenses	\$	14,466
115				
116	<u>Administrative and General Expenses</u>			
117	99200000	Administrative and general salaries		715,727
118	99210000	Office supplies and expenses		322,403
119	99230000	Outside services employed		22
120	99240000	Property insurance		42,890
121	99250000	Injuries and damages		50,867
122	99260000	Employee pensions and benefits		397,335
123	99280000	Regulatory commission expenses		16,897
124	99301000	General advertising expenses		106
125	99302000	Miscellaneous general expenses		16,476
126	99310000	Rents		219,198
127	99350000	Maintenance of general plant		643
128		Total Administrative and General Expenses	\$	1,782,564
129				
130		Total Electric Operating and Maintenance Expenses	\$	2,399,538
131				
132				

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CHARGES FOR OUTSIDE SERVICES (Continued)			
133			
134	<u>Account #</u>		
135			
136	91070000 Construction Work in Progress	\$	1,327,205
137	91080000 Accum Provision for Deprec		57,782
138	91740000 Misc Current & Accrued Assets		333
139	91630000 Stores Clearing		50,176
140	92282000 Injuries & Damages Reserve		832
141	94030000 Depreciation expense		40,674
142	94050000 Amortization of Other Plant		209,958
143	94081000 Taxes Other Than Inc Tax-Util Oper Inc		87,271
144	94171000 Expenses of Non-Utility Operations		46,966
145	94190000 Interest and Dividend Income		(17,080)
146	94210000 Misc Non-Operating Income		(12,310)
147	94212000 Loss Dispos of Prop		499
148	94261000 Donations		12,468
149	94262000 Life insurance		7,333
150	94263000 Penalties		15
151	94264000 Exp Certain Civic, Political & Related Activ		2,558
152	94265000 Other deductions		(23,734)
153	94310000 Other Interest Expense		2,991
154	Total Other Accounts	\$	<u>1,793,937</u>
155			
156	Total Charges	\$	<u>4,193,475</u>
157			
158			

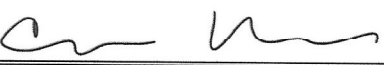
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CHARGES FOR OUTSIDE SERVICES (Continued)			
159	<u>Payment for Outside Vendors and Other Consultative Service</u>		
160	<u>Vendor</u>		
161		<u>Plant Accounts</u>	
162	MCPHEE ELECTRIC LTD	\$	925,960
163	KOBO UTILITY CONSTRUCTION CORP.		530,640
164	TOWN OF NANTUCKET		103,754
165	BURNS AND MCDONNELL INC.		83,169
166	TRC ENVIRONMENTAL CORP.		50,198
167	TIGHE & BOND INC.		48,317
168	BSC GROUP INC		45,765
169	CLEAN HARBORS ENVIRONMENTAL SERVICE		45,619
170	RDW GROUP INC		31,828
171	Other Vendors (53)		92,847
172			
173	Total Plant Accounts	\$	<u>1,958,097</u>
174			
175		<u>Operation Accounts</u>	
176	ASPLUNDH CONSTRUCTION LLC		212,260
177	PONTOON SOLUTIONS INC		184,078
178	New England Power Company		125,480
179	USIC LOCATING SERVICES LLC		117,722
180	KOBO UTILITY CONSTRUCTION CORP.		66,311
181	NIXON PEABODY LLP		50,187
182	COMPUTER SCIENCES CORP.		33,463
183	VERIZON BUSINESS SERVICES		30,558
184	LAW FIRM OF RUSSELL R JOHNSON III P		26,062
185	Other Vendors (511)		492,185
186			
187	Total Operation Accounts	\$	<u>1,338,306</u>
188			
189	Total Charges	\$	<u>3,296,403</u>
190			
191			

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DEPOSITS AND COLLATERAL				
1. Statement of money and the value of any collateral held as guaranty for the payment of charges pursuant to Massachusetts General Laws. Chapter 164, Section 128.				
Line No.	Name of City or Town			Amount
1	Nantucket			\$ 122,456
2				
3				
4				
5				
6				
7				
8				
9				
10	Deposits on Hand = Cash received.			
11				
12	*Provided by Billings Management			
13				
14				
15				
16				
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49				
50	Total			\$ 122,456

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 31, 2020	Year of Report December 31, 2019
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 31, 2020

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.

Matthew G Bertolotti Notary Public
Justice of the Peace

MATTHEW G. BERTOLOTTI
Notary Public, State of New York
Reg. No. 01BE6403544
Qualified in Kings County
Commission Expires January 27, 2024

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 31, 2020	Year of Report December 31, 2019
Nantucket Electric Company			

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RETURN ON EQUITY				
Line No.	FERC Form 1 Reference	Description	Amount (000's)	
1	Net Utility Income Available for Common Shareholders			
2				
3	Add: Page 117 Line 27	Net Utility Operating Income	\$	5,113
4				
5	Add:	Amort of Acquisition Premium		-
6				
7				
8				
9	Less: Page 117 Line 70	Net Interest Charges		1,194
10				
11	Less: Page 118 Line 31	Preferred Stock Dividends		-
12				
13	Net Utility Income Available for Common Shareholders			<u>3,919</u>
14				
15				
16	Total Utility Common Equity			
17				
18	Add: Page 112 Line 16	Total Proprietary Capital		72,157
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		<u>846</u>
31				
32	Total Common Equity Excluding Unamort Acquisition Adjustment			56,451
33				
34	Electric Operations Allocator (Line 51 below)			<u>99.06%</u>
35				
36		Total Utility Common Equity		<u>55,920</u>
37				
38				
39	Electric Operations Allocator			
40				
41	Add: Page 110 Line 4	Total Utility Plant		150,697
42	Less: Page 200 Line 12	Acquisition Adjustments		<u>16,552</u>
43				<u>134,145</u>
44				
45				
46	Add: Page 110 Line 4	Total Utility Plant		150,697
47	Add: Page 110 Line 32	Total Other Property and Investment		1,278
48	Less: Page 200 Line 12	Acquisition Adjustments		<u>16,552</u>
49				<u>135,423</u>
50				
51		Electric Operations Allocator (Line 43 / Line 49)		<u>99.06%</u>
52				
53				
54				
55	Return on Equity	(Line 13 / Line 36)		<u>7.01%</u>
56				