

THE COMMONWEALTH OF MASSACHUSETTS

ANNUAL RETURN

OF THE

NANTUCKET ELECTRIC COMPANY

TO THE

DEPARTMENT OF PUBLIC UTILITIES

YEAR ENDED DECEMBER 31, 2016

nationalgrid

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



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

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

Exact Legal Name of Respondent (Company)

Nantucket Electric Company

Year of Report

December 31, 2016

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

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

GENERAL INFORMATION

I. Purpose

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

II. Who Must Submit

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

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

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

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

GENERAL INFORMATION (Continued)

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

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

(I) 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

(II) Signed by independent certified public accountants or an independent licensed public accountant, certified or licensed by a regulatory authority of a State or other political subdivision of the U.S. (See 18 C.F.R. §§ 41.10 41.12 for specific qualifications.)

Schedules

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

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

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

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

Where to Send Comments on Public Reporting Burden

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

GENERAL INSTRUCTIONS

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

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

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

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

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

Enter Not applicable whenever a particular part is not applicable.

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

PART I: IDENTIFICATION

01 Exact Legal name of Respondent Nantucket Electric Company		02 Year of Report 2016/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 Joseph Marrese		06 Title of Contact Person Director
07 Address of Contact Person <i>(Street, City, State, Zip Code)</i> One Metrotech Center, Brooklyn, NY 11201		
08 Telephone of Contact Person, Including Area Code (917) 903-2840	09 This Report is (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report <i>(Mo, Da, Yr)</i> 03/17/2017
11 Name of Officer Having Custody of the Books of Account George Carlin		12 Title of Officer VP, NE Financial 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	George Carlin	<i>George Carlin</i>	VP, NE Controller	03/17/ 2017

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

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year/Period of Report End of 2016/Q4
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	135,530,223	133,541,047
3	Construction Work in Progress (107)	200-201	575,586	648,940
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		136,105,809	134,189,987
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	51,660,253	48,909,282
6	Net Utility Plant (Enter Total of line 4 less 5)		84,445,556	85,280,705
7	Nuclear Fuel in Process of Ref., Conv., Enrich., and Fab. (120.1)	202-203	0	0
8	Nuclear Fuel Materials and Assemblies-Stock Account (120.2)		0	0
9	Nuclear Fuel Assemblies in Reactor (120.3)		0	0
10	Spent Nuclear Fuel (120.4)		0	0
11	Nuclear Fuel Under Capital Leases (120.6)		0	0
12	(Less) Accum. Prov. for Amort. of Nucl. Fuel Assemblies (120.5)	202-203	0	0
13	Net Nuclear Fuel (Enter Total of lines 7-11 less 12)		0	0
14	Net Utility Plant (Enter Total of lines 6 and 13)		84,445,556	85,280,705
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	293,317
19	(Less) Accum. Prov. for Depr. and Amort. (122)		272,785	241,687
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)		966,541	928,347
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)		984,564	979,977
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		28,232	10,920
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)		2,208,298	2,152,488
41	Other Accounts Receivable (143)		0	31,634
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		143,439	155,426
43	Notes Receivable from Associated Companies (145)		60,633,765	54,090,673
44	Accounts Receivable from Assoc. Companies (146)		12,206,816	9,275,887
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	183,162	272,426
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	184	0
55	Gas Stored Underground - Current (164.1)		0	0
56	Liquefied Natural Gas Stored and Held for Processing (164.2-164.3)		0	0
57	Prepayments (165)		23,862	280
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		6,367	6,367
60	Rents Receivable (172)		154,277	117,044
61	Accrued Utility Revenues (173)		1,045,030	1,024,576
62	Miscellaneous Current and Accrued Assets (174)		0	507
63	Derivative Instrument Assets (175)		0	0
64	(Less) Long-Term Portion of Derivative Instrument Assets (175)		0	0
65	Derivative Instrument Assets - Hedges (176)		0	0
66	(Less) Long-Term Portion of Derivative Instrument Assets - Hedges (176)		0	0
67	Total Current and Accrued Assets (Lines 34 through 66)		76,346,554	66,827,376
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)		856,898	912,400
70	Extraordinary Property Losses (182.1)	230a	0	0
71	Unrecovered Plant and Regulatory Study Costs (182.2)	230b	0	0
72	Other Regulatory Assets (182.3)	232	7,407,532	8,960,737
73	Prelim. Survey and Investigation Charges (Electric) (183)		0	0
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		0	0
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	42,143	56,104
79	Def. Losses from Disposition of Utility Plt. (187)		0	0
80	Research, Devel. and Demonstration Expend. (188)	352-353	0	0
81	Unamortized Loss on Reaquired Debt (189)		11,255	86,559
82	Accumulated Deferred Income Taxes (190)	234	13,199,238	11,514,219
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		21,517,066	21,530,019
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		183,293,740	174,618,077

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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	1	1
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	28,158,716	25,113,094
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	27,271,923	23,690,753
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Required 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)	86,275	87,794
16	Total Proprietary Capital (lines 2 through 15)		55,516,915	48,891,642
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	51,300,000	51,665,000
19	(Less) Required 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	51,665,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		34,026	244,558
29	Accumulated Provision for Pensions and Benefits (228.3)		0	0
30	Accumulated Miscellaneous Operating Provisions (228.4)		0	0
31	Accumulated Provision for Rate Refunds (229)		0	0
32	Long-Term Portion of Derivative Instrument Liabilities		0	0
33	Long-Term Portion of Derivative Instrument Liabilities - Hedges		0	0
34	Asset Retirement Obligations (230)		6,632	0
35	Total Other Noncurrent Liabilities (lines 26 through 34)		40,658	244,558
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		1,664,836	1,723,926
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		19,701,611	16,104,112
41	Customer Deposits (235)		205,437	232,828
42	Taxes Accrued (236)	262-263	4,055,218	5,116,875
43	Interest Accrued (237)		17,574	9,825
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

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

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		9,773	0
48	Miscellaneous Current and Accrued Liabilities (242)		411,951	240,680
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		26,066,400	23,428,046
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		0	0
57	Accumulated Deferred Investment Tax Credits (255)	266-267	0	0
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	5,707,232	6,637,915
60	Other Regulatory Liabilities (254)	278	22,154,241	21,701,754
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		19,530,020	18,376,686
64	Accum. Deferred Income Taxes-Other (283)		2,978,274	3,672,476
65	Total Deferred Credits (lines 56 through 64)		50,369,767	50,388,831
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		183,293,740	174,618,077

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STATEMENT OF INCOME

Quarterly

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

Annual or Quarterly if applicable

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

Line No.	Title of Account (a)	(Ref.) Page No. (b)	Total Current Year to Date Balance for Quarter/Year (c)	Total Prior Year to Date Balance for Quarter/Year (d)	Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
1	UTILITY OPERATING INCOME					
2	Operating Revenues (400)	300-301	31,864,001	36,245,432		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	19,387,890	22,609,844		
5	Maintenance Expenses (402)	320-323	1,560,453	3,292,588		
6	Depreciation Expense (403)	336-337	3,945,955	3,870,362		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337	32			
8	Amort. & Depl. of Utility Plant (404-405)	336-337				
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	594,287	543,589		
15	Income Taxes - Federal (409.1)	262-263	2,565,779	1,544,013		
16	- Other (409.1)	262-263	760,173	378,904		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	-1,178,047	181,144		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	-13,202			
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)		27,649,724	32,420,444		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		4,214,277	3,824,988		

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STATEMENT OF INCOME FOR THE YEAR (Continued)

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

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
31,864,001	36,245,432					2
						3
19,387,890	22,609,844					4
1,560,453	3,292,588					5
3,945,955	3,870,362					6
32						7
						8
						9
						10
						11
						12
						13
594,287	543,589					14
2,565,779	1,544,013					15
760,173	378,904					16
-1,178,047	181,144					17
-13,202						18
						19
						20
						21
						22
						23
						24
27,649,724	32,420,444					25
4,214,277	3,824,988					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) 03/17/2017	Year/Period of Report End of 2016/Q4
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STATEMENT OF INCOME FOR THE YEAR (continued)

Line No.	Title of Account (a)	(Ref.) Page No. (b)	TOTAL		Current 3 Months Ended Quarterly Only No 4th Quarter (e)	Prior 3 Months Ended Quarterly Only No 4th Quarter (f)
			Current Year (c)	Previous Year (d)		
27	Net Utility Operating Income (Carried forward from page 114)		4,214,277	3,824,988		
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)		8,096	-7,127		
34	(Less) Expenses of Nonutility Operations (417.1)		38,757	37,000		
35	Nonoperating Rental Income (418)					
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		593,453	412,424		
38	Allowance for Other Funds Used During Construction (419.1)		25,554	19,210		
39	Miscellaneous Nonoperating Income (421)		-21,344	-15,788		
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		567,002	371,719		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		30,042	19,668		
46	Life Insurance (426.2)		7,138	7,054		
47	Penalties (426.3)		83,000	59,747		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		6,299	3,479		
49	Other Deductions (426.5)		24,821	297,282		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		151,300	387,230		
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	134,249	3,597		
54	Income Taxes-Other (409.2)	262-263	35,532	894		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	-15,580	-14,874		
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)		154,201	-10,383		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		261,501	-5,128		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		413,061	209,750		
63	Amort. of Debt Disc. and Expense (428)		124,478	100,320		
64	Amortization of Loss on Required Debt (428.1)		75,304	82,446		
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Required Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)					
68	Other Interest Expense (431)		192,765	221,014		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		2,347	1,963		
70	Net Interest Charges (Total of lines 62 thru 69)		803,261	611,567		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		3,672,517	3,208,293		
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)		3,672,517	3,208,293		

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) 03/17/2017	Year/Period of Report End of 2016/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		23,690,753	20,482,460
2	Changes			
3	Adjustments to Retained Earnings (Account 439)			
4				
5				
6				
7				
8				
9	TOTAL Credits to Retained Earnings (Acct. 439)			
10				
11				
12				
13				
14				
15	TOTAL Debits to Retained Earnings (Acct. 439)			
16	Balance Transferred from Income (Account 433 less Account 418.1)		3,672,517	3,208,293
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)		-91,347	
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)		-91,347	
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		27,271,923	23,690,753
	APPROPRIATED RETAINED EARNINGS (Account 215)			

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year/Period of Report End of 2016/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)
39				
40				
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		27,271,923	23,690,753
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year/Period of Report End of 2016/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)	3,672,517	3,208,293
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	3,945,987	3,870,362
5	Amortization of Debt Discount and Expense	124,478	100,320
6	Amortization of Loss on Recquired Debt	75,304	82,446
7			
8	Deferred Income Taxes (Net)	-1,180,425	166,270
9	Investment Tax Credit Adjustment (Net)		
10	Net (Increase) Decrease in Receivables	-93,850	570,306
11	Net (Increase) Decrease in Inventory	89,080	-109,435
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	-959,145	1,843,780
14	Net (Increase) Decrease in Other Regulatory Assets	-1,379,041	2,923,723
15	Net Increase (Decrease) in Other Regulatory Liabilities	452,487	1,781,925
16	(Less) Allowance for Other Funds Used During Construction	25,554	19,210
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	1,674,111	-1,421,879
19			
20			
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	6,395,949	12,996,901
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-2,719,000	-4,198,038
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant	2,509	
30	(Less) Allowance for Other Funds Used During Construction	-25,554	-19,210
31	Other (provide details in footnote):	17,260	45,352
32	Cost of Removal	-378,000	-748,653
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-3,051,677	-4,882,129
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) 03/17/2017	Year/Period of Report End of 2016/Q4
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STATEMENT OF CASH FLOWS

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

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):	-39,713	-40,689
54	Affiliate Moneypool Lending and Receivables/Payables, Net	-5,876,522	11,480,989
55			
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-8,967,912	6,558,171
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	Change in Advances from Associated Companies		-20,000,000
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)		-20,000,000
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)	-365,000	-330,000
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):	3,045,622	
77			
78	Net Decrease in Short-Term Debt (c)		
79			
80	Dividends on Preferred Stock		
81	Dividends on Common Stock	-91,347	
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	2,589,275	-20,330,000
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	17,312	-774,928
87			
88	Cash and Cash Equivalents at Beginning of Period	10,920	785,848
89			
90	Cash and Cash Equivalents at End of period	28,232	10,920

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) 03/17/2017	Year/Period of Report 2016/Q4
FOOTNOTE DATA			

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

	<u>2016</u>
<u>Operating Activities - Other</u>	
Change in Prepayments	\$ (23,582)
Change in Miscellaneous Current and Accrued Assets	507
Change in Unamortized Debt Expense	(68,976)
Change in Miscellaneous Deferred Debits	13,961
Change in Accumulated Provision for Injuries and Damages	(210,532)
Change in Asset Retirement Obligations	6,632
Change in Other Deferred Credits	(930,683)
Change in Deferred Income Taxes	2,886,784
	<u>\$ 1,674,111</u>

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

	<u>2015</u>
<u>Operating Activities - Other</u>	
Change in Prepayments	\$ 34,109
Change in Miscellaneous Current and Accrued Assets	1,195
Change in Unamortized Debt Expense	(31,370)
Change in Miscellaneous Deferred Debits	36,412
Change in Accumulated Provision for Injuries and Damages	161,290
Change in Other Deferred Credits	1,338,493
Change in Deferred Income Taxes	(2,962,008)
	<u>\$ (1,421,879)</u>

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

	<u>2016</u>
<u>Investing Activities - Other</u>	
Change in Utility Plant - Other	\$ 17,260
	<u>\$ 17,260</u>

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

	<u>2015</u>
<u>Investing Activities - Other</u>	
Change in Utility Plant - Other	\$ 45,352
	<u>\$ 45,352</u>

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

	<u>2016</u>
<u>Investing Activities - Other</u>	
Change in Special Funds	\$ (38,194)
Change in Accumulated Other Comprehensive Income	(1,519)
	<u>\$ (39,713)</u>

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year/Period of Report 2016/Q4
FOOTNOTE DATA			

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

	<u>2015</u>
<u>Investing Activities - Other</u>	
Change in Special Funds	\$ (45,481)
Change in Accumulated Other Comprehensive Income	4,792
	<u>\$ (40,689)</u>

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

	<u>2016</u>
<u>Financing Activities - Other</u>	
Parent Tax loss Allocation	\$ 3,045,622
	<u>\$ 3,045,622</u>

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year/Period of Report End of <u>2016/Q4</u>
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STATEMENTS OF ACCUMULATED COMPREHENSIVE INCOME, COMPREHENSIVE INCOME, AND HEDGING ACTIVITIES

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

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year	83,002			
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income	(15,264)			
3	Preceding Quarter/Year to Date Changes in Fair Value	20,056			
4	Total (lines 2 and 3)	4,792			
5	Balance of Account 219 at End of Preceding Quarter/Year	87,794			
6	Balance of Account 219 at Beginning of Current Year	87,794			
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income	(24,441)			
8	Current Quarter/Year to Date Changes in Fair Value	22,922			
9	Total (lines 7 and 8)	(1,519)			
10	Balance of Account 219 at End of Current Quarter/Year	86,275			

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

Line No.	Other Cash Flow Hedges Interest Rate Swaps (f)	Other Cash Flow Hedges [Insert Footnote at Line 1 to specify] (g)	Totals for each category of items recorded in Account 219 (h)	Net Income (Carried Forward from Page 117, Line 78) (i)	Total Comprehensive Income (j)
1			83,002		
2			(15,264)		
3			20,056		
4			4,792	3,208,293	3,213,085
5			87,794		
6			87,794		
7			(24,441)		
8			22,922		
9			(1,519)	3,672,517	3,670,998
10			86,275		

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 03/17/2017	Year/Period of Report End of <u>2016/Q4</u>
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NOTES TO FINANCIAL STATEMENTS

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

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

Name of Respondent 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) 03/17/2017	Year/Period of Report 2016/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

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

1. NATURE OF OPERATIONS AND BASIS OF PRESENTATION

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

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

- Intercompany accounts are presented on a gross basis for FERC reporting but are netted together by counterparty for U.S. GAAP reporting.
- For FERC reporting, regulatory assets and liabilities are presented on a gross basis and are classified as non-current. For U.S. GAAP reporting, regulatory assets and liabilities are presented on a net basis where appropriate and are classified as current or long-term as applicable.
- 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.
- Goodwill is included within utility plant for FERC reporting, but is presented as other non-current assets for U.S. GAAP reporting.
- For FERC reporting, the liability for uncertain tax positions related to temporary differences is not recognized pursuant to FERC guidance and deferred taxes are recognized based on the difference between positions taken in filed tax returns and amounts reported in the financial statements. For U.S. GAAP reporting, the liability for uncertain tax positions related to temporary differences is recognized and deferred taxes are recognized based on the difference between the positions taken in filed tax returns adjusted for uncertain tax positions related to temporary differences and amounts reported in the financial statements.

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- For FERC reporting, deferred tax assets and liabilities are presented on a gross basis and for U.S. GAAP they are presented on a net basis.

The Company has evaluated subsequent events and transactions through March 17, 2017, 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, 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

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

Regulatory Accounting

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

Revenue Recognition

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

As approved by the DPU, the Company is allowed to pass through commodity-related costs to customers and also bills for approved rate adjustment mechanisms. In addition, the Company has an electric revenue decoupling mechanism ("RDM") which allows for an annual adjustment to the Company's delivery rates as a result of the reconciliation between annual target revenue and actual billed distribution revenue. Any difference between the annual target revenue and actual billed distribution revenue is recorded as a regulatory asset or regulatory liability.

Other Taxes

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

Income Taxes

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

The effects of tax positions are recognized in the financial statements when it is more likely than not that the position taken, or expected to be taken, in a tax return will be sustained upon examination by taxing authorities based on the technical merits of the

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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 current and deferred taxes based on the separate return method, modified by benefits-for-loss allocation pursuant to a tax sharing agreement between NGNA and its subsidiaries. To the extent that the consolidated return group settles cash differently than the amount reported as realized under the benefit-for-loss allocation, the difference is accounted for as either a capital contribution or as a distribution.

Cash and Cash Equivalents

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

Special Deposits

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

Accounts Receivable and Accumulated Provision for Uncollectible Accounts

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

Plant Materials and Operating Supplies

Plant materials and operating supplies are stated at the lower of weighted average cost or market and are expensed or capitalized as used. The Company's policy is to write-off obsolete plant materials and operating supplies; there were no material write-offs of obsolete plant materials and operating supplies for the years ended December 31, 2016 or 2015.

Fair Value Measurements

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

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

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

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Utility Plant

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

Depreciation is computed over the estimated useful life of the asset using the composite straight-line method. Depreciation studies are conducted periodically to update the composite rates and are approved by the DPU. The average composite rate for each of the years ended December 31, 2016 and 2015 was 5.0%. The average service life for each of the years ended December 31, 2016 and 2015 was 44 years.

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

Allowance for Funds Used During Construction

In accordance with applicable accounting guidance, the Company records AFUDC, which represents the debt and equity costs of financing the construction of new utility plant. AFUDC equity is reported in the statements of income as non-cash income and AFUDC debt is reported as a non-cash offset to interest expense. After construction is completed, the Company is permitted to recover these costs through their inclusion in rate base and corresponding depreciation expense. The Company recorded AFUDC related to equity of \$26 thousand and \$19 thousand and AFUDC related to debt of \$2 thousand and \$2 thousand for the years ended December 31, 2016 and 2015, respectively. The average AFUDC rates for the years ended December 31, 2016 and 2015 were 4.4% and 4.1%, respectively.

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. Goodwill is tested for impairment using a two-step approach. The first step compares the estimated fair value of the Company with its carrying value, including goodwill. If the estimated fair value exceeds the carrying value, then goodwill is considered not impaired. If the carrying value exceeds the estimated fair value, then a second step is performed to determine the implied fair value of goodwill. If the carrying value of goodwill exceeds its implied fair value, then an impairment charge equal to the difference is recorded.

The fair value of the Company was calculated in the annual goodwill impairment test for the year ended December 31, 2016 utilizing both income and market approaches. The Company uses a 50% weighting for each valuation methodology, as it believes that each methodology provides equally valuable information. Based on the resulting fair value from the annual analyses, the Company determined that no adjustment of the goodwill carrying value was required at December 31, 2016 or 2015.

Available-For-Sale Securities

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

Asset Retirement Obligations

Asset retirement obligations are recognized for legal obligations associated with the retirement of utility plant, primarily associated with the Company's distribution facilities. Asset retirement obligations are recorded at fair value in the period in which the obligation is incurred, if the fair value can be reasonably estimated. In the period in which new asset retirement obligations, or changes to the timing or amount of existing retirement obligations are recorded, the associated asset retirement costs are capitalized as part of the carrying amount of the related long-lived asset. In each subsequent period the asset retirement obligation

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is accreted to its present value.

The following table represents the changes in the Company's asset retirement obligations:

	Years Ended December 31,	
	2016	2015
	<i>(in thousands of dollars)</i>	
Balance as of the beginning of the period	\$ -	\$ -
Accretion expense	0	-
Liabilities settled	-	-
Liabilities incurred in the current period	-	-
Revaluations to present values of estimated cash flows	6	-
Balance as of the end of the period	<u>\$ 7</u>	<u>\$ -</u>

Accretion expense is deferred as part of the Company's asset retirement obligation regulatory asset as management believes it is probable that such amounts will be collected in future rates.

Employee Benefits

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

New and Recent Accounting Guidance- Accounting Guidance Not Yet Adopted

Statement of Cash Flows

In August 2016, the FASB issued ASU No. 2016-15, "Classification of Certain Cash Receipts and Cash Payments (Topic 230)," which provides guidance about the classification of certain cash receipts and payments within the statement of cash flows, including debt prepayment or extinguishment costs, contingent consideration payments made after a business combination, proceeds from the settlement of insurance claims and policies, and distributions received from equity method investments. For non-public entities, the requirements of the new standard will be effective for annual reporting periods beginning after December 15, 2018 with early adoption permitted. For the Company, the requirements of the new standard will be effective for the fiscal year ended March 31, 2020, and interim periods thereafter, with early adoption permitted. The Company is currently evaluating the impact of the new guidance on the presentation of the Company's statements of cash flows.

Income Taxes

In October 2016, the FASB issued ASU No. 2016-16, "Income Taxes (Topic 740): Intra-Entity Transfers of Assets Other Than Inventory," which eliminates the exception for all intra-entity sales of assets other than inventory. As a result, a reporting entity would recognize the tax expense from the sale of the asset in the seller's tax jurisdiction when the transfer occurs, even though the pre-tax effects of that transaction are eliminated in consolidation. For the Company, the requirements of the new standard will be effective for the fiscal year ended March 31, 2020, and interim periods thereafter, with early adoption permitted. The application of this guidance is not expected to have a material impact on the results of operations, cash flows, or financial position of the Company.

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Financial Instruments—Credit Losses

In June 2016, the FASB issued ASU No. 2016-13, "Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments." The amendment replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. For the Company, the requirements of the new standard will be effective for the fiscal year ended March 31, 2022, and interim periods thereafter, with early adoption permitted for the fiscal year ended March 31, 2020 and interim periods within. The Company is currently evaluating the impact of the new guidance on the presentation, results of operations, cash flows, and financial position of the Company.

Revenue Recognition

In August 2015, the FASB issued ASU 2015-14, "Revenue from Contracts with Customers – Deferral of the Effective Date." The new standard defers by one year the effective date of ASU 2014-09 "Revenue from Contracts with Customers (Topic 606)." The underlying principle of "Revenue from Contracts with Customers" is that an entity will recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration the entity expects to be entitled to, in exchange for those goods or services. The new guidance must be adopted using either a full retrospective approach or a modified retrospective approach. For the Company, the new guidance is effective the fiscal year ended March 31, 2019, and interim periods thereafter, with early adoption permitted for the fiscal year ended March 31, 2018 and interim periods within.

Further, in March 2016, the FASB issued ASU 2016-08, which clarifies the implementation guidance on principal versus agent considerations. In April 2016, the FASB issued ASU No. 2016-10, "Revenue from Contracts with Customers (Topic 606): Identifying Performance Obligations and Licensing," which provides guidance in the new revenue standard on identifying performance obligations and accounting for licenses of intellectual property. In May 2016, the FASB issued ASU 2016-12, providing additional clarity on various aspects of Topic 606, including a) Assessing the Collectibility Criterion and Accounting for Contracts That Do Not Meet the Criteria for Step 1, b) Presentation of Sales Taxes and Other Similar Taxes Collected from Customers, c) Noncash Consideration, d) Contract Modifications at Transition, e) Completed Contracts at Transition, and f) Technical Correction. Lastly, in December 2016, the Financial Accounting Standards Board ("FASB") issued ASU No. 2016-20, "Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers." The amendments in this Update cover a variety of corrections and improvements to the Codification related to the new revenue recognition standard (Accounting Standards Update No. 2014-09). The effective date and transition requirements for the amendments in these updates are the same as the effective date and transition requirements of ASU 2014-09. The Company is currently evaluating the impact of the new guidance on the presentation, results of operations, cash flows, and financial position of the Company.

Employee Share-Based Payment Accounting

In March 2016, the FASB issued ASU No. 2016-09, "Improvements to Employee Share-Based Payment Accounting (Topic 718)," which simplifies several aspects of the accounting for share-based payment transactions, including the accounting for income taxes, forfeitures and statutory tax withholding requirements, as well as classification in the statement of cash flows. Most notably, entities will be required to recognize all excess tax benefits and shortfalls as income tax expense or benefit in the income statement within the reporting period in which they occur. For the Company, the requirements of the new standard will be effective for the fiscal year ended March 31, 2019, and interim periods thereafter, with early adoption permitted. The Company is currently evaluating the impact of the new guidance on the presentation, results of operations, cash flows, and financial position of the Company.

Leases

In February 2016, the FASB issued a new lease accounting standard, ASU 2016-02, "Leases (Topic 842)." The key objective of the new standard is to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. Lessees will need to recognize a right-of-use asset and a lease liability for virtually all of their leases (other than leases that meet the definition of a short-term lease). For income statement purposes, a dual model has been retained, with leases to be designated as operating leases or finance leases. Expenses will be

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recognized on a straight-line basis for operating leases, and a front-loaded basis for finance leases. For the Company, the new standard is effective for the fiscal year ended March 31, 2021, and interim periods thereafter, with early adoption permitted. The new standard must be adopted using a modified retrospective transition, and provides for certain practical expedients. The Company is currently evaluating the impact of the new guidance on the presentation, results of operations, cash flows, and financial position of the Company.

Financial Instruments – Classification and Measurement

In January 2016, the FASB issued ASU 2016-01, “Financial Instruments – Overall: Recognition and Measurement of Financial Assets and Financial Liabilities.” The new guidance principally affects the accounting for equity investments and financial liabilities where the fair value option has been elected, as well as the disclosure requirements for financial instruments. For the Company, the new guidance is effective for the fiscal year ended March 31, 2020, and interim periods thereafter, with early adoption permitted for the fiscal year ended March 31, 2019 and interim periods within. The Company is currently evaluating the impact of the new guidance on the presentation, results of operations, cash flows, and financial position of the Company.

Measurement of Inventory

In July 2015, the FASB issued ASU 2015-11, “Simplifying the Measurement of Inventory.” The new guidance requires that inventory be measured at the lower of cost and net realizable value (other than inventory measured using “last-in, first out” and the “retail inventory method”). For the Company, the new guidance, which must be applied prospectively, is effective for the fiscal year ended March 31, 2018, and interim periods thereafter, with early adoption permitted. The application of this guidance is not expected to have a material impact on the results of operations, cash flows, or financial position of the Company.

Intangibles – Goodwill and Other – Internal-Use Software, Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement

In April 2015, the FASB issued ASU 2015-05 “Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40): Customer’s Accounting for Fees Paid in a Cloud Computing Arrangement.” The amendments provide guidance to customers about whether a cloud computing arrangement includes a software license. If a cloud computing arrangement includes a software license, then the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses. If a cloud computing arrangement does not include a software license, the customer should account for the arrangement as a service contract. The guidance will not change GAAP for a customer’s accounting for service contracts. In addition, all software licenses within the scope of Subtopic 350-40 will be accounted for consistent with other licenses of intangible assets. For the Company, the new guidance will be effective for the fiscal year ended March 31, 2017, and interim periods thereafter, with early adoption permitted. The application of this guidance is not expected to have a material impact on the results of operations, cash flows, or financial position of the Company.

Presentation of Financial Statements – Going Concern, Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern

In August 2014, the FASB issued amendments on reporting about an entity’s ability to continue as a going concern in ASU 2014-15, “Presentation of Financial Statements – Going Concern (Subtopic 205 - 40): Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern.” The amendments provide guidance about management’s responsibility to evaluate whether there is substantial doubt surrounding an entity’s ability to continue as a going concern. If management concludes that substantial doubt exists, the amendments require additional disclosures relating to management’s evaluation and conclusion. For the Company, the amendments will be effective for the fiscal year ended March 31, 2017, and interim periods thereafter. The application of this guidance is not expected to have a material impact on the results of operations, cash flows, or financial position of the Company.

3. REGULATORY ASSETS AND LIABILITIES

The Company records regulatory assets and liabilities that result from the ratemaking process. The following table presents the

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regulatory assets and regulatory liabilities recorded in the accompanying balance sheets.

	December 31,	
	2016	2015
	<i>(in thousands of dollars)</i>	
<i>Other regulatory assets</i>		
Postretirement Benefits	\$ 5,817	\$ 5,643
Rate Adjustment Mechanisms	402	2,135
Regulatory deferred tax assets	1,185	1,182
Other	4	-
Total	7,408	8,961
<i>Other regulatory liabilities</i>		
Rate Adjustment Mechanisms	14,924	13,274
Energy efficiency	5,726	6,153
Regulatory deferred tax liability	818	818
Second cable deferral	600	1,414
Other	87	43
Total	22,154	21,702
Net regulatory liabilities	\$ (14,746)	\$ (12,741)

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

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

Regulatory deferred tax asset and liability: Represents unrecovered or over recovered federal and state deferred taxes of the Company primarily as a result of regulatory flow through accounting treatment and tax rate changes. The income tax benefits or charges for certain plant related timing differences, such as equity AFUDC, are immediately flowed through to, or collected from, customers. The amortization of the related regulatory deferred tax asset, for these items, follows the book life of the underlying plant asset.

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 all regulatory balances (with the exception of deferred taxes), 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.

4. 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, 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 is from the customers of

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both companies, with a single regulatory asset recorded on the balance sheet of 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 energy efficiency, loss on reacquired debt, postretirement benefits, rate adjustment mechanisms, regulatory deferred tax asset, and revenue decoupling mechanism as they are specific to the Company.

Electric Rate Case Filing

In November 2015, the Company, together with its affiliate, Massachusetts Electric Company ("Massachusetts Electric"), filed an application for new base distribution rates to become effective October 1, 2016. On September 30, 2016, the DPU issued a final order approving an overall increase in base distribution revenue of approximately \$169 million based upon a 9.9% return on equity and an overall capital structure of 50.70% 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 collected through separate factors. The order also allows recovery over five years of the aggregate test-year balance of protected customer accounts receivable outstanding for more than 365 days of \$40.6 million. Storm recovery allowed in base rates increased from \$4.3 million to \$10.5 million and deferred storm costs as of September 30, 2016 remain subject to carrying charges at the Weighted Average Cost of Capital (WACC). Deferred storm costs incurred after October 1, 2016 will accrue carrying charges at the prime rate. Additionally, the order approved the extension of the recovery factor for costs associated with 16 storm events between February 2010 and March 2013 through August 2019, as further explained below.

The order also allows for an increase in the Company's CIRM (capital investment recovery mechanism) from \$170 million to \$249 million and also allows for the inclusion of property taxes related to these incremental capital additions. New rates went into effect October 1, 2016.

On February 2, 2017 the DPU issued its decision on the Company's motions for reconsideration and recalculation approving the Company's request for reconsideration of the operation of its storm fund and the timing of accruing carrying charges. In the order on our motions the DPU approved recalculation of the weighted average cost of debt and declined to update the equity component of the Company's capital structure. The DPU declined to further clarify the operation of the cap on the revenue decoupling mechanism requested by the Company. The net result of the DPU's decision is an increase in distribution revenue of approximately \$360 thousand out of a request of \$3.3 million.

2009 Capital Investment Audit

In the Company's and Massachusetts Electric's 2009 distribution rate case, the DPU approved a capital investment recovery mechanism, that was a part of the Company's RDM until October 2016. The Company files a report by July 1 of each year on its capital investment for the prior calendar year. In connection with the Company's first capital expenditure ("CapEx") filing made in July 2010, the DPU opened a proceeding in March 2011, as requested by the Massachusetts Office of the Attorney General ("Attorney General"), for an independent audit of the Company's 2009 capital investments which, in part, formed the basis for the Company's RDM rate. The auditor issued its Final Audit Report on August 5, 2015, certifying that the CapEx filing and supporting documentation demonstrated that the costs requested for recovery were supported by source documents and were properly allocable to the Company. On February 28, 2016, the DPU issued an order generally accepting the auditor's audit report and certification and directing the Company to implement the following recommendations: (1) perform a review of work orders on equipment energized in 2008 but recorded as in-service in 2009 for accounting purposes; (2) develop a detailed written policy describing the process of data extraction, the categorizing of projects, and any other steps used in producing the CapEx Filing, including documentation of key controls, checkpoints and approvals; and (3) eliminate the lag time between energizing equipment and recording it in the Company's accounting system as in-service and to correct the Company's accounts for errors associated with manual adjustments associated with in-service dates of assets. The Company has completed the first recommendation and is currently on track to implement the remaining recommendations by January 2017.

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Storm Management Audit

In the December 11, 2012 order, the DPU ordered a management audit of the Company and Nantucket Electric's emergency planning, outage management, and restoration. The auditors completed their audit, and submitted their Final Report to the DPU on July 9, 2014. The DPU adopted the auditor's thirty recommendations, which include items such as improving emergency response training and tracking of training, designating additional personnel for storm roles, and considering the expanded use of technology and communication tools. The Company already has implemented all of the recommendations except for two, which the Company is in the process of implementing.

Storm Cost Recovery

The Company and Massachusetts Electric have deferred incremental storm costs to respond to and restore power associated with several major weather events occurring since January 2010, pending ultimate approval by the DPU to charge its deferred costs to the Company's Storm Contingency Fund. The deferred incremental storm cost and carrying cost amounts have been reduced to reflect the impact of actual and estimated billings to Verizon for vegetation management costs as a result of the DPU's order regarding the December 2008 ice storm. On May 3, 2013, following a request by the Company and Nantucket Electric for accelerated funding for the Company's Storm Contingency Fund, the DPU approved a Storm Fund Replenishment Factor ("SFRF") of \$40 million annually for up to three years, or \$120 million. This is in addition to \$4.3 million that the Company recovered annually in base rates for the Storm Contingency Fund pursuant to the Company's previous general rate case. In its ruling, the DPU also directed the Company and Nantucket Electric to submit two filings of all documentation supporting its storm costs for DPU review and approval. The first filing for \$128 million of costs relating to qualifying storms that occurred during calendar years 2010 and 2011 was made on May 31, 2013 (later updated to exclude vegetation management costs billed to Verizon – see below), with the second filing for \$94 million of storm costs (net of vegetation management costs billable to Verizon) related to storm events that occurred during calendar year 2012 through March 2013 was made on September 30, 2014. In its September 30, 2014 filing, the Company also requested an extension of the SFRF through June 2018 to eliminate the deficit in the Storm Contingency Fund created by storm events experienced through March 2013. On April 13, 2016, the DPU extended the SFRF for three additional months until August 4, 2016, unless otherwise ordered, while its prudence review is ongoing. Similarly, on August 1, 2016, the Department further extended the SFRF until the issuance of the final order. On September 30, 2016, the Department issued its order relative to the Company's request to recover costs related to the 2010 through March 2013 storm events. In its order, the Department disallowed approximately \$5 million of the \$213 million of requested costs primarily on the basis of unclear and/or insufficient documentation.

The DPU's disallowance of vegetation management costs attributable to Verizon resulted in an over-recovery of costs related to the December 2008 ice storm as of April 30, 2014. Consequently, on May 14, 2014, the Company and Nantucket Electric proposed to terminate the recovery related to the December 2008 ice storm in its current form effective July 1, 2014 and to combine approximately \$7 million it has been recovering annually with the \$40 million of SFRF recovery through the remainder of the three-year period. The DPU approved the Company's request on June 30, 2014. In addition, on August 29, 2014, the Company and Nantucket Electric submitted a final reconciliation of the December 2008 ice storm recoveries, which resulted in an over-recovery of \$1.6 million at June 30, 2014. The Company and Nantucket Electric proposed to credit the Storm Contingency Fund for the \$1.6 million balance, which the DPU approved on March 11, 2015.

As part of the November 2015 Electric Rate Case Filing, the Company proposed a further extension of the approximately \$47 million in total SFRF recoveries to August 2019, or fourteen months beyond the June 2018 date proposed and approved in the storm cost proceeding. This requested was approved in the rate case order on September 30, 2016.

Gas Transportation and Storage Contracts

On January 15, 2016, the Company and Massachusetts Electric Company filed petitions with the Department of Public Utilities (the "Department") for approval of: (1) two long-term gas transportation and storage services agreements with Algonquin Gas Transmission, LLC ("Algonquin") on the proposed Access Northeast pipeline (together, the "ANE Contracts"); (2) two long-term transportation agreements with Tennessee Gas Pipeline, LLC ("Tennessee") on the proposed Northeast Energy Direct pipeline (together, the "NED Contracts"); (3) an Electric Reliability Service Program ("ERSP") to set parameters for the release of capacity and

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sale of LNG supply available by virtue of the ANE and NED Contracts; and (4) Long-Term Gas Transportation and Storage Contracts ("LGTSC") tariffs, which would allow for recovery of the costs associated with the agreements executed by National Grid for the provision of interstate pipeline transportation and gas storage services to electric generation facilities in the ISO-NE region, as well as an innovation incentive for the Company equal to 2.75 percent of the annual fixed contract payments under the proposed Contracts. Both pipelines were designed to provide increased natural gas deliverability to the New England markets. However on April 21, 2016, Tennessee notified the Company that it was suspending work on the NED pipeline, and on April 27 the Department granted the Company's motion to withdraw its petition to approve the NED contracts. Hearings before the Department on the ANE contracts began in August 2016. However on August 17, 2016, the Massachusetts Supreme Judicial Court (SJC) issued a decision holding that (1) the Department does not have the authority under current state law to approve electric distribution company contracts for gas pipeline capacity, and (2) approving such contracts would violate Massachusetts' 1997 Restructuring Act, which moved Massachusetts from a regulated electricity supply market to an open and competitive market for power. In light of this decision, on August 22 the Company filed a motion to withdraw its petition to approve the ANE contracts, without prejudice, but reserved its rights to seek DPU approval of the same or similar agreements in the future if there is a change in the Department's legal authority to approve such agreements. On October 7, 2016, the Department granted the Company's motion to withdraw its petition without prejudice, which would allow the Company to re-file a similar petition if the law changes.

5. UTILITY PLANT AND NONUTILITY PROPERTY

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

	December 31,	
	2016	2015
	<i>(in thousands of dollars)</i>	
Plant and machinery	\$ 114,742	\$ 112,792
Goodwill	16,552	16,552
Land and buildings	4,528	4,491
Assets in construction	576	649
Total property, plant and equipment	<u>136,397</u>	<u>134,483</u>
Accumulated depreciation and amortization	<u>(51,933)</u>	<u>(49,151)</u>
Utility plant and non-utility property, net	<u>\$ 84,464</u>	<u>\$ 85,332</u>

6. FAIR VALUE MEASUREMENTS

The following tables present available-for-sale securities measured and recorded at fair value in the accompanying balance sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2016 and December 31, 2015:

	December 31, 2016			
	Level 1	Level 2	Level 3	Total
	<i>(in thousands of dollars)</i>			
Assets:				
Available-for-sale securities	<u>\$ 419</u>	<u>\$ 548</u>	<u>\$ -</u>	<u>\$ 967</u>

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	December 31, 2015			Total
	Level 1	Level 2	Level 3	
	<i>(in thousands of dollars)</i>			
Assets:				
Available-for-sale securities	\$ 394	\$ 534	\$ -	\$ 928

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

Other Fair Value Measurements

The Company's balance sheets reflect long-term debt at amortized cost. The fair value of the Company's long-term debt was based on quoted market prices when available, or estimated using quoted market prices for similar debt. The fair value of this debt at December 31, 2016 and December 31, 2015 was \$51.3 million and \$51.7 million, respectively.

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

7. EMPLOYEE BENEFITS

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

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

During each of the years ended December 31, 2016 and 2015, the Company made contributions of approximately \$0.2 million and \$0.1 million to the Plan.

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

NGUSA's unfunded obligations at December 31, 2016 and 2015 are as follows:

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	December 31,	
	2016	2015
	<i>(in thousands of dollars)</i>	
Pension	\$ 563,169	\$ 544,239
PBOP	445,961	420,196
	<u>\$ 1,009,130</u>	<u>\$ 964,435</u>

The Company's net pension and PBOP expenses directly charged and allocated from affiliated service companies, net of capital, for the years ended December 31, 2016 and 2015 are as follows:

	December 31,	
	2016	2015
	<i>(in thousands of dollars)</i>	
Pension	\$ 452	\$ 552
PBOP	218	216
	<u>\$ 670</u>	<u>\$ 768</u>

Defined Contribution Plan

NGUSA has a defined contribution pension plan that covers substantially all employees. For the years ended December 31, 2016 and 2015, the Company recognized an expense in the accompanying statements of income of \$43 thousand and \$37 thousand, for matching contributions.

Other Benefits

At December 31, 2016 and 2015, the Company had accrued workers compensation, auto, and general insurance claims which have been incurred but not yet reported ("IBNR") of \$34 thousand and \$98 thousand, respectively. IBNR reserves have been established for claims and/or events that have transpired, but have not yet been reported to the Company for payment.

8. ACCUMULATED OTHER COMPREHENSIVE INCOME

The following table represents the changes in the Company's accumulated other comprehensive income for the years ended December 31, 2016 and 2015:

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	<u>Unrealized Gain (Loss) on Available- For-Sale Securities</u> <i>(in thousands of dollars)</i>
Balance as of December 31, 2014	\$ 83
Other comprehensive income before reclassifications:	
Gain on investment (net of \$13 tax expense)	20
Amounts reclassified from other comprehensive income:	
Gain on investment (net of \$10 tax benefit) ⁽¹⁾	<u>(15)</u>
Net current period other comprehensive income (loss)	<u>\$ 5</u>
Balance as of December 31, 2015	\$ 88
Other comprehensive income before reclassifications:	
Gain on investment (net of \$15 tax expense)	23
Amounts reclassified from other comprehensive income:	
Gain on investment (net of \$16 tax benefit) ⁽¹⁾	<u>(24)</u>
Net current period other comprehensive income	<u>(2)</u>
Balance as of December 31, 2016	<u>\$ 86</u>

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

9. CAPITALIZATION

Long-term debt at December 31, 2016 and 2015 is as follows:

	Rate	Maturity	<u>December 31,</u>	
			<u>2016</u>	<u>2015</u>
<i>(in thousands of dollars)</i>				
2004 MDFA Tax Exempt (progressive annual sinker) Variable		March 1, 2016	\$ -	\$ 365
2004 MDFA Tax Exempt	Variable	March 1, 2039	<u>10,000</u>	10,000
2005 MDFA Tax Exempt	Variable	December 1, 2040	<u>28,000</u>	28,000
2007 MDFA Tax Exempt	Variable	August 1, 2042	<u>13,300</u>	13,300
Total long-term debt			<u>\$ 51,300</u>	<u>\$51,665</u>

The aggregate maturities of long-term debt subsequent to December 31, 2016 are as follows:

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(in thousands of dollars)

Years Ending December 31.

2017	\$	-
2018		-
2019		-
2020		-
2021		-
Thereafter		51,300
Total	\$	51,300

Debt Authorizations

Since January 12, 2015, the Company has had regulatory approval from the FERC to issue up to \$15 million of short-term debt including the intercompany money pool. The authorization, which was renewed with an effective date of January 11, 2017, is effective for a period of two years that expires on January 10, 2019.

Electric Revenue Bonds

At December 31, 2016, the Company had \$51.3 million outstanding of Electric Revenue Bonds in tax-exempt commercial paper mode with maturity dates ranging from 2039 through 2042. The debt is remarketed at periods of 1-270 days and had variable interest rates ranging from for 0.45% and 1.10% and from 0.06% and 0.63% for the period ended December 31, 2016 and 2015, respectively. The bonds were issued by the Massachusetts Development Finance Agency in connection with the Company's financing of its first and second underground and submarine cable projects. A sinking fund payment of \$365 thousand was made during the period ended December 31, 2016.

The Company has a Standby Bond Purchase Agreement ("SBPA") of \$51.3 million, which expires on November 20, 2019. The SBPA is available to provide liquidity support for \$51.3 million of the Company's long-term bonds in tax-exempt commercial paper mode. The Company has classified this debt as long-term due to its intent and ability to refinance the debt on a long-term basis if it is not able to remarket it. At December 31, 2016 and 2015, 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

The Company's debt agreements and banking facilities contain covenants, including those relating to the periodic and timely provision of financial information by the issuing entity and financial covenants such as restrictions on the level of indebtedness. Failure to comply with these covenants, or to obtain waivers of those requirements, could in some cases trigger a right, at the lender's discretion, to require repayment of some of the Company's debt and may restrict the Company's ability to draw upon its facilities or access the capital markets. During the years ended December 31, 2016 and 2015, the Company was in compliance with all such covenants.

Pursuant to provisions in connection with the New England Electric System and Eastern Utilities Associates merger, payment of dividends on common stock are not permitted if, after giving effect to such payment of dividends, common equity becomes less than 30% of total capitalization. At December 31, 2016 and 2015 common equity was 52% and 49% of total capitalization, respectively. Under these provisions, none of the Company's retained earnings at December 31, 2016 and 2015 were restricted as to common dividends.

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10. INCOME TAXES

Components of Income Tax Expense

	Years Ended December 31,	
	2016	2015
	<i>(in thousands of dollars)</i>	
Current tax expense (benefit):		
Federal	\$ 2,700	\$ 1,548
State	796	380
Total current tax expense (benefit)	<u>3,496</u>	<u>1,928</u>
Deferred tax expense:		
Federal	(870)	129
State	(311)	37
Total deferred tax expense	<u>(1,181)</u>	<u>166</u>
Total income tax expense	<u>\$ 2,315</u>	<u>\$ 2,094</u>
Total income taxes in the statements of income:		
Income taxes charged to operations	\$ 2,161	\$ 2,104
Income taxes credited to other income (deductions)	154	(10)
Total	<u>\$ 2,315</u>	<u>\$ 2,094</u>

Statutory Rate Reconciliation

The Company's effective tax rates for the years ended December 31, 2016 and 2015 are 38.7% and 39.5%, respectively. The following table presents a reconciliation of income tax expense at the federal statutory tax rate of 34% to the actual tax expense:

	Years Ended December 31,	
	2016	2015
	<i>(in thousands of dollars)</i>	
Computed tax	\$ 2,039	\$ 1,803
Change in computed taxes resulting from:		
State income tax, net of federal benefit	317	271
Other items, net	(41)	20
Total	<u>276</u>	<u>291</u>
Federal and state income taxes	<u>\$ 2,315</u>	<u>\$ 2,094</u>

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

In September 2013, the U.S. Department of the Treasury issued final tangible property regulations which provide guidance for the application of Internal Revenue Code ("IRC") §162(a) and IRC §263(a) to amounts paid to acquire, produce, or improve tangible property. In August 2014, the U.S. Department of the Treasury also finalized the depreciable property disposition regulations. Both sets of regulations become effective for tax years beginning on or after January 1, 2014, which, for the Company, is the fiscal year ended March 31, 2015. The Company adopted these regulations with its fiscal year 2015 federal tax return and has realized a favorable §481(a) adjustment of \$299 thousand related to dispositions of depreciable property.

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Significant components of the Company's net deferred tax assets and liabilities at December 31, 2016 and December 31, 2015 are as follows:

Deferred Tax Components

	December 31,	
	2016	2015
<i>(in thousands of dollars)</i>		
Deferred tax assets:		
Regulatory liabilities - other	\$ 9,180	\$ 8,982
Pensions, OPEB and other employee benefits	2,568	2,959
Future federal benefit on state taxes	467	578
Other items	984	(1,005)
Total deferred tax assets ⁽¹⁾	<u>13,199</u>	<u>11,514</u>
Deferred tax liabilities:		
Property related differences	19,530	18,377
Regulatory assets - pension and OPEB	2,581	2,506
Regulatory assets - other	340	1,077
Investments	52	52
Other items	5	37
Total deferred tax liabilities	<u>22,508</u>	<u>22,049</u>
Net deferred income tax liability	9,309	10,535

(1) There were no valuation allowances for deferred tax assets at December 31, 2016 or 2015.

Unrecognized Tax Benefits

The Company adopted the provisions of FASB guidance which clarifies the accounting for uncertain tax positions as modified by FERC Docket A107-2-000. FASB guidance provides that the financial effects of a tax position shall initially be recognized when it is more likely than not, based on the technical merits, that the position will be sustained upon examination, assuming the position will be audited and the taxing authority has full knowledge of all relevant information. FERC docket A107-2-000 issues supplementary guidance requiring entities to continue to recognize deferred income taxes for Commission accounting and reporting purposes based on the difference between positions taken in tax returns filed or expected to be filed and amounts reported in the financial statements. As of December 31, 2016 and 2015, the Company did not have any unrecognized tax benefits on a FERC basis.

The following table represents changes to the Company's unrecognized tax benefits for the years ended December 31, 2016 and 2015:

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	Years Ended December 31,	
	2016	2015
	<i>(in thousands of dollars)</i>	
Beginning balance	\$ 1,601	\$ 1,339
Gross increases related to prior period		220
Gross decreases related to prior period	(6)	-
Gross increases related to current period	38	42
Gross decreases related to current period		-
Settlements with tax authorities		-
Reductions due to lapse of statute of limitations	-	-
Ending balance	<u>\$ 1,633</u>	<u>\$ 1,601</u>
Less: unrecognized tax benefits on temporary differences	<u>1,633</u>	<u>1,601</u>
Balance at the end of the year	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2016 and December 31, 2015, the Company has accrued for interest related to unrecognized tax benefits of \$230.8 thousand and \$174.8 thousand respectively. During years ended December 31, 2016 and December 31, 2015, the Company recorded interest expense of \$56 thousand and \$55.5 thousand, respectively. The Company recognizes accrued interest related to unrecognized tax benefits in interest expense in the accompanying statement of income. Related penalties, if applicable, are recorded in other deductions. No tax penalties were recognized during the years ended December 31, 2016 and 2015.

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

The Company is included in NGNA and subsidiaries' administrative appeal with the Internal Revenue Service ("IRS") related to the issues disputed in the examination cycles for the years ended March 31, 2008 and March 31, 2009. During the period the IRS commenced its next examination cycle which includes income tax returns for the years ended March 31, 2010 through March 31, 2012. The examination is not expected to conclude until December 2017. The income tax returns for the years ended March 31, 2013 through March 31, 2016 remain subject to examination by the IRS.

The Company is a member of the National Grid USA Service Company Massachusetts unitary group since fiscal year ended March 31, 2010. The tax returns for the fiscal years ended March 31, 2010 through March 31, 2016 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, 2010
Massachusetts	March 31, 2010

11. COMMITMENTS AND CONTINGENCIES

Capital Expenditure Commitments

The Company has various capital commitments related to the construction of utility plant and nonutility property. The Company's commitments under these contracts subsequent to December 31, 2016 are \$119 thousand, which are due to be spent within one year.

Legal Matters

The Company is subject to various legal proceedings, primarily injury claims, arising out of the ordinary course of its business. The

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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, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	<i>(in thousands of dollars)</i>			
Massachusetts Electric Company	\$ 14	\$ -	\$ 18,708	\$ 15,796
NGUSA Service Company	12,027	9,097	525	227
Other	166	179	469	81
Total	<u>\$ 12,207</u>	<u>\$ 9,276</u>	<u>\$ 19,702</u>	<u>\$ 16,104</u>

Advance from Associated Companies

In January 2015, the Company had FERC and board authorization to borrow up to \$10 million from NGUSA from time to time for working capital needs. The advance is non-interest bearing. At December 31, 2016 and December 31, 2015, the Company had no outstanding advance from associated companies.

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

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

The Regulated Money Pool is funded by operating funds from participants. Collectively, NGUSA and its subsidiary Keyspan, have the ability to borrow up to \$3 billion from National Grid plc for working capital needs including funding of the Regulated Money Pool, if necessary. The Company had short-term intercompany money pool investments of \$60.6 million and \$54.1 million at December 31, 2016 and December 30, 2015, respectively. The average interest rates for the intercompany money pool were 0.98% and 0.65% at December 31, 2016 and December 31, 2015, respectively.

Related Party Reimbursement

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

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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 10.35%. This reimbursement shall constitute additional revenue to the Company and expense to Massachusetts Electric. If the Company's actual ROE for the year exceeds the Company's allowed ROE, the Company reimburses to Massachusetts Electric the excess amount of the earnings. For the years ended December 31, 2016 and 2015, Massachusetts Electric reimbursed the Company \$10.5 million and \$8.6 million.

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, when a specific cost/causation principle is not determinable, 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.

Net charges from and to the service companies of NGUSA including but not limited to non-power goods and services, for the years ended December 31, 2016 and 2015 were \$5.4 million and \$1.2 million, respectively.

Holding Company Charges

NGUSA received charges from National Grid Commercial Holdings Limited (an affiliated company in the United Kingdom) for certain corporate and administrative services provided by the corporate functions of National Grid plc to its U.S. subsidiaries. These charges, which are recorded on the books of NGUSA, have not been reflected in these financial statements. Were these amounts allocated to the Company, the estimated effect on net income would be \$82 thousand and \$110 thousand before taxes, and \$49 thousand and \$66 thousand after taxes, for the years ended December 31, 2016 and 2015, respectively.

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PART IX: ALLOWANCES (Accounts 158.1 and 158.2)

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| <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 (j)-(k).</p> <p>5. Report on line 4 the Environmental Protection Agency (EPA) issued allowances. Report withheld portions on lines 36-40.</p> |
|--|--|

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

Name of Respondent 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) 03/17/2017	Year of Report Dec 31, 2016
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PART IX: ALLOWANCES (Accounts 158.1 and 158.2) (Continued)

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

20__		19__		Future Years		Totals		Line No.
No. (f)	Amt. (g)	No. (h)	Amt. (i)	No. (j)	Amt. (k)	No. (l)	Amt. (m)	
								01
N/A								02
								03
								04
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								46

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year/Period of Report End of 2016/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	Deferred Income Taxes	1,182,420	65,880	282/283	63,087	1,185,213
2						
3	Default (Basic) Service	2,135,100	550,782	4491	2,307,491	378,391
4						
5	Pension	3,301,319	1,485,028	926	1,605,589	3,180,758
6						
7	OPEB	748,805	166,422	926	124,361	790,866
8						
9	Pension Expense Deferred-Electric	1,545,854	781,004		513,732	1,813,126
10						
11	Asset Retirement Obligation		3,640			3,640
12						
13	Retirement Plan-Purchase Accounting Adj	47,240	165		15,600	31,805
14						
15	Transition Charge		24,362		629	23,733
16						
17	Service Quality Penalty	(1)	1			
18						
19						
20						
21						
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42						
43						
44	TOTAL :	8,960,737	3,077,284		4,630,489	7,407,532

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) 03/17/2017	Year/Period of Report 2016/Q4
FOOTNOTE DATA			

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

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

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

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

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

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

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

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

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year/Period of Report End of <u>2016/Q4</u>
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OFFICERS

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

Line No.	Title (a)	Name of Officer (b)	Salary for Year (c)
1	President	Reed, Marcy L	3,874
2	Vice President and CFO	Urban, Dennis	1,339
3	Senior Vice President	Bruckner, John	595
4	Senior Vice President	Bunszell, Daniel	
5	Vice President New England and Controller	George Carlin	479
6			
7	Resignations		
8			
9	Senior Vice President (05/09/2016)	Warren, Cheryl A	138
10			
11			
12	Appointments		
13			
14			
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Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year/Period of Report 2016/Q4
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 was \$304,290. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2016 through 12-31-2016.

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 was \$214,673. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2016 through 12-31-2016.

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 was \$296,921. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2016 through 12-31-2016.

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 was \$189,721. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2016 through 12-31-2016.

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

Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$177,105. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2016 through 12-31-2016.

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 was \$50,796. These salary amounts exclude incentive compensation payments and reflect base salary paid by company from 1-1-2016 through 12-31-2016.

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) 03/17/2017	Year of Report Dec 31, <u>2016</u>
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PART XI: DATA ON OFFICERS AND DIRECTORS

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

Line No	Name (a)	Address (b)	Number of Votes (c)	Comments (d)
01				
02	Reed, Marcy L	Waltham, MA		
03	Bunzell, Daniel	Brockton, MA		
04				
05	Urban, Dennis	Waltham, MA		
06	Carlin, George	Brooklyn, NY		
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Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year/Period of Report End of 2016/Q4
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ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

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

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	48,063,288	48,063,288		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	3,945,955	3,945,955		
4	(403.1) Depreciation Expense for Asset Retirement Costs	32	32		
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):				
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	3,945,987	3,945,987		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	819,802	819,802		
13	Cost of Removal	375,214	375,214		
14	Salvage (Credit)				
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	1,195,016	1,195,016		
16	Other Debit or Cr. Items (Describe, details in footnote):				
17					
18	Book Cost or Asset Retirement Costs Retired				
19	Balance End of Year (Enter Totals of lines 1, 10, 15, 16, and 18)	50,814,259	50,814,259		

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	45,689,835	45,689,835		
27	Regional Transmission and Market Operation				
28	General	5,124,424	5,124,424		
29	TOTAL (Enter Total of lines 20 thru 28)	50,814,259	50,814,259		

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) 17-Mar-17	Year of Report December 31, 2016
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PART XII: ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

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

PART XIII: CAPITAL STOCK DATA

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

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

PART XIV: LONG-TERM DEBT DATA

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding Per Balance Sheet (d)	Interest for Year	
					% Rate (e)	Amount (f)
01	Massachusetts Industrial					
02	Finance Agency - Electric					
03	Utility Revenue Bonds -					
04	Series A	8/1/2007	8/1/2042	13,300,000	0.81%	108,008
05	Massachusetts Development					
06	Finance Agency - variable rate					
07	Utility Revenue Bonds -					
08	Series 2004	12/16/2004	3/1/2039	10,000,000	0.80%	79,768
09	Massachusetts Development					
10	Finance Agency - variable rate					
11	Utility Revenue Bonds -					
12	Series 2004	12/16/2004	3/1/2016		0.09%	365
13	Massachusetts Development					
14	Finance Agency - variable rate					
15	Utility Revenue Bonds -					
16	Series 2005	12/8/2005	12/1/2040	28,000,000	0.80%	224,919
17						
18						
	TOTAL			\$51,300,000		\$413,061

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) 03/17/2017	Year/Period of Report End of 2016/Q4
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OTHER REGULATORY LIABILITIES (Account 254)

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

Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	DEBITS		Credits (e)	Balance at End of Current Quarter/Year (f)
			Account Credited (c)	Amount (d)		
1	Deferred Income Taxes	818,118				818,118
2	Energy Efficiency	6,152,703	4510	2,732,067	2,305,305	5,725,941
3	Transmission Service	11,368,985	4560	169,750	1,394,501	12,593,736
4	Transition Charge	97,747	4560	107,470	9,676	-47
5	Basic Service Administrative Cost	997,021	4560	125,319	474,049	1,345,751
6	Revenue Decoupling Mechanism	810,470	4560	882,486	1,055,561	983,545
7	2nd Cable Deferral (2006-2013)	1,413,959	4560	1,846,188	1,032,073	599,844
8	Service Quality Penalty	42,751	456	86,497	131,099	87,353
9						
10						
11						
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37						
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41	TOTAL	21,701,754		5,949,777	6,402,264	22,154,241

Name of Respondent	This Report is:	Date of Report	Year/Period of Report
Nantucket Electric Company	(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) 03/17/2017	2016/Q4
FOOTNOTE DATA			

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

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

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

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

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

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

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

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

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

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

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

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

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) 03/17/2017	Year/Period of Report 2016/Q4
FOOTNOTE DATA			

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

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) 03/17/2017	Year/Period of Report End of <u>2016/Q4</u>
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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	8,931,497	11,709,800
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	2,079,172	2,992,183
5	Large (or Ind.) (See Instr. 4)	1,337	1,288
6	(444) Public Street and Highway Lighting	7,382	9,422
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	11,019,388	14,712,693
11	(447) Sales for Resale		
12	TOTAL Sales of Electricity	11,019,388	14,712,693
13	(Less) (449.1) Provision for Rate Refunds	2,028,482	2,029,243
14	TOTAL Revenues Net of Prov. for Refunds	8,990,906	12,683,450
15	Other Operating Revenues		
16	(450) Forfeited Discounts	11,516	18,576
17	(451) Miscellaneous Service Revenues	3,639,347	3,295,134
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	559,586	446,749
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	18,662,646	19,801,523
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	22,873,095	23,561,982
27	TOTAL Electric Operating Revenues	31,864,001	36,245,432

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year/Period of Report End of 2016/Q4
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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
97,984	100,676	10,849	10,972	2
				3
25,029	27,318	1,262	1,313	4
16	17	3	3	5
81	80	5	5	6
				7
				8
				9
123,110	128,091	12,119	12,293	10
				11
123,110	128,091	12,119	12,293	12
				13
123,110	128,091	12,119	12,293	14

Line 12, column (b) includes \$ 119,809 of unbilled revenues.
Line 12, column (d) includes 1,077 MWH relating to unbilled revenues

Name of Respondent	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year/Period of Report 2016/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

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

Line 17: (451) Miscellaneous Service Revenues

Misc Service Revenue-Electric	
Open Access Revenue-DSM	2,799,911
Open Access Revenue-Customer Charge	830,922
Misc Service Revenue-Electric	8,514
Total	3,639,347

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

Line 17: (451) Miscellaneous Service Revenues

Misc Service Revenue-Electric	
Open Access Revenue-DSM	2,519,343
Open Access Revenue-Customer Charge	769,469
Misc Service Revenue-Electric	6,323
Total	3,295,134

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

Line 21: (456) Other Electric Revenues

Other Electric Revenue	
Other Elec Revenue-Nantucket Reimburseem	7,310,104
Open Access Revenue - Access Charge	-19,257
Open Access Revenue - Transmission	4,025,778
Open Access Revenue - Distribution	6,834,321
Open Access Revenue - Decoupling	400,218
Other Electric Revenue - Miscellaneous	37,252
Contribution in Aid of Contruction	74,230
Total	18,662,646

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

Line 21: (456) Other Electric Revenues

Other Electric Revenue	
Massachusetts Electric ROE Reimbursement	8,568,451
Open Access Revenue - Access Charge	-207,990
Open Access Revenue - Transmission	2,719,855
Open Access Revenue - Distribution	8,803,675
Open Access Revenue - Decoupling	-230,100
Other Electric Revenue - Miscellaneous	113,309
Contribution in Aid of Contruction	34,323
Total	19,801,523

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) 03/17/2017	Year/Period of Report End of 2016/Q4
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES

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

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering		
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)		

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

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

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
60	D. Other Power Generation		
61	Operation		
62	(546) Operation Supervision and Engineering		
63	(547) Fuel		
64	(548) Generation Expenses		
65	(549) Miscellaneous Other Power Generation Expenses		
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)		
68	Maintenance		
69	(551) Maintenance Supervision and Engineering		
70	(552) Maintenance of Structures	2,197	
71	(553) Maintenance of Generating and Electric Plant		
72	(554) Maintenance of Miscellaneous Other Power Generation Plant		
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	2,197	
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	2,197	
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	9,026,605	12,512,754
77	(556) System Control and Load Dispatching		
78	(557) Other Expenses		
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	9,026,605	12,512,754
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	9,028,802	12,512,754
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering		
84			
85	(561.1) Load Dispatch-Reliability		
86	(561.2) Load Dispatch-Monitor and Operate Transmission System		
87	(561.3) Load Dispatch-Transmission Service and Scheduling		
88	(561.4) Scheduling, System Control and Dispatch Services	111,106	96,596
89	(561.5) Reliability, Planning and Standards Development		
90	(561.6) Transmission Service Studies		
91	(561.7) Generation Interconnection Studies		
92	(561.8) Reliability, Planning and Standards Development Services		
93	(562) Station Expenses	37	493
94	(563) Overhead Lines Expenses		
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	2,897,202	2,623,178
97	(566) Miscellaneous Transmission Expenses	16,902	13,169
98	(567) Rents		
99	TOTAL Operation (Enter Total of lines 83 thru 98)	3,025,247	2,733,436
100	Maintenance		
101	(568) Maintenance Supervision and Engineering		133
102	(569) Maintenance of Structures		
103	(569.1) Maintenance of Computer Hardware		
104	(569.2) Maintenance of Computer Software		
105	(569.3) Maintenance of Communication Equipment		
106	(569.4) Maintenance of Miscellaneous Regional Transmission Plant		
107	(570) Maintenance of Station Equipment		
108	(571) Maintenance of Overhead Lines		
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant		
111	TOTAL Maintenance (Total of lines 101 thru 110)		133
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	3,025,247	2,733,569

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) 03/17/2017	Year/Period of Report End of 2016/Q4
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

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

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
113	3. REGIONAL MARKET EXPENSES		
114	Operation		
115	(575.1) Operation Supervision		
116	(575.2) Day-Ahead and Real-Time Market Facilitation		
117	(575.3) Transmission Rights Market Facilitation		
118	(575.4) Capacity Market Facilitation		
119	(575.5) Ancillary Services Market Facilitation		
120	(575.6) Market Monitoring and Compliance		
121	(575.7) Market Facilitation, Monitoring and Compliance Services		
122	(575.8) Rents		
123	Total Operation (Lines 115 thru 122)		
124	Maintenance		
125	(576.1) Maintenance of Structures and Improvements		
126	(576.2) Maintenance of Computer Hardware		
127	(576.3) Maintenance of Computer Software		
128	(576.4) Maintenance of Communication Equipment		
129	(576.5) Maintenance of Miscellaneous Market Operation Plant		
130	Total Maintenance (Lines 125 thru 129)		
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)		
132	4. DISTRIBUTION EXPENSES		
133	Operation		
134	(580) Operation Supervision and Engineering	24,756	19,561
135	(581) Load Dispatching	36,932	32,903
136	(582) Station Expenses	25,068	42,787
137	(583) Overhead Line Expenses	329,274	93,023
138	(584) Underground Line Expenses	9,988	266,246
139	(585) Street Lighting and Signal System Expenses	279	126
140	(586) Meter Expenses	76,616	86,768
141	(587) Customer Installations Expenses	4,602	4,306
142	(588) Miscellaneous Expenses	318,820	205,062
143	(589) Rents	10,172	428
144	TOTAL Operation (Enter Total of lines 134 thru 143)	836,507	751,210
145	Maintenance		
146	(590) Maintenance Supervision and Engineering	21,491	102,799
147	(591) Maintenance of Structures	4,873	12,257
148	(592) Maintenance of Station Equipment	110,865	115,520
149	(593) Maintenance of Overhead Lines	997,402	2,758,682
150	(594) Maintenance of Underground Lines	260,645	230,106
151	(595) Maintenance of Line Transformers	43,022	9,260
152	(596) Maintenance of Street Lighting and Signal Systems	82,912	39,489
153	(597) Maintenance of Meters	642	
154	(598) Maintenance of Miscellaneous Distribution Plant	30,949	19,394
155	TOTAL Maintenance (Total of lines 146 thru 154)	1,552,801	3,287,507
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	2,389,308	4,038,717
157	5. CUSTOMER ACCOUNTS EXPENSES		
158	Operation		
159	(901) Supervision	9,579	10,427
160	(902) Meter Reading Expenses	8,465	44,414
161	(903) Customer Records and Collection Expenses	253,311	235,505
162	(904) Uncollectible Accounts	81,140	63,173
163	(905) Miscellaneous Customer Accounts Expenses	14,127	12,565
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	366,622	366,084

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

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

Line No.	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	530	
168	(908) Customer Assistance Expenses	2,333,650	2,101,208
169	(909) Informational and Instructional Expenses	351,550	259,919
170	(910) Miscellaneous Customer Service and Informational Expenses	13,817	9,965
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	2,699,547	2,371,092
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	394	
175	(912) Demonstrating and Selling Expenses	1,657	10,744
176	(913) Advertising Expenses	22,589	4,539
177	(916) Miscellaneous Sales Expenses		
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	24,640	15,283
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	778,190	801,168
182	(921) Office Supplies and Expenses	724,779	686,311
183	(Less) (922) Administrative Expenses Transferred-Credit		
184	(923) Outside Services Employed	366,170	324,480
185	(924) Property Insurance	31,493	185
186	(925) Injuries and Damages	7,757	212,652
187	(926) Employee Pensions and Benefits	753,369	1,296,259
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	113,151	67,817
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses	511	1,551
192	(930.2) Miscellaneous General Expenses	61,843	22,143
193	(931) Rents	571,458	447,419
194	TOTAL Operation (Enter Total of lines 181 thru 193)	3,408,721	3,859,985
195	Maintenance		
196	(935) Maintenance of General Plant	5,456	4,948
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	3,414,177	3,864,933
198	TOTAL Elec Op and Maint Expns (Total 80,112,131,156,164,171,178,197)	20,948,343	25,902,432

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year of Report Dec 31, 2016
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PART XVIII: SALES FOR RESALE

- | | |
|---|---|
| <p>1. Report below the information called for concerning sales for resale during the year to other electric utilities, cooperatives, and to cities and other public authorities for distribution to ultimate consumers.</p> <p>2. Enter the name of the purchaser in column (a). Abbreviate if necessary but do not truncate the name or use acronyms. Explain in a footnote any ownership interest or affiliation the respondent has with each purchaser.</p> <p>3. In column (b), identify the FERC Rate Schedule or Tariff Number.</p> | <p>4. Report annual maximum demand in column (c). Demand must be in megawatts. Footnote any demand reported in column (c) which is not stated on a megawatt basis and explain.</p> <p>5. Report in column (d) the megawatt-hours shown on bills rendered to each purchaser.</p> <p>6. Report in column (e) the total charge shown on bills rendered to each purchaser.</p> <p>7. Footnote entries as required and provide explanations following all required data.</p> |
|---|---|

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

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year/Period of Report End of <u>2016/Q4</u>
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PURCHASED POWER (Account 555)
(Including power exchanges)

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

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

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

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

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

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

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

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

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

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

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year/Period of Report End of 2016/Q4
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PURCHASED POWER (Account 555) (Continued)
(Including power exchanges)

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

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

MegaWatt Hours Purchased (g)	POWER EXCHANGES		COST/SETTLEMENT OF POWER				Line No.
	MegaWatt Hours Received (h)	MegaWatt Hours Delivered (i)	Demand Charges (\$) (j)	Energy Charges (\$) (k)	Other Charges (\$) (l)	Total (j+k+l) of Settlement (\$) (m)	
22,974				1,781,768	35,698	1,817,466	1
5,281				292,438		292,438	2
47,693				2,660,206		2,660,206	3
33,744				2,362,913		2,362,913	4
948				56,665		56,665	5
20,251				1,768,859		1,768,859	6
1,515				68,058		68,058	7
							8
							9
							10
							11
							12
							13
							14
132,406				8,990,907	35,698	9,026,605	

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) 03/17/2017	Year/Period of Report End of 2016/Q4
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**SUMMARY OF UTILITY PLANT AND ACCUMULATED PROVISIONS
FOR DEPRECIATION, AMORTIZATION AND DEPLETION**

Report in Column (c) the amount for electric function, in column (d) the amount for gas function, in column (e), (f), and (g) report other (specify) and in column (h) common function.

Line No.	Classification (a)	Total Company for the Current Year/Quarter Ended (b)	Electric (c)
1	Utility Plant		
2	In Service		
3	Plant in Service (Classified)	117,674,878	117,674,878
4	Property Under Capital Leases		
5	Plant Purchased or Sold		
6	Completed Construction not Classified	1,303,795	1,303,795
7	Experimental Plant Unclassified		
8	Total (3 thru 7)	118,978,673	118,978,673
9	Leased to Others		
10	Held for Future Use		
11	Construction Work In Progress	575,586	575,586
12	Acquisition Adjustments	16,551,550	16,551,550
13	Total Utility Plant (8 thru 12)	136,105,809	136,105,809
14	Accum Prov for Depr, Amort, & Depl	51,660,253	51,660,253
15	Net Utility Plant (13 less 14)	84,445,556	84,445,556
16	Detail of Accum Prov for Depr, Amort & Depl		
17	In Service:		
18	Depreciation	50,814,259	50,814,259
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)	50,814,259	50,814,259
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)	51,660,253	51,660,253

**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
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Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year/Period of Report End of 2016/Q4
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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

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

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

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

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
47	3. TRANSMISSION PLANT		
48	(350) Land and Land Rights		
49	(352) Structures and Improvements		
50	(353) Station Equipment		
51	(354) Towers and Fixtures		
52	(355) Poles and Fixtures		
53	(356) Overhead Conductors and Devices		
54	(357) Underground Conduit		
55	(358) Underground Conductors and Devices		
56	(359) Roads and Trails		
57	(359.1) Asset Retirement Costs for Transmission Plant		
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)		
59	4. DISTRIBUTION PLANT		
60	(360) Land and Land Rights	1,558,426	37,125
61	(361) Structures and Improvements	437,666	
62	(362) Station Equipment	16,951,174	120,348
63	(363) Storage Battery Equipment		
64	(364) Poles, Towers, and Fixtures	6,756,835	6,079
65	(365) Overhead Conductors and Devices	4,359,237	203,636
66	(366) Underground Conduit	14,427,527	800,801
67	(367) Underground Conductors and Devices	50,470,240	105,771
68	(368) Line Transformers	6,361,932	488,542
69	(369) Services	5,964,876	848,968
70	(370) Meters	1,166,208	82,293
71	(371) Installations on Customer Premises		
72	(372) Leased Property on Customer Premises		
73	(373) Street Lighting and Signal Systems	461,325	11,044
74	(374) Asset Retirement Costs for Distribution Plant		
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	108,915,446	2,704,607
76	5. REGIONAL TRANSMISSION AND MARKET OPERATION PLANT		
77	(380) Land and Land Rights		
78	(381) Structures and Improvements		
79	(382) Computer Hardware		
80	(383) Computer Software		
81	(384) Communication Equipment		
82	(385) Miscellaneous Regional Transmission and Market Operation Plant		
83	(386) Asset Retirement Costs for Regional Transmission and Market Oper		
84	TOTAL Transmission and Market Operation Plant (Total lines 77 thru 83)		
85	6. GENERAL PLANT		
86	(389) Land and Land Rights	31,005	
87	(390) Structures and Improvements	2,169,062	3,802
88	(391) Office Furniture and Equipment	38,849	2,309
89	(392) Transportation Equipment		
90	(393) Stores Equipment		
91	(394) Tools, Shop and Garage Equipment	72,973	3,037
92	(395) Laboratory Equipment	23,695	
93	(396) Power Operated Equipment		
94	(397) Communication Equipment	5,738,467	
95	(398) Miscellaneous Equipment		31,660
96	SUBTOTAL (Enter Total of lines 86 thru 95)	8,074,051	40,808
97	(399) Other Tangible Property		
98	(399.1) Asset Retirement Costs for General Plant		
99	TOTAL General Plant (Enter Total of lines 96, 97 and 98)	8,074,051	40,808
100	TOTAL (Accounts 101 and 106)	116,989,497	2,745,415
101	(102) Electric Plant Purchased (See Instr. 8)		
102	(Less) (102) Electric Plant Sold (See Instr. 8)		
103	(103) Experimental Plant Unclassified		
104	TOTAL Electric Plant in Service (Enter Total of lines 100 thru 103)	116,989,497	2,745,415

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) 03/17/2017	Year/Period of Report End of 2016/Q4
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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)

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

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

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

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				1
				2
				3
				4
				5
				6
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				43
				44
				45
				46

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)	Line No.
				47
				48
				49
				50
				51
				52
				53
				54
				55
				56
				57
				58
				59
			1,595,551	60
			437,666	61
			17,071,522	62
				63
43,943			6,718,971	64
147,428			4,415,445	65
7,307			15,221,021	66
387,343	24,714		50,213,382	67
68,556			6,781,918	68
110,780			6,703,064	69
37,007			1,211,494	70
				71
				72
17,438			454,931	73
				74
819,802	24,714		110,824,965	75
				76
				77
				78
				79
				80
				81
				82
				83
				84
				85
			31,005	86
		-3,802	2,169,062	87
		38,849	80,007	88
				89
				90
			76,010	91
			23,695	92
				93
			5,738,467	94
			31,660	95
		35,047	8,149,906	96
		3,802	3,802	97
				98
		38,849	8,153,708	99
819,802	24,714	38,849	118,978,673	100
				101
				102
				103
819,802	24,714	38,849	118,978,673	104

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 3/17/2017	Year of Report Dec 31, 2016
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PART XXII: PURCHASES AND SALES OF ANCILLARY SERVICES

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

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

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

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

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

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

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

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

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

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year of Report Dec 31, 2016
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PART XXIII: Monthly Transmission System Peak Load

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

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

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

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

Name of System:

Line No.	(a)	Monthly Peak MW - Total (b)	Day of Monthly Peak (c)	Hour of Monthly Peak (d)	Firm Network Service - For Self (e)
1	January				
2	February				
3	March				
4	Total for Quarter 1				
5	April				
6	May				
7	June				
8	Total for Quarter 2				
9	July				
10	August				
11	September				
12	Total for Quarter 3				
13	October				
14	November				
15	December				
16	Total for Quarter 4				
17	Total for Year to Date/Year	N/A	N/A	N/A	N/A

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) 03/17/2017	Year of Report Dec 31, <u>2016</u>
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PART XXIII: Monthly Transmission System Peak Load (Continued)

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

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo., Da., Yr.) 03/17/2017	Year/Period of Report End of <u>2016</u>
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Transmission Service and Generation Interconnection Study Costs

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

Line No.	Description (a)	Costs Incurred During Period (b)	Account Charged (c)	Reimbursements Received During the Period (d)	Account Credited With Reimbursement (e)
----------	-----------------	----------------------------------	---------------------	---	---

Transmission Studies

1	N/A				
2					
3					
4					
5					
6					
7					
8					
9					
10					

Generation Studies

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

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo., Da., Yr.) 03/17/2017	Year/Period of Report End of <u>2016</u>
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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, 2016

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, 2016

BALANCE SHEET

See Copy of Balance Sheet Filed with the DPU Return Attached

Title of Account	Balance End of Year	Title of Account	Balance End of Year
UTILITY PLANT	\$	PROPRIETARY CAPITAL	\$
Utility Plant		CAPITAL STOCK	
OTHER PROPERTY AND INVESTMENTS		Common Stock Issued.....	
Nonutility Property.....		Preferred Stock Issued.....	
Investment in Associated Companies.....		Capital Stock Subscribed.....	
Other Investments.....		Premium on Capital Stock.....	
Special Funds.....		Total.....	
Total Other Property and Investments		SURPLUS	
CURRENT AND ACCRUED ASSETS		Other Paid-In Capital.....	
Cash.....		Earned Surplus.....	
Special Deposits.....		Surplus Invested in Plant.....	
Working Funds.....		Total.....	
Temporary Cash Investments.....		Total Proprietary Capital.....	
Notes and Accounts Receivable.....		LONG-TERM DEBT	
Receivables from Associated Companies		Bonds.....	
Materials and Supplies.....		Advances from Associated Companies...	
Prepayments.....		Other Long-Term Debt.....	
Interest and Dividends Receivable.....		Total Long-Term Debt.....	
Rents Receivable.....		CURRENT AND ACCRUED	
Accrued Utility Revenues.....		LIABILITIES	
Misc. Current and Accrued Assets.....		Notes Payable.....	
Total Current and Accrued Assets...		Accounts Payable.....	
DEFERRED DEBITS		Payables to Associated Companies.....	
Unamortized Debt Discount and Expense		Customer Deposits.....	
Extraordinary Property Losses.....		Taxes Accrued.....	
Preliminary Survey and Investigation		Interest Accrued.....	
Charges.....		Dividends Declared.....	
Clearing Accounts.....		Matured Long-Term Debt.....	
Temporary Facilities.....		Matured Interest.....	
Miscellaneous Deferred Debits.....		Tax Collections Payable.....	
Total Deferred Debits.....		Misc. Current and Accrued Liabilities...	
CAPITAL STOCK DISCOUNT		Total Current and Accrued Liabilities.	
AND EXPENSE		DEFERRED CREDITS	
Discount on Capital Stock.....		Unamortized Premium on Debt.....	
Capital Stock Expense.....		Customer Advances for Construction...	
Total Capital Stock Discount and		Other Deferred Credits.....	
Expense.....		Total Deferred Credits.....	
REACQUIRED SECURITIES		RESERVES	
Reacquired Capital Stock.....		Reserves for Depreciation.....	
Reacquired Bonds.....		Reserves for Amortization.....	
Total Reacquired Securities.....		Reserve for Uncollectible Accounts.....	
Total Assets and Other Debits.....		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, 2016

STATEMENT OF EARNED SURPLUS			
Unappropriated Earned Surplus (at beginning of period).....	\$		
Balance Transferred from Income.....			
Miscellaneous Credits to Surplus.....			
Miscellaneous Debits to Surplus.....			
Appropriations of Surplus.....			
Net Additions to Earned Surplus.....			
Dividends Declared -- Preferred Stock.....			
Dividends Declared -- Common Stock.....			
Unappropriated Earned Surplus (at end of period).....			
ELECTRIC OPERATING REVENUES			
Account	Operating Revenues		
	Amount for Year	Increase or (Decrease) from Preceding Year	
SALES OF ELECTRICITY			
Residential Sales.....	\$ 8,931,497	\$ -2,778,303	
Commercial and Industrial Sales.....			
Small (or Commercial).....	2,079,172	-913,011	
Large (or Industrial).....	1,337	49	
Public Street and Highway Lighting.....	7,382	-2,040	
Other Sales to Public Authorities.....			
Sales to Railroad and Railways.....			
Interdepartmental Sales.....			
Miscellaneous Electric Sales.....			
Provision for Rate Refunds.....	-2,028,482	761	
Total Sales to Ultimate Consumers.....	8,990,906	-3,692,544	
Sales for Resale.....			
Total Sales of Electricity.....	8,990,906	-3,692,544	
OTHER OPERATING REVENUES			
Forfeited Discounts.....	11,516	-7,060	
Miscellaneous Service Revenues.....	3,639,347	344,213	
Sales of Water and Water Power.....			
Rent from Electric Property.....	559,586	112,837	
Interdepartmental Rents.....			
Other Electric Revenues.....	18,662,646	-1,138,877	
Total Other Operating Revenues.....	22,873,095	-688,887	
Total Electric Operating Revenues.....	31,864,001	-4,381,431	
SUMMARY OF ELECTRIC OPERATION AND MAINTENANCE EXPENSES			
Functional Classification	Operation	Maintenance	Total
Power Production Expenses	\$	\$	\$
Electric Generation:			
Steam Power.....			
Nuclear Power.....			
Hydraulic Power.....			
Other Power.....			
Other Power Supply Expenses.....	9,026,605	2,197	9,028,802
Total Power Production Expenses.....	9,026,605	2,197	9,028,802
Transmission Expenses.....	3,025,247	0	3,025,247
Distribution Expenses.....	836,507	1,552,801	2,389,308
Customer Accounts Expenses.....	3,066,169		3,066,169
Sales Expenses.....	24,640		24,640
Administrative and General Expenses.....	3,408,721	5,456	3,414,177
Total Electric Oper. and Maint. Expenses	19,387,889	1,560,454	20,948,343

NANTUCKET ELECTRIC COMPANY

FOR THE YEAR ENDED DECEMBER 31, 2016

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>.....March 21, 2017....., I hereby certify that the foregoing statements are full, just and true to the best of my knowledge and belief. This statement is signed under the penalties of perjury.</p> <p style="text-align: right; margin-right: 200px;">George Carlin ----- VP, New England and Controller</p> <p style="text-align: right; margin-right: 200px;">Charles DeRosa ----- VP, US Treasurer</p>			

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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) March 21, 2017	Year of Report December 31, 2016
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GENERAL INFORMATION

**PRINCIPAL AND SALARIED OFFICERS
(As of December 31, 2016)**

Titles	Names	Addresses	Annual Salaries
President and Director	Reed, Marcy L.	Waltham, MA	3,874
Vice President and CFO	Urban, Dennis	Waltham, MA	1,339
Senior Vice President	Bruckner, John	Hicksville, NY	595
Senior Vice President	Bunszell, Daniel	Brockton, MA	0
Vice President New England and Controller	Carlin, George	Brooklyn, NY	479

**DIRECTORS*
(As of December 31, 2016)**

Names	Addresses	Fees Paid During Year
Reed, Marcy L.	Waltham, MA	3,874
Bunszell, Daniel	Brockton, MA	0

* 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."

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Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 21, 2017	Year of Report December 31, 2016
Nantucket Electric Company			

GENERAL INFORMATION - Continued

1. Corporate name of company making this report,

Nantucket Electric Company

2. Date of organization,

April 7, 1905

3. Date of incorporation,

March 28, 1905

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

40 Sylvan Road, Waltham, Massachusetts 02451

5. Total number of stockholders, 1

6. Number of stockholders in Massachusetts, 1

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

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

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

Tota 1 share, par value, \$1 outstanding December 31, 2016

<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 2016 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 21, 2017	Year of Report December 31, 2016
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, 2016	City or Town	Number of Customers' Meters December 31, 2016
Nantucket	13,705		
		Total	13,705

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 21, 2017	Year of Report December 31, 2016	
NOTES RECEIVABLE (Account 141) (Not Applicable)					
<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 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 21, 2017	Year of Report December 31, 2016
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ACCOUNTS RECEIVABLE (Accounts 142,143)

1. Give the particulars called for below concerning accounts receivable at end of year.
2. Designate any account included in Account 143 in excess of \$5,000.

Line No.	Description (a)	Amount End of Year (b)
1	Customers (Account 142):	
2	Electric (Includes \$ 0.00 Unbilled Revenue).....	2,208,298
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		
	Total	\$2,208,298

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 21, 2017	Year of Report December 31, 2016		
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 21, 2017	Year of Report December 31, 2016			
DEFERRED LOSSES FROM DISPOSITION OF UTILITY PLANT (Account 187)							(Not Applicable)
<p>1. In column (a) give a brief description of property creating the deferred loss and the date the loss was recognized. Identify items by department where applicable.</p> <p>2. Losses on property with an original cost of less than \$50,000 may be grouped. The number of items making up the grouped amount shall be reported in column (a).</p> <p>3. In column (b) give date of Commission approval of journal entries. Where approval has not been received, give explanation following the respective item in column (a). (See Account 187, Deferred Losses From sale of Utility Plant.)</p>							
Line No.	Description of Property (a)	Date J.E. Approved (b)	Total Amount of Loss (c)	Balance Beginning of Year (d)	Current Year		Balance End of Year (g)
					Amortizations to Acc. 411.6 (e)	Additional Losses (f)	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25	Total		\$	\$	\$	\$	\$

Name of Respondent 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 21, 2017	Year of Report December 31, 2016	
NOTES PAYABLE (Account 231) Report particulars indicated concerning notes payable at year end (Not Applicable)					
Line No.	Payee (a)	Date of Note (b)	Date of Maturity (c)	Int. Rate (d)	Balance End of Year (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21	Total				\$0

Name of Respondent		This Report Is:	Date of Report	Year of Report
Nantucket Electric Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) March 21, 2017	December 31, 2016
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	(70,987)		
2	NGUSA Service Company	(524,783)		
3	NG Engineering Svcs, LLC	(2,165)		
4	National Grid Electric Service	(6,021)		
5	PSEG Electric Service TSA Co	(100)		
6	Niagara Mohawk Power Corp	(2,391)		
7	Brooklyn Union Gas-KEDNY	(30)		
8	KS Gas East Corp-KEDLI	(3,791)		
9	Massachusetts Electric Co	(18,707,682)		
10	Boston Gas Company	(139,231)		
11	Colonial Gas Company	(50,044)		
12	Narragansett Electric Co	(6,812)		
13	New England Power Co	(187,573)		
14	NG Energy Trading Svcs	(1)		
15				
16				
17				
18				
19				
20				
21				
22				
23	Total Account 234	(19,701,611)		
24	<u>Account 233</u>			
25				
26	National Grid USA Service Co., Inc.			
27	(Money Pool)	0	0.98%	\$0
28				
29				
	Totals	(19,701,611)		\$0

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 21, 2017	Year of Report December 31, 2016			
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT (Account 256)							(Not Applicable)
<p>1. In column (a) give a brief description of property creating the deferred loss and the date the loss was recognized. Identify items by department where applicable.</p> <p>2. Losses on property with an original cost of less than \$50,000 may be grouped. The number of items making up the grouped amount shall be reported in column (a).</p> <p>3. In column (b) give date of Commission approval of journal entries. Where approval has not been received, give explanation following the respective item in column (a). (See Account 187, Deferred Losses From sale of Utility Plant.)</p>							
Line No.	Description of Property (a)	Date J.E. Approved (b)	Total Amount of Loss (c)	Balance Beginning of Year (d)	Current Year		Balance End of Year (g)
					Amortizations to Acc. 411,6 (e)	Additional Losses (f)	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23	Total		\$	\$	\$	\$	\$

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 21, 2017	Year of Report December 31, 2016
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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 229.2)</u>					
2						
3	Incurred but Not Reported Reserves (IBNR)	91,193	925	(158,337)	94,624	27,480
4						
5	Workman's Compensation Reserve	(43,429)	926	(176,372)	29,550	(190,250)
6						
7	Injuries and Damages (includes Gen, Auto and O	196,796	925	(429,107)	429,107	196,796
8						
9	<u>Account 263 (FERC 253)</u>					
10						
11	Pension	3,138,982	926	(1,705,434)	1,558,490	2,992,038
12						
13	Other Post Employment Benefits	2,462,923	926	(572,465)	471,457	2,361,915
14						
15	<u>Account 265 (FERC 253)</u>					
16						
17	FIN 48 Income Tax Liability	350,004	236/409	(192,688)	248,668	405,984
18						
19	FAS 112	686,006	926	(749,915)	-	(63,909)
20						
21	Deferred ROE - Energy Efficiency Working Capit.	-		-	4,877	4,877
22						
23	Deferred Credit - Miscellaneous	-		-	6,327	6,327
24						
25						
26						
27						
28						
29						
30	Total	6,882,475		(3,984,318)	2,843,100	5,741,259

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 21, 2017		December 31, 2016	
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	246	23	9.4106	1	1
2		E Res-Elec Space Htg.	215,134	22,728	10.5645	52	44
3		R-1 Residential	94,339,314	8,705,150	9.2275	10,592	10,602
4		R-2 Res. Low Income	1,695,923	167,187	9.8582	182	176
5		G-1 Gen. Serv. Small	401,090	36,410	9.0776	49	48
6							
7		Total Account 440	96,651,707	8,931,497	9.2409	10,876	10,871
8		Rate Refunds, Net	1,277,563	-1,613,588			
9							
10							
11	442	R-1 Residential	516,762	49,032	9.4884	51	59
12		G-1 Gen. Serv.Small	15,024,927	1,328,028	8.8388	1,174	1,096
13		G-2 Gen. Serv. Demand	6,947,132	529,592	7.6232	36	34
14		G-3 Time Of Use-Large	2,283,040	173,857	7.6151	2	3
15		S4A St Lt - Security	0	0	0.0000	0	0
16							
17							
18		Total Account 442	24,771,861	2,080,509	8.3987	1,263	1,192
19		Rate Refunds, Net	327,440	-413,563			
20							
21							
22	444	S-1 St.Lt.Co.Own Equip.	348	-77	-22.0057	1	1
23		S-3 St.Lt.U/G Div. of Own	79,372	7,459	9.3972	4	4
24		G-1 Gen. Serv. Small	0	0	0.0000	0	0
25							
26		Total Account 444	79,720	7,382	9.2601	5	5
27		Rate Refunds, Net	1,054	-1,331			
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 CON	123,108,291	8,990,906	7.3033	12,144	12,068

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 21, 2017	Year of Report December 31, 2016	
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 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 21, 2017	Year of Report Dec. 31, 2016
OVERHEAD DISTRIBUTION LINES OPERATED				
Line No.		Length (Pole Miles)		Total
		Wood Poles	Steel Towers	
1	Miles - Beginning of Year	115.86		115.86
2	Added During Year	7.64		7.64
3	Retired During Year	-6.08		-6.08
	Adjusted During Year			
4	Miles - End of Year	117.41		117.41
5				
6				
7				
8	Distribution System Characteristics - A.C. or D.C., phase, cycles and operating voltages for light and power.			
9				
10				
11				
12				
13				
14				
15				
ELECTRIC DISTRIBUTION SERVICES				
Line No.	Item	Electric Services		
16	Number at beginning of year	6,958		
17	Additions during year :			
18	Purchased			
19	Installed	76		
20	Associated with utility plant acquired			
21	Total additions	76		
22	Reductions during year :			
23	Retirements	(47)		
24	Associated with utility plant sold			
25	Total reductions	(47)		
26	Adjustments during year:			
27	Adjustments	-		
	Adjustments due to miscalculation in prior years	-		
26	Number at End of Year	6,987		

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 21, 2017	Year of Report December 31, 2016
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RATE SCHEDULE INFORMATION

1. Attach copies of all filed rates for general consumers.
2. Show below the changes in rate schedules during the year and the established increase or decrease in annual revenue predicated on the previous year's operations.

Date Effective	M.D.P.U. Number	Rate Schedule	Estimated Effect on Annual Revenues	
			Increases	Decreases
10/1/2016	588	RESIDENTIAL REGULAR R-1		
10/1/2016	589	RESIDENTIAL-LOW INCOME R-2 R-1/R-2 COMBINED	13%	
10/1/2016	590	RESIDENTIAL - TIME-OF-USE (OPTIONAL) R-4	8%	
10/1/2016	591	GENERAL SERVICE - SMALL COMMERCIAL AND INDUSTRIAL G-1		-1%
10/1/2016	592	GENERAL SERVICE - DEMAND G-2	6%	
10/1/2016	593	TIME-OF-USE - G-3		-1%
10/1/2016	594	STREET AND AREA LIGHTING – COMPANY OWNED EQUIPMENT S-1		
10/1/2016	595	STREET LIGHTING – OVERHEAD – CUSTOMER OWNED EQUIPMENT S-2		
10/1/2016	596	STREET LIGHTING – UNDERGROUND – DIVISION OF OWNERSHIP S-3		
10/1/2016	597	STREET AND AREA LIGHTING – CUSTOMER OWNED EQUIPMENT S-5		
10/1/2016	598	DECORATIVE STREET AND AREA LIGHTING – COMPANY OWNED EQUIPMENT S-6 STREET AND AREA LIGHTING COMBINED		-4%

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 and Basic Service Administrative Cost Factors

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 21, 2017	December 31, 2016
ADVERTISING EXPENSES				
Line No.	Account No.	Type (a)	General Description (b)	Amount for Year (c)
1	Account 99090000			
2				
3			Customer Education D&G Bill Insert	12,492
4			Adv Data & Analytics	1,054
5			Creative Services	1,340
6			Customer Insights	396
7			Digital Chan Engage	184
8			Demand Site Management (DSM)- ADVERTISING	287,627
9			Demand Side Management (DSM) - MARKETING EVENTS	2,504
10			Demand Site Management (DSM) - MARKETING TRADE	25,000
11			Demand Site Management (DSM) - ONLINE/WEB	310
12			Employee Engagement	186
13			Energy Prod Marketing	19,054
14			Events & Sponsorships	610
15			Customer Engagement	696
16			Minor Items <\$100.00	97
17				
18			Total Account 99090000	<u>351,550</u>
19				
20				
21	Account 99130000			
22				
23			Digital Outside Services	509
24			Digital Web/Social	1,359
25			Implement - External Web/Social	(57,143)
26			Customer Education D&G Bill Insert	5,727
27			DigitalWeb/Social/Email/Mobile Com	14,116
28			Implement -External Web/Social	57,143
29			Interactive Exp & Tech WebSocial	770
30			Minor Items <\$100.00	108
31				
32			Total Account 99130000	<u>22,589</u>
33				
34				
35	Account 99301000			
36				
37			Customer Engagement	420
38			Minor Items <\$100.00	91
39				
40			Total Account 9930100	<u>511</u>
41				
42				
43				
44				
45				
46				
47				
48				
49				
50				
51				
52				
53			TOTAL	<u>374,650</u>
54				

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 21, 2017	December 31, 2016
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> <ul style="list-style-type: none"> (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>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>		
<p>1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22</p>	<p>1. (a) National Grid USA Service Company (Associated Company) 40 Sylvan Road, Waltham, Massachusetts 02451</p> <p>(b) The following services are rendered:</p> <p> Servicing Division:</p> <p> Purchasing, Stores, Rates, Advertising, Employee Relations, Treasury, Accounting, Audit, Insurance, Taxes, Emergency Service, Administrative and Budgeting.</p> <p> Engineering and Construction Division: Civil and Mechanical Engineering, Electrical and District Engineering, Transmission Lines and Properties, Engineering Supervision, Construction, Emergency and Miscellaneous.</p> <p>(c) At cost, including interest on borrowed capital and a reasonable return on amount of capital necessary to perform services. Services performed by the Service Company for companies in the National Grid USA system will be rendered to them at cost in accordance with the service contracts between Service Company and its associate companies.</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) March 21, 2017	Year of Report December 31, 2016
CHARGES FOR OUTSIDE SERVICES (Continued)			
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 58 59 60 61 62 63 64 65 66 67 68 69 70	<p data-bbox="305 445 1153 491">2 Service Agreement dated as of November 5, 2012 between National Grid USA Service Company, Inc. and certain of its affiliates party thereto.</p> <p data-bbox="321 533 1360 558">A Mutual Assistance Agreement dated as of March 28, 2008, as extended by a letter agreement effective as of March 19, 2017.</p>		

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 21, 2017	December 31, 2016

CHARGES FOR OUTSIDE SERVICES (Continued)

71			
72	<u>Account #</u>		
73		<u>Transmission Expenses</u>	
74	562	TransOper Superv&Eng	37
75		Total Transmission	<u>37</u>
76			
77			
78		<u>Distribution Expenses</u>	
79	580	Load Disp-Monit&Oper	30,988
80	581	Load Dispatching	35,409
81	582	Station Expenses	395
82	583	Overhead Line Exp	7,183
83	584	Underground Line Exp	2,792
84	585	St Light&Sig Sys Exp	15
85	586	Meter expenses	4,279
86	587	Customer Install Exp	1
87	588	Maint-Computer Software	21,562
88	589	Rents	126
89	592	Maint-Station Equip	2,906
90	593	Maint-Overhead Lines	40,522
91	594	Maint-Underground Lines	710
92	595	Maint-Line Transform	52
93	597	Maint-Meters	122
94	598	Maint-Misc DistPlant	56
95		Total Distribution	<u>147,116</u>
96			
97			
98		<u>Customer Expenses</u>	
99	901	Superv-Cust Acct Exp	8,651
100	902	Meter Reading Exp	1,925
101	903	Cust Record&Coll Exp	271,078
102	904	Uncollectible Accts	2,467
103	905	Misc Cust Accts Exp	12,410
104	906	Customer Service and Information Exp	14
105	907	Supervision	530
106	908	Customer Assist Exp	148,359
107	909	Informational and Instructional Advertisingexpenses	29,787
108	910	Misc Cust Serv&Info	6,576
109		Total Customer	<u>481,797</u>
110			
111			
112		<u>Sales Expense</u>	
113	911	Supervision	385
114	912	Demonstr&Selling Exp	1,072
115	913	Advertising Expenses	73,234
116		Total Sales	<u>74,691</u>
117			
118			
119		<u>Administrative and General Expense</u>	
120	920	Admin & Gen Salaries	733,284
121	921	Office Supplies&Exp	309,229
122	923	OutsideServ Employed	3,608
123	924	Property insurance	31,482
124	925	Injuries and damages	84,587
125	926	Empl Pensions & Ben	851,356
126	928	Reg Total Customer	7,481
127	930.1	Gen Advertising Exp	511
128	930.2	Misc General Expense	40,521
129	931	Rents	95,647
130	935	Maint-General Plant	5,020
131		Total Administrative and General	<u>2,162,726</u>
132			
133			
134		Total Electric Operating and Maintenance Expense	2,866,367
135			

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CHARGES FOR OUTSIDE SERVICES (Continued)

136			
137	<u>Account #</u>		
138			
139	107	CWIP	721,866
140	108	Accum Prov for Depr	1,337
141	163	Stores Clearing	37,203
142	228.3	Injuries & Damages R	102,601
143	403	Depreciation expense	21,540
144	405	Amort of Other Plant	260,447
145	408.1	TaxOthThanInc-UtilOp	122,534
146	417.1	Exp Non-Utility Oper	38,757
147	419	Interest and Div Inc	(17,174)
148	421	Misc Non-Oper Inc	(4,067)
149	426.1	Donations	29,172
150	426.2	Life insurance	7,138
151	426.4	Exp Civic, Polit Act	4,029
152	426.5	Other deductions	17,101
153	431	Other Interest Exp	(1,334)
154		Total Other Accounts	<u>1,341,151</u>
155			
156			
157			
158		Total Charges	<u>4,207,518</u>
159			
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Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) March 21, 2017	Year of Report December 31, 2016
Nantucket Electric Company			
CHARGES FOR OUTSIDE SERVICES (Continued)			
188	<u>Payment for Outside Vendors and Other Consultative Service</u>		
189			
190			
191	<u>Plant Accounts</u>		
192	<u>Vendor</u>		
193	CLEAN HARBORS ENVIRONMENTAL SERVICE		70,220
194	KOBO UTILITY CONSTRUCTION CORP		29,105
195	KOBO UTILITY CONSTRUCTION CORP.		680,634
196	PRO. UNLIMITED INC.		29,341
197	TIGHE & BOND INC.		29,542
198	TOWN OF NANTUCKET		38,519
199	Other Vendors (13)		57,907
200			
201	Total Plant Accounts		935,269
202			
203			
204	<u>Operation Accounts</u>		
205	ASPLUNDH CONSTRUCTION CORP.		44,246
206	IBM CORP.		58,415
207	KOBO UTILITY CONSTRUCTION CORP.		243,914
208	NATIONWIDE CREDIT INC.		69,629
209	ON TARGET UTILITY SERVICES		80,044
210	PRICEWATERHOUSECOOPERS LLP		25,827
211	PRO. UNLIMITED INC.		26,771
212	UNIPART SERVICES AMERICA		35,860
213	VERIZON BUSINESS SERVICES		39,673
214	WIPRO LTD.		40,198
215	Other Vendors (308)		315,315
216			
217	Total Operation Accounts		979,894
218			
219			
220			
221	Total Charges		1,915,163
222			
223			
224			
225			
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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 21, 2017	December 31, 2016
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	205,437		
2				
3				
4				
5				
6				
7				
8				
9				
10	Deposits on Hand = Cash received.			
11				
12	*Provided by Billings Management			
13				
14				
15				
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48				
49				
50	Total	\$205,437		

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 21, 2017	Year of Report December 31, 2016
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THIS RETURN (THE FERC FORM NO. 1 AND THE MASSACHUSETTS SUPPLEMENT)
IS SIGNED UNDER THE PENALTIES OF PERJURY

George Carlin George Carlin VP, NE Controller

Charles DeRosa Charles DeRosa VP, US Treasurer

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

State of New York
County of Kings ss. March 21, 2017

Then personally appeared George Carlin and
Charles DeRosa

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

Phyllis Antonelli Notary Public
Justice of the Peace

PHYLLIS ANTONELLI
NOTARY PUBLIC, State of New York
NO. 01AN5053110
Qualified in Kings County
Commission Expires March 4, 2018

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Nantucket Electric Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	(Mo, Da, Yr) March 21, 2017	December 31, 2016
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		\$4,214
4				
5	Add:	Amort of Acquisition Premium		0
6				
7				
8				
9	Less: Page 117 Line 70	Net Interest Charges		\$803
10				
11	Less: Page 118 Line 31	Preferred Stock Dividends		\$91
12				
13	Net Utility Income Available for Common Shareholders			<u>3,320</u>
14				
15				
16	Total Utility Common Equity			
17				
18	Add: Page 112 Line 16	Total Proprietary Capital		55,517
19				
20	Add: Page 112 Line 9	Discount on Preferred Stock		0
21				
22	Add: Page 112 Line 10	Preferred Stock Expense		0
23				
24	Less: Page 112 Line 3	Preferred Stock Issued		0
25				
26	Less: Page 112 Line 12	Unappropriated, Undistributed Sub Earnings		0
27				
28	Less: Page 200 Line 12	Acquisition Adjustments		16,552
29				
30	Add: Page 200 Line 32	Amort of Plant Acquisition Adjustments		846
31				
32	Total Common Equity Excluding Unamort Acquisition Adjustment			<u>39,811</u>
33				
34	Electric Operations Allocator (Line 51 below)			<u>99.18%</u>
35				
36		Total Utility Common Equity		<u>39,485</u>
37				
38				
39	Electric Operations Allocator			
40				
41	Add: Page 110 Line 4	Total Utility Plant		136,106
42	Less: Page 200 Line 12	Acquisition Adjustments		16,552
43				<u>119,554</u>
44				
45				
46	Add: Page 110 Line 4	Total Utility Plant		136,106
47	Add: Page 110 Line 32	Total Other Property and Investment		985
48	Less: Page 200 Line 12	Acquisition Adjustments		16,552
49				<u>120,539</u>
50				
51		Electric Operations Allocator (Line 43 / Line 49)		<u>99.18%</u>
52				
53				
54				
55	Return on Equity	(Line 13 / Line 36)		<u>8.41%</u>
56				