

Affiliates of Gas and Electric Companies

THE COMMONWEALTH OF MASSACHUSETTS

ANNUAL RETURN

OF THE

HARBOR ELECTRIC ENERGY COMPANY

TO THE

DEPARTMENT OF PUBLIC UTILITIES

FOR THE YEAR ENDED DECEMBER 31,

2018

Annual Report of Harbor Electric Energy Company Year ended December 31, 2018

- 1. Full title of the Company..... Harbor Electric Energy Company
- 2. Location of principal business office, 800 Boylston Street  
Boston, MA 02199
- 3. Date of organization, December 22, 1989 as a Massachusetts corporation under the laws of the Commonwealth of Massachusetts
- 4. Date of annual meeting,..... Consent in lieu of meeting dated  
September 12, 2018
- 5. Number of stockholders,..... 1
- 6. Number of stockholders in Massachusetts, 1
- 7. Amount of stock held in Massachusetts, ... 1,000 shares of \$1.00 par value  
common stock

Name of officer to whom correspondence should be addressed regarding this report,

<u>NAME</u>	<u>TITLE</u>	<u>ADDRESS</u>
Jay S. Buth	Vice President, Controller and Chief Accounting Officer	107 Selden Street Berlin, CT 06037

Annual Report of Harbor Electric Energy Company Year ended December 31, 2018

DIRECTORS AND PRINCIPAL OFFICERS

Directors or Trustees

<u>Name</u>	<u>Address</u>	<u>Date of Expiration of Term</u>
Gregory B. Butler	56 Prospect Street Hartford, CT 06103	Next Annual Meeting
James J. Judge	800 Boylston Street Boston, MA 02199	Next Annual Meeting
Werner J. Schweiger	107 Selden Street Berlin, CT 06037	Next Annual Meeting

PRINCIPAL OFFICERS

<u>Title</u>	<u>Name</u>	<u>Official's Address</u>
President	Werner J. Schweiger	107 Selden Street Berlin, CT 06037
Executive Vice President and Chief Financial Officer	Philip J. Lembo	800 Boylston Street Boston, MA 02199
Executive Vice President and General Counsel	Gregory B. Butler	56 Prospect Street Hartford, CT 06103
Senior Vice President, Financial and Regulatory and Treasurer	John M. Moreira	247 Station Drive Westwood, MA 02090
Vice President, Controller and Chief Accounting Officer	Jay S. Buth	107 Selden Street Berlin, CT 06037
Secretary and Clerk	Richard J. Morrison	800 Boylston Street Boston, MA 02199
Independent Accountant	Deloitte & Touche LLP	City Place 185 Asylum Street 32 <sup>nd</sup> Floor Hartford, CT 06103

Annual Report of Harbor Electric Energy Company Year ended December 31, 2018

IF ANY OF THE DIRECTORS, TRUSTEES OR OFFICERS HOLD ANY OFFICE IN ANY OF THE COMPANIES OR ASSOCIATIONS RECEIVING SERVICES FROM THE REPORTING COMPANY, STATE THE TITLE AND THE COMPANY OR ASSOCIATION WITH WHICH SUCH DIRECTOR, TRUSTEE OR OFFICER IS ASSOCIATED.

Harbor Electric Energy Company does not provide any services to any affiliated company.

Annual Report of Harbor Electric Energy Company Year ended December 31, 2018

LIST ALL CONTRACTS ENTERED INTO FOR THE FURNISHING OF SERVICES, PURCHASE OF MATERIALS, SUPPLIES, EQUIPMENT, ETC. SUBMIT CONTRACT FORM.

<u>Date</u>	<u>For What Time</u>
2018	Year ended December 31, 2018

The Company was incorporated on December 22, 1989 pursuant to the laws of the Commonwealth of Massachusetts. The Company commenced operations in January 1990. A service agreement was entered into between Harbor Electric Energy Company and Eversource Energy Service Company (formerly known as Northeast Utilities Service Company), and such agreement was amended and restated on January 1, 2014. Substantially all organizational, general and administrative, and operation and maintenance services required, are provided by Eversource Energy Service Company.

Annual Report of Harbor Electric Energy Company Year ended December 31, 2018

## INCOME ACCOUNT FOR THE YEAR

<u>INCOME</u>	<u>Amount</u>
Services Rendered	\$ 771,981
Interest Income	<u>453,865</u>
Total Income	<u>\$ 1,225,846</u>
 <u>EXPENSES</u>	
General Office and Other Rents	\$ 6,957
Insurance	310,808
Other Deductions (page 8)	6,458,730
AFUDC	-531,805
Outside Services	41,401
Other Expenses	136,744
Taxes	-375,610
Interest on Debt, Associated Companies	116,922
Interest	<u>24,847</u>
Total Expenses	<u>6,188,994</u>
 Net Loss	 <u>\$ 4,963,148</u>

Annual Report of Harbor Electric Energy Company Year ended December 31, 2018

BALANCE SHEET

ASSETS

INVESTMENTS

Property, Plant & Equipment	\$40,729,459
Organization	285,274
Construction Work In Progress (Page 8)	<u>39,873,829</u>
Total Investments	<u>80,888,562</u>

CURRENT ASSETS

Cash & Equivalents	1,605,736
Accounts Receivable, Associated Companies	-0-
Accounts Receivable	-0-
Deposits with Trustee	-0-
Total Current Assets	<u>1,605,736</u>

DEFERRED CHARGES

Prepayments	182,339
Other Deferred Charges (primarily Income Taxes)	<u>12,405,510</u>
Total Deferred Charges	<u>12,587,849</u>

TOTAL ASSETS

\$95,082,147

LIABILITIES

Capital Stock	\$ 2,101,000
Other Paid in Capital (Page 8)	<u>15,800,000</u>
Total Capital Stock and Paid in Capital	<u>17,901,000</u>

CURRENT LIABILITIES

Accounts Payable, Associated Companies (Page 9)	4,943,833
Accounts Payable (Page 9)	14,669,871
Asset Retirement Obligation (Page 8)	9,000,000
Regulatory Liability	16,694,121
Deferred Revenues	64,327
Accrued Taxes	<u>1,188,082</u>
Total Current Liabilities	<u>46,560,234</u>

Deferred Credits	-0-
Reserve for Depreciation	41,014,733
Earned Deficit	<u>-10,393,820</u>

TOTAL LIABILITIES

\$95,082,147

Annual Report of Harbor Electric Energy Company Year ended December 31, 2018

OTHER DEDUCTIONS\*

Total Other Deductions \$6,458,730  
 Total other deductions relate to \$6.5M of costs incurred for a new cable for which HEEC has applied a \$17.5M credit.

CONSTRUCTION WORK IN PROGRESS\*

Total Construction Work In Progress \$30,873,829  
 Construction costs incurred for new distribution cable across Boston Harbor to Deer Island. Balance is net of an advanced payment of \$21.5M made by MWRA.  
     \$61.4M CWIP  
     21.5M CIAC Payment  
     \$39.9M Total Construction Work In Progress

OTHER PAID IN CAPITAL\*

Total Other Paid In Capital \$15,800,000  
 A capital contribution of \$13.5M was made in 2018 from NSTAR Electric.

ASSET RETIREMENT OBLIGATION\*

Asset Retirement Obligation \$9,000,000  
 A \$9.0M Asset Retirement obligation was recorded in December 2018 for the Decommissioning of the old cable line.



## ACCOUNTS PAYABLE\*

Accounts Payable	<u>\$14,669,871</u>
New Distribution Cable	
Accounts Payable Associated Companies	
Eversource Energy Service Company	\$3,961,666
NSTAR Electric Company	979,661
Eversource Parent	2,505
Total Accounts Payable	<u>\$19,613,703</u>

## ANALYSIS OF CHARGES FOR SERVICES\*

<u>COMPANY OR CUSTOMER</u>	<u>TOTAL AMOUNT BILLED</u>
Operation, maintenance and management services provided by Parent Corp., NSTAR Electric Company	\$18,732*
General and administrative services provided by Eversource Energy Service Company.	\$38,851

\* Estimated billings are subject to subsequent true up to actual cost

Annual Report of Harbor Electric Energy Company Year ended December 31, 2018

SIGNATURES AND OATH TO RETURN

See excel file for signature page, listing all Trustees.

NOT USED

UNDER THE PENALTIES OF PERJURY

We hereby certify that the statements contained in the foregoing Return are full, just and true.

\_\_\_\_\_  
\_\_\_\_\_

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


\_\_\_\_\_ SS. \_\_\_\_\_ 2019

Then personally appeared

and severally made oath that the foregoing statement by them subscribed is, to the best of their knowledge and belief, true.

\_\_\_\_\_  
Notary Public or  
Justice of the Peace

THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY


 \_\_\_\_\_ Jay S. Buth Vice President, Controller and Chief Accounting Officer

\_\_\_\_\_ John M. Moreira Senior Vice President- Finance and Regulatory and Treasurer

Directors:

\_\_\_\_\_ Gregory B. Butler Director

\_\_\_\_\_ Philip J. Lembo Director

\_\_\_\_\_ Werner J. Schweiger Director

SIGNATURE OF ABOVE PARTIES MUST BE PROPERLY SWORN TO

State of: Connecticut

County of: Hartford

City of: Berlin

\_\_\_\_\_ April 12, 2019

Then personally appeared Jay S. Buth and made oath to the truth of the foregoing statement by him subscribed according to his best knowledge and belief.

\_\_\_\_\_ Joyce Chandler Notary Public

My commission expires: 11/30/2023

THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

.....	Jay S. Buth	Vice President, Controller and Chief Accounting Officer
<i>John M. Moreira</i>	John M. Moreira	Senior Vice President- Finance and Regulatory and Treasurer

Directors:

.....	Gregory B. Butler	Director
.....	Philip J. Lembo	Director
.....	Werner J. Schweiger	Director

SIGNATURE OF ABOVE PARTIES MUST BE PROPERLY SWORN TO

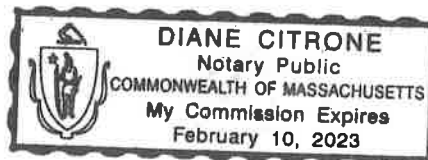
State of: Massachusetts  
 County of: Norfolk  
 City of: Westwood

..... April 12, 2019

Then personally appeared John M. Moreira and made oath to the truth of the foregoing statement by him subscribed according to his best knowledge and belief.

Diane Citrone Notary Public

My commission expires: 2.10.23



THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

..... Jay S. Buth Vice President, Controller and Chief Accounting Officer

..... John M. Moreira Senior Vice President- Finance and Regulatory and Treasurer

Directors:

 ..... Gregory B. Butler Director

..... Philip J. Lembo Director

..... Werner J. Schweiger Director

SIGNATURE OF ABOVE PARTIES MUST BE PROPERLY SWORN TO

State of: Connecticut

County of: Hartford

City of: Hartford

..... April 12, 2019

Then personally appeared Gregory B. Butler and made oath to the truth of the foregoing statement by him subscribed according to his best knowledge and belief.

Kathy L. Schmitt Notary Public

My commission expires: 9-30-19

THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

..... Jay S. Buth Vice President, Controller and Chief Accounting Officer

..... John M. Moreira Senior Vice President- Finance and Regulatory and Treasurer

Directors:

..... Gregory B. Butler Director

..... *Philip J. Lembo* Philip J. Lembo Director

..... Werner J. Schweiger Director

SIGNATURE OF ABOVE PARTIES MUST BE PROPERLY SWORN TO

State of: Massachusetts

County of: Norfolk

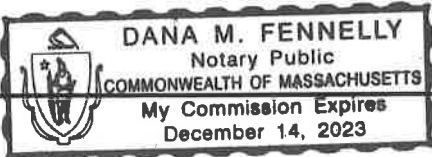
City of: Westwood

..... April 12, 2019

Then personally appeared Philip J. Lembo and made oath to the truth of the foregoing statement by him subscribed according to his best knowledge and belief.

Dana M. Fennelly Notary Public

My commission expires: December 14, 2023



THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

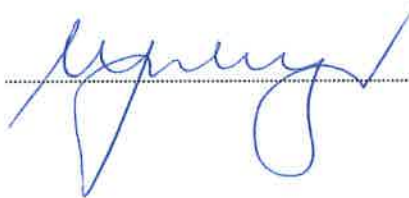
..... Jay S. Buth Vice President, Controller and Chief Accounting Officer

..... John M. Moreira Senior Vice President- Finance and Regulatory and Treasurer

Directors:

..... Gregory B. Butler Director

..... Philip J. Lembo Director

 ..... Werner J. Schweiger Director

SIGNATURE OF ABOVE PARTIES MUST BE PROPERLY SWORN TO


State of: Connecticut

County of: Hartford

City of: Berlin

..... April 12, 2019

Then personally appeared Werner Schweiger and made oath to the truth of the foregoing statement by him subscribed according to his best knowledge and belief.

 ..... Notary Public

My commission expires: 2/28/2022