

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,

2017

Annual Report of Harbor Electric Energy Company Year ended December 31, 2017

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
July 18, 2017

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, 2017

DIRECTORS AND PRINCIPAL OFFICERSDirectors 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
Vice President, Controller and Chief Accounting Officer	Jay S. Buth	107 Selden Street Berlin, CT 06037
Vice President & Treasurer	Christine L. Vaughan	247 Station Drive Westwood, MA 02090
Secretary and Clerk	Richard J. Morrison	800 Boylston Street Boston, MA 02199
Independent Accountant	Deloitte & Touche LLP	City Place 185 Asylum Street 32 nd Floor Hartford, CT 06103

Annual Report of Harbor Electric Energy Company Year ended December 31, 2017

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.

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>
2017	Year ended December 31, 2017

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, operation and maintenance services required are provided Eversource Energy Service Company.

Annual Report of Harbor Electric Energy Company Year ended December 31, 2017

INCOME ACCOUNT FOR THE YEAR

<u>INCOME</u>	<u>Amount</u>
Services Rendered	\$ 796,112
Interest Income	<u>50,001</u>
Total Income	<u>\$ 846,113</u>
 <u>EXPENSES</u>	
General Office and Other Rents	\$ 65,211
Insurance	338,985
Other Deductions (page 8)	15,631,008
AFUDC	-21,607
Outside Services	678,214
Other Expenses	255,171
Taxes	-6,473,419
Interest	<u>2,124</u>
Total Expenses	<u>10,475,687</u>
 Net Loss	 <u>\$ 9,629,574</u>

Annual Report of Harbor Electric Energy Company Year ended December 31, 2017

BALANCE SHEET

ASSETS

INVESTMENTS

Property, Plant & Equipment	\$40,729,459
Organization	285,274
Construction Work In Progress (Page 8)	<u>11,579,827</u>
Total Investments	<u>52,594,560</u>

CURRENT ASSETS

Cash & Equivalents	1,763,485
Accounts Receivable, Associated Companies (Page 8)	13,252
Accounts Receivable (Page 8)	66,464
Deposits with Trustee	<u>-0-</u>
Total Current Assets	<u>1,843,201</u>

DEFERRED CHARGES

Prepayments	147,219
Other Deferred Charges (primarily Income Taxes)	<u>6,494,214</u>
Total Deferred Charges	<u>6,641,433</u>

TOTAL ASSETS

\$61,079,194

LIABILITIES

Capital Stock	\$ 2,101,000
Other Paid in Capital (Page 8)	<u>2,300,000</u>
Total Capital Stock and Paid in Capital	<u>4,401,000</u>

CURRENT LIABILITIES

Accounts Payable, Associated Companies (Page 9)	167,613
Accounts Payable (Page 9)	10,382,924
Regulatory Liability	11,142,092
Deferred Revenues	66,464
Accrued Taxes	<u>-664,961</u>
Total Current Liabilities	<u>21,094,132</u>

Deferred Credits	-0-
Reserve for Depreciation	41,014,733
Earned Surplus	<u>-5,430,671</u>

TOTAL LIABILITIES

\$61,079,194

Annual Report of Harbor Electric Energy Company Year ended December 31, 2017

OTHER DEDUCTIONS*

Total Other Deductions	<u>\$15,631,008</u>
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Total other deductions relate to \$4.9M of costs incurred for engineering work performed on the existing cable and \$11.1M of costs incurred for a new cable for which HEEC will apply a \$17.5M credit.

CONSTRUCTION WORK IN PROGRESS*

Total Construction Work In Progress	<u>\$11,579,827</u>
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Construction costs incurred for new distribution cable across Boston Harbor to Deer Island.

ACCOUNTS RECEIVABLE*

Customer Account Receivable (Massachusetts Water Resources Authority)	<u>\$ 66,464</u>
Accounts Receivable, Associated Companies	
Eversource Energy Service Company	13,252
Total Accounts Receivable	<u>\$79,716</u>

OTHER PAID IN CAPITAL*

Total Other Paid In Capital	<u>\$2,300,000</u>
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A capital contribution of \$1.8M was made in Q2 2017 from NSTAR Electric. Additionally, in Q3 there was an equity infusion of \$500K from NSTAR Electric

Annual Report of Harbor Electric Energy Company Year ended December 31, 2017

ACCOUNTS PAYABLE*

Accounts Payable	<u>\$10,382,924</u>
New Distribution Cable	
Accounts Payable Associated Companies	
NSTAR Electric Company	\$ 109,236
Eversource Parent	2,124
Eversource Energy Service Company	56,253
Total Accounts Payable	<u>\$167,613</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	\$118,023*
General and administrative services provided by Eversource Energy Service Company.	\$43,538

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

Annual Report of Harbor Electric Energy Company Year ended December 31, 2017

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. _____ 2018

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

Christine L. Vaughan

Vice President 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 13, 2018

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.

 Notary Public

My commission expires: November 30, 2018

THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

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

Christine Vaughan Christine L. Vaughan Vice President 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

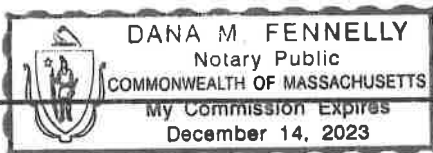
City of: Westwood

..... April 13, 2018

Then personally appeared Christine Vaughan 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

..... Christine L. Vaughan Vice President and Treasurer

Directors:

[Signature] 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 13, 2018

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



AMANDA L. FECTEAU
Notary Public, State of Connecticut
My Commission Expires September 30, 2019

[Signature] Notary Public

My commission expires:

THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

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

..... Christine L. Vaughan Vice President 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

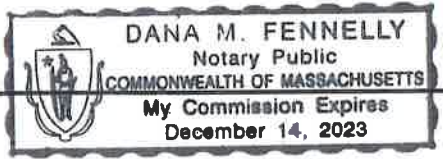
City of: Westwood

..... April 13, 2018

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

..... Christine L. Vaughan Vice President 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 13, 2018

Then personally appeared Werner J. 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