

***THE COMMONWEALTH OF MASSACHUSETTS***

**ANNUAL RETURN**

**OF THE**

**NANTUCKET ELECTRIC COMPANY**

**TO THE**

**DEPARTMENT OF PUBLIC UTILITIES**

**For the Year Ended December 31,**

**2011**

**nationalgrid**



# DEPARTMENT OF PUBLIC UTILITIES

This statement is filed in accordance with Chapter 164, Section 84A

## CONDENSED FINANCIAL RETURN

FOR THE YEAR ENDED DECEMBER 31, 2011

FULL NAME OF COMPANY - NANTUCKET ELECTRIC COMPANY

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

### STATEMENT OF INCOME FOR THE YEAR

See Copy of Income Statement Filed with the DPU Return Attached

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

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

## NANTUCKET ELECTRIC COMPANY

YEAR ENDED DECEMBER 31, 2011

## STATEMENT OF EARNED SURPLUS

Unappropriated Earned Surplus (at beginning of period).....		
Balance Transferred from Income.....		
Miscellaneous Credits to Surplus.....		
Miscellaneous Debits to Surplus.....		
Appropriations of Surplus.....		
Net Additions to Earned Surplus.....		
Dividends Declared -- Preferred Stock.....		
Dividends Declared -- Common Stock.....		
Unappropriated Earned Surplus (at end of period).....		

## ELECTRIC OPERATING REVENUES

Account	Operating Revenues	
	Amount for Year	Increase or (Decrease) from Preceding Year
<b>SALES OF ELECTRICITY</b>		
Residential Sales.....	\$ 6,930,556	\$ (762,002)
Commercial and Industrial Sales.....		-
Small (or Commercial).....	1,994,781	(571,963)
Large (or Industrial).....	(134)	(2,237)
Public Street and Highway Lighting.....	5,850	(1,234)
Other Sales to Public Authorities.....	-	-
Sales to Railroad and Railways.....	-	-
Interdepartmental Sales.....	-	-
Miscellaneous Electric Sales.....	-	-
Provision for Rate Refunds.....	(187,830)	(102,342)
Total Sales to Ultimate Consumers.....	8,743,223	(1,439,778)
Sales for Resale.....		
Total Sales of Electricity.....	8,743,223	(1,439,778)
<b>OTHER OPERATING REVENUES</b>		
Forfeited Discounts.....	15,911	(2,468)
Miscellaneous Service Revenues.....	1,198,284	269,977
Sales of Water and Water Power.....	-	-
Rent from Electric Property.....	246,800	(23,166)
Interdepartmental Rents.....	-	-
Other Electric Revenues.....	13,600,090	1,379,773
Total Other Operating Revenues.....	15,061,085	1,624,116
Total Electric Operating Revenues.....	\$ 23,804,308	\$ 184,338

## 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.....	8,775,446	47,420	8,822,866
Total Power Production Expenses.....	8,775,446	47,420	8,822,866
Transmission Expenses.....	1,682,890	10,851	1,693,741
Distribution Expenses.....	1,062,006	699,245	1,761,251
Customer Accounts Expenses.....	963,238	-	963,238
Sales Expenses.....	21,175	-	21,175
Administrative and General Expenses.....	2,066,710	6,850	2,073,560
Total Electric Oper. and Maint. Expenses	14,571,465	764,366	15,335,831




## NANTUCKET ELECTRIC COMPANY

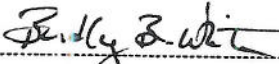
YEAR ENDED DECEMBER 31, 2011

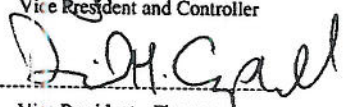
GAS OPERATING REVENUES		YEAR ENDED DECEMBER 31, 2011 (Not Applicable)	
Account	Operating Revenues		
	Amount for Year	Increase of (Decrease) from Preceding Year	
<b>SALES OF GAS</b>			
Residential Sales.....	\$	\$	
Commercial and Industrial Sales.....			
Small (or Commercial).....			
Large (or Industrial).....			
Other Sales to Public Authorities.....			
Interdepartmental Sales.....			
Miscellaneous Gas Sales.....			
Total Sales to Ultimate Consumers.....			
Sales for Resale.....			
Total Sales of Gas.....			
<b>OTHER OPERATING REVENUES</b>			
Forfeited Discounts.....			
Miscellaneous Service Revenues.....			
Revenues from Transportation of Gas of Others.....			
Sales of Products Extracted from Natural Gas.....			
Revenues from Natural Gas Processed by Others.....			
Rent from Gas Property.....			
Interdepartmental Rents.....			
Other Gas Revenues.....			
Total Other Operating Revenues.....			
Total Gas Operating Revenues.....			

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....				

03/28/2012, 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.

  
**MICHAEL ASCHENDORF**  
 Notary Public, State of New York  
 No. 01AS6246924  
 Qualified in Kings County  
 Commission Expires August 15, 2015

Bradley B. White   
 Vice President and Controller

David H. Campbell   
 Vice President - Finance





## TABLE OF CONTENTS

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

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

III	Comparative Balance Sheet (110-113)
IV	Statement of Income for the Year (114-117)
V	Statement of Retained Earnings for the Year (118-119)
XX	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion (200-201, 204-207)
XII	Accumulated Provision for Depreciation of Electric Utility Plant (219)
XVI	Electric Operating Revenues (300-301)
XVIII	Sales for Resale (310-311)
XVII	Electric Operation and Maintenance Expenses (320-323)
XIX	Purchased Power (326-327)

### INSTRUCTIONS FOR FILING FERC Form No. 1-F

#### GENERAL INFORMATION

#### 1. 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

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

#### II. Who Must Submit

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

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);

1. 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.

Based on our review, in our opinion the accompanying schedules identified in the preceding paragraph (except as noted below) conform in all material respects with the accounting requirements of the Federal Energy Regulatory Commission as set forth in its applicable Uniform System of Accounts and published accounting releases.

The letter or report must state which, if any, of the pages above do not conform to the Commission's requirements. Describe the discrepancies that exist.

Federal, State and Local Governments and other authorized users may obtain blank copies of the FERC Form 1-F free of charge from <http://www.ferc.gov/docs-filing/hard-fil.asp>.

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

Where to Send Comments on Public Reporting Burden

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

GENERAL INSTRUCTIONS

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

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

Enter in whole dollars only.


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  2011
03 Previous Name and Date of Change (If name changed during the year)  N/A		
04 Address of Principal Business Office at End of Year (Street, City, State, Zip Code)  40 Sylvan Road, Waltham, MA 02451		
05 Name of Contact Person  Bradley B. White		06 Title of Contact Person  VP & Controller of Acctg Svc
07 Address of Contact Person (Street, City, State, Zip Code)  One MetroTech Center, Brooklyn, NY 11201		
08 Telephone of Contact Person, Including Area Code  (718) 403-2480	09 This Report is (1) <u>X</u> An Original (2) <u>  </u> A Resubmission	10 Date of Report (Mo, Da, Yr)
11 Name of Officer Having Custody of the Books of Account  Alan P. Foster		12 Title of Officer  Sr VP of US Financial Services
13 Address of Officer Where Books of Account Are Kept (Street, City, State, Zip Code)  One MetroTech Center, Brooklyn, NY 11201		
14 Name of State Where Respondent Is Incorporated  Massachusetts	15 Date of Incorporation (Mo, Da, Yr)  4/12/1905	16 If applicable, Reference to Law Incorporated Under  GL 15613
17 Explanation of Manner and Extent of Corporate Control (If the respondent controls or is controlled by any other corporation, business trust, or similar organization)		
PART II: ATTESTATION		
The undersigned officer certifies that he/she has examined the accompanying report; that to the best of his/her knowledge, information, and belief, all statements of fact contained in the accompanying report are true and the accompanying report is a correct statement of the business and affairs of the above named respondent in respect to each and every matter set forth therein during the period from and including January 1 to and including December 31 of the year of the report.		
01 Name  Alan P. Foster	03 Signature  	04 Date Signed (Mo, Da, Yr)
02 Title  Sr VP of US Financial Services		
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 type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
--	--	---------------------------------------	---

**STATEMENT OF CASH FLOWS**

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

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

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

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

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
1	Net Cash Flow from Operating Activities:		
2	Net Income (Line 78(c) on page 117)	1,913,198	2,466,632
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	3,597,601	3,112,522
5	Amortization of Loss on Racquired Debt	82,446	82,446
6	Amortization of Debt Discount and Expense	552,515	285,256
7			
8	Deferred Income Taxes (Net)	-205,245	-2,063,489
9	Investment Tax Credit Adjustment (Net)	-2,364	-3,413
10	Net (Increase) Decrease in Receivables	-1,250,685	2,151,665
11	Net (Increase) Decrease in Inventory	14,926	-77,619
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	2,832,011	1,865,960
14	Net (Increase) Decrease in Other Regulatory Assets	1,494,818	1,091,742
15	Net Increase (Decrease) in Other Regulatory Liabilities	-44,393	-76,399
16	(Less) Allowance for Other Funds Used During Construction	5,297	3,334
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	-66,367	64,524
19	Prepaid and other current assets	-5,822	5,986,758
20			
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	8,907,342	14,883,251
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-1,951,070	-2,504,210
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant	4,563	4,563
30	(Less) Allowance for Other Funds Used During Construction	-5,297	-3,334
31	Other (provide details in footnote):		
32	Utility Plant Retirement Costs	-199,572	-215,412
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-2,140,782	-2,711,725
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 type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
--	--	---------------------------------------	---

**STATEMENT OF CASH FLOWS**

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

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(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.

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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):	9,077	-92,706
54	Moneypool	-6,525,000	-11,275,000
55	Special Depsits	9,638	
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	-8,647,067	-14,079,431
58			
59	Cash Flows from Financing Activities:		
60	Proceeds from Issuance of:		
61	Long-Term Debt (b)		
62	Preferred Stock		
63	Common Stock		
64	Other (provide details in footnote):		
65			
66	Net Increase in Short-Term Debt (c)		
67	Other (provide details in footnote):		
68			
69			
70	Cash Provided by Outside Sources (Total 61 thru 69)		
71			
72	Payments for Retirement of:		
73	Long-term Debt (b)	-230,000	-210,000
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):		
77			
78	Net Decrease in Short-Term Debt (c)		-475,000
79			
80	Dividends on Preferred Stock		
81	Dividends on Common Stock		
82	Net Cash Provided by (Used in) Financing Activities		
83	(Total of lines 70 thru 81)	-230,000	-685,000
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	30,275	118,820
87			
88	Cash and Cash Equivalents at Beginning of Period	151,511	32,691
89			
90	Cash and Cash Equivalents at End of period	181,786	151,511

Name of Respondent	This Report is: (1) __ An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

**Schedule Page: 10 Line No.: 18 Column: b**

Change in Other Operating Activities:

Changes in clearing accounts	\$ (108,351)
Changes in miscellaneous and deferred debits	(3,259)
Changes in accumulated deferred income taxes	(972)
Changes in AOCI	(3,691)
Changes in deferred credits	8,299
<u>Changes in unamortized discount on long-term debt</u>	<u>41,607</u>
Total	\$ (66,367)

**Schedule Page: 10 Line No.: 18 Column: c**

Change in Other Operating Activities:

Changes in clearing accounts	\$ (45,554)
Changes in miscellaneous and deferred debits	(12,672)
Changes in accumulated deferred income taxes	595
Changes in AOCI	(19,300)
Changes in deferred credits	35,054
Changes in unamortized discount on long-term debt	6,401
<u>Changes in accumulated provision for injuries and damages</u>	<u>100,000</u>
Total	\$ 64,524

**Schedule Page: 10 Line No.: 53 Column: b**

Changes in Other Investing Activities:

Changes in other investments	\$ (6,933)
<u>Changes in other special funds</u>	<u>16,010</u>
Total	\$ 9,077

**Schedule Page: 10 Line No.: 53 Column: c**

Changes in Other Investing Activities:

Changes in other investments	\$ (13,866)
<u>Changes in other special funds</u>	<u>(78,840)</u>
Total	\$ (92,706)





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

Line No.	Other Cash Flow Hedges Interest Rate Swaps  (f)	Other Cash Flow Hedges [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			( 1,254,497)		
2			47,463		
3			1,133,237		
4			1,180,700	2,466,632	3,647,332
5			( 73,797)		
6			( 73,797)		
7			( 4,739)		
8			1,048		
9			( 3,691)	1,913,198	1,909,507
10			( 77,488)		

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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OTHER REGULATORY ASSETS (Account 182.3)
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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						
2						
3	Deferred FAS 109	200,123		282/283	617	199,506
4						
5	Standard Offer Under Collection Long Term Portion	1,978,249	12,612	449	18,042	1,972,819
6						
7	Massachusetts Default / Distrabution Revenue Adjust	( 22,601)	22,601			
8						
9	2nd Cable Deferral (2006-2013)	1,829,659		419/456	1,471,880	357,779
10						
11	Arrears Forgiveness Arrearage Management Program	1,985	6,920	456	8,905	
12						
13	Financial Accounting Standard 158-Pension	2,095,500	2,193	Various	272,954	1,824,739
14						
15	Financial Accounting Standard 158-OPEB	1,084,980	10,828	Various	423,979	671,829
16						
17	Pension Expense Deferred-Electric	264,124	159,600	456	90,458	333,266
18						
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44	TOTAL	7,432,019	214,754		2,286,835	5,359,938

Name of Respondent	This Report is: (1) __ An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Nantucket Electric Company			
FOOTNOTE DATA			

**Schedule Page: 17 Line No.: 5 Column: a**

On December 30, 2009, the Massachusetts Department of Public Utilities ("DPU") approved the request of Massachusetts Electric Company and Nantucket Electric Company d/b/a National Grid (the Company) for the recovery of deferred Standard Offer Service ("SOS") costs through a SOS adjustment factor to become effective on January 1, 2010. The Company's request was submitted in compliance with a settlement agreement in Docket Nos. DTE 02-79, 03-124, and 03-126 (the Settlement).

**Schedule Page: 17 Line No.: 7 Column: a**

Default Service Cost Reclassification Adjustment Provision, M.D.P.U. No. 1178. This mechanism allows for a credit to distribution rates and a surcharge to basic service rates for the recovery of commodity-related administrative costs embedded in the Company's prior distribution rates. Both the credit to distribution rates and the surcharge to basic service rates are subject to reconciliation under this mechanism to ensure the correct amount was credited and charged, respectively. This ended as of December 31, 2009.

**Schedule Page: 17 Line No.: 9 Column: a**

Pursuant to D.P.U. 06-106-A

**Schedule Page: 17 Line No.: 11 Column: a**

The Company is allowed recovery of the incremental costs associated with the operation of the Company's Arrearage Management Program ("AMP") offered to qualifying customers pursuant to Docket Nos. D.T.E. 05-86, D.T.E. 01-106-C, and D.P.U 08-4 and the discount provided to customers receiving retail delivery service under Residential Low Income Rate R-2 ("Rate R-2").

**Schedule Page: 17 Line No.: 13 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: 17 Line No.: 15 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: 17 Line No.: 17 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.

<b>Name of Respondent</b>	<b>This Report Is:</b> (1) <u>X</u> An Original (2) ___ A Resubmission	<b>Date of Report</b> (Mo, Da, Yr)	<b>Year of Report</b>
NANTUCKET ELECTRIC COMPANY			Dec. 31, 2011

**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.	Title (a)	Name of Officer or Director (b)	Salary and/or Fee (c)	Comments (d)
01	President*	Reed, Marcy	932	(1)
02	Executive Vice President	Smith, Ellen	553	(2)
03	Senior Vice President & Chief Procurement Officer	Schlaff, Raymond C.	419	(3)
04	Senior Vice President & Clerk	Owyang, Colin	285	(4)
05				
06	Director	Campbell, David H.	(5)	Appointed as Director on 07/07/2011
07	Director	Root, Christopher E.	(5)	Appointed as Director on 07/07/2011
08				
09	<u>Resignations:</u>			
10	President	King, Thomas B.	1,096	Resigned as President on 07/18/2011 (6)
11	Director	Smith, Ellen	(5)	Resigned as Director on 07/07/2011
12	Director	Ryan, Linda Clairra	(5)	Resigned as Director on 07/07/2011
13	Director	Owyang, Colin	(5)	Resigned as Director on 07/07/2011
14	Senior Vice President	Hogan, Patrick	597	Resigned as SVP on 04/01/2011 (7)
15				
16	<u>Appointments:</u>			
17	President	Reed, Marcy		Appointed on 08/01/2011

- (1) Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other FERC jurisdictional companies and non-FERC jurisdictional companies total \$167,692 and \$141,496, respectively. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2011 thru 12-31-2011.
- (2) Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other FERC jurisdictional companies and non-FERC jurisdictional companies total \$276,065 and \$192,132, respectively. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2011 thru 12-31-2011.
- (3) Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other FERC jurisdictional companies and non-FERC jurisdictional companies total \$227,754 and \$171,827, respectively. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2011 thru 12-31-2011.
- (4) Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other FERC jurisdictional companies and non-FERC jurisdictional companies total \$155,870 and \$152,428, respectively. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2011 thru 12-31-2011.
- (5) No directors fees were paid during 2011
- (6) Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other FERC jurisdictional companies and non-FERC jurisdictional companies total \$595,126 and \$510,653, respectively. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2011 thru 12-31-2011.
- (7) Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other FERC jurisdictional companies and non-FERC jurisdictional companies total \$59,129 and \$0, respectively. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2011 thru 12-31-2011.

Name of Respondent <b>NANTUCKET ELECTRIC COMPANY</b>	This Report Is: (1) <u> X </u> An Original (2) <u> </u> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2011
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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	<b>ELECTRIC (110)</b>					
02	<b>Other Utility Department (119) (Specify) :</b>					
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	<b>Common Stock</b>	<b>1</b>	<b>\$1</b>	<b>N/A</b>	<b>1</b>	<b>\$1</b>
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	<b>Massachusetts Development</b>					
02	<b>Finance Agency - Electric</b>					
03	<b>Utility Revenue Bonds -</b>					
04	<b>Series A</b>	<b>08/01/2007</b>	<b>08/01/2042</b>	<b>13,300,000</b>		<b>87,507</b>
05	<b>Massachusetts Development</b>					
06	<b>Finance Agency - variable rate</b>					
07	<b>Utility Revenue Bonds -</b>					
08	<b>Series 2004</b>	<b>12/16/2004</b>	<b>03/01/2039</b>	<b>10,000,000</b>		<b>75,055</b>
09	<b>Massachusetts Development</b>					
10	<b>Finance Agency - variable rate</b>					
11	<b>Utility Revenue Bonds -</b>					
12	<b>Series 2004</b>	<b>12/16/2004</b>	<b>03/01/2016</b>	<b>1,525,000</b>		<b>11,994</b>
13	<b>Massachusetts Development</b>					
14	<b>Finance Agency - variable rate</b>					
15	<b>Utility Revenue Bonds -</b>					
16	<b>Series 2005</b>	<b>12/08/2005</b>	<b>12/01/2040</b>	<b>28,000,000</b>		<b>207,860</b>
	<b>TOTAL</b>			<b>\$52,825,000</b>		<b>\$382,415</b>

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4	
OTHER REGULATORY LIABILITIES (Account 254)						
1. Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable. 2. Minor items (5% of the Balance in Account 254 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes. 3. For Regulatory Liabilities being amortized, show period of amortization.						
Line No.	Description and Purpose of Other Regulatory Liabilities (a)	Balance at Beginning of Current Quarter/Year (b)	DEBITS		Credits (e)	Balance at End of Current Quarter/Year (f)
			Account Credited (c)	Amount (d)		
1	FAS 109	822,971	182,190	2,033		820,938
2	Retirement Plan-Purchase Accounting Adj	35,644	926	21,153		14,491
3	Service Quality Penalty	2,528	456	104,367	83,160	-18,679
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41	TOTAL	861,143		127,553	83,160	816,750

Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Nantucket Electric Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 20      Line No.: 3      Column: a**

Service quality penalty credit factors were implemented pursuant to approval in Docket Nos. D.P.U. 07-22 and D.P.U. 08-19 respectively, to refund customers for poor service in 2005 and 2006.





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



Name of Respondent	This Report Is:	Date of Report (Mo, Da, Yr)	Year/Period of Report
Nantucket Electric Company	(1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	/ /	End of 2011/Q4

COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)				
Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	123,099,046	121,210,348
3	Construction Work in Progress (107)	200-201	340,285	529,764
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		123,439,331	121,740,112
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	39,062,815	35,906,393
6	Net Utility Plant (Enter Total of line 4 less 5)		84,376,516	85,833,719
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)		84,376,516	85,833,719
15	Utility Plant Adjustments (116)		0	0
16	Gas Stored Underground - Noncurrent (117)		0	0
17	OTHER PROPERTY AND INVESTMENTS			
18	Nonutility Property (121)		293,317	293,317
19	(Less) Accum. Prov. for Depr. and Amort. (122)		200,401	195,838
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)		82,742	75,809
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		644,249	660,259
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)		819,907	833,547
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		181,786	151,511
36	Special Deposits (132-134)		45,612	55,250
37	Working Fund (135)		0	0
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		4,903,144	4,379,663
41	Other Accounts Receivable (143)		69,051	22,207
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		190,970	181,098
43	Notes Receivable from Associated Companies (145)		17,800,000	11,275,000
44	Accounts Receivable from Assoc. Companies (146)		4,726,571	3,856,185
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	188,403	217,451
49	Merchandise (155)	227	0	0
50	Other Materials and Supplies (156)	227	0	0
51	Nuclear Materials Held for Sale (157)	202-203/227	0	0
52	Allowances (158.1 and 158.2)	228-229	0	0

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	13,302	-820
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)		25,719	19,731
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		2,363	7,539
60	Rents Receivable (172)		44,302	60,280
61	Accrued Utility Revenues (173)		1,082,000	1,241,000
62	Miscellaneous Current and Accrued Assets (174)		0	166
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)		28,891,283	21,104,065
68	<b>DEFERRED DEBITS</b>			
69	Unamortized Debt Expenses (181)		1,051,077	1,231,417
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	5,359,938	7,432,019
73	Prelim. Survey and Investigation Charges (Electric) (183)		5,599	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)		95,598	-12,753
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	26,026	22,767
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)		416,342	498,788
82	Accumulated Deferred Income Taxes (190)	234	6,660,117	4,498,399
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		13,614,697	13,670,637
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		127,702,403	121,441,968

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	22,475,063	22,475,063
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	13,014,927	11,101,729
12	Unappropriated Undistributed Subsidiary Earnings (216.1)	118-119	0	0
13	(Less) Reaquired Capital Stock (217)	250-251	0	0
14	Noncorporate Proprietorship (Non-major only) (218)		0	0
15	Accumulated Other Comprehensive Income (219)	122(a)(b)	-77,488	-73,797
16	Total Proprietary Capital (lines 2 through 15)		35,412,503	33,502,996
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	52,825,000	53,055,000
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	41,607
24	Total Long-Term Debt (lines 18 through 23)		52,825,000	53,013,393
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)		100,000	100,000
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)		0	0
35	Total Other Noncurrent Liabilities (lines 26 through 34)		100,000	100,000
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		891,535	1,740,449
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		1,732,007	327,923
41	Customer Deposits (235)		79,460	55,870
42	Taxes Accrued (236)	262-263	1,593,198	850,187
43	Interest Accrued (237)		26,076	23,381
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

[illegible]

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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STATEMENT OF INCOME

Quarterly

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

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

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

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

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

Annual or Quarterly if applicable

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

6. Report amounts for accounts 412 and 413, Revenues and Expenses from Utility Plant Leased to Others, in another utility 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	23,804,308	23,619,970		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	14,574,465	15,335,032		
5	Maintenance Expenses (402)	320-323	764,366	652,104		
6	Depreciation Expense (403)	336-337	3,597,601	3,112,522		
7	Depreciation Expense for Asset Retirement Costs (403.1)	336-337				
8	Amort. & Depl. of Utility Plant (404-405)	336-337				
9	Amort. of Utility Plant Acq. Adj. (406)	336-337				
10	Amort. Property Losses, Unrecov Plant and Regulatory Study Costs (407)					
11	Amort. of Conversion Expenses (407)					
12	Regulatory Debits (407.3)					
13	(Less) Regulatory Credits (407.4)					
14	Taxes Other Than Income Taxes (408.1)	262-263	652,540	533,060		
15	Income Taxes - Federal (409.1)	262-263	952,626	2,350,236		
16	- Other (409.1)	262-263	300,729	355,772		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	1,183,634	1,023,032		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	1,363,113	3,112,036		
19	Investment Tax Credit Adj. - Net (411.4)	266	-2,364	-3,413		
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)		20,660,484	20,246,309		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117,line 27		3,143,824	3,373,661		

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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STATEMENT OF INCOME FOR THE YEAR (Continued)

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

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

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

12. If any notes appearing in the report to stokholders are applicable to the Statement of Income, such notes may be included at page 122.

13. Enter on page 122 a concise explanation of only those changes in accounting methods made during the year which had an effect on net income, including the basis of allocations and apportionments from those used in the preceding year. Also, give the appropriate dollar effect of such changes.

14. Explain in a footnote if the previous year's/quarter's figures are different from that reported in prior reports.

15. If the columns are insufficient for reporting additional utility departments, supply the appropriate account titles report the information in a footnote to this schedule.

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
						1
23,804,308	23,619,970					2
						3
14,574,465	15,335,032					4
764,366	652,104					5
3,597,601	3,112,522					6
						7
						8
						9
						10
						11
						12
						13
652,540	533,060					14
952,626	2,350,236					15
300,729	355,772					16
1,183,634	1,023,032					17
1,363,113	3,112,036					18
-2,364	-3,413					19
						20
						21
						22
						23
						24
20,660,484	20,246,309					25
3,143,824	3,373,661					26



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)		3,143,824	3,373,661		
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)					
34	(Less) Expenses of Nonutility Operations (417.1)		31,000	28,000		
35	Nonoperating Rental Income (418)		-4,563	-4,563		
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		68,609	172,085		
38	Allowance for Other Funds Used During Construction (419.1)		5,297	3,334		
39	Miscellaneous Nonoperating Income (421)		-11,273	24,800		
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		27,070	167,656		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		11,311	16,991		
46	Life Insurance (426.2)		5,220	-5,138		
47	Penalties (426.3)		83,145	11,094		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		14,314	10,633		
49	Other Deductions (426.5)		7,710	6		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		121,700	33,586		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263				
53	Income Taxes-Federal (409.2)	262-263	19,021	16,600		
54	Income Taxes-Other (409.2)	262-263	1,976	5,400		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277	-24,395	25,515		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	1,371			
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)		-4,769	47,515		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		-89,861	86,555		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		382,415	464,827		
63	Amort. of Debt Disc. and Expense (428)		552,515	285,256		
64	Amortization of Loss on Reaquired Debt (428.1)		82,446	82,446		
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Reaquired Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)			37		
68	Other Interest Expense (431)		124,144	157,903		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		755	-3,115		
70	Net Interest Charges (Total of lines 62 thru 69)		1,140,765	993,584		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		1,913,198	2,466,632		
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)		1,913,198	2,466,632		

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/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		11,101,729	8,635,097
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)		1,913,198	2,466,632
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				
32				
33				
34				
35				
36	TOTAL Dividends Declared-Common Stock (Acct. 438)			
37	Transfers from Acct 216.1, Unapprop. Undistrib. Subsidiary Earnings			
38	Balance - End of Period (Total 1,9,15,16,22,29,36,37)		13,014,927	11,101,729
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

### 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.

[illegible]

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report / /	Year/Period of Report End of <u>2011/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	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

## Note 1. Summary of Significant Accounting Policies

### A. Nature of Operations

Nantucket Electric Company (the “Company,” “we,” “us,” and “our”) is an electric 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”), 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 an indirectly-owned subsidiary of National Grid plc, a public limited company incorporated under the laws of England and Wales.

The Company has evaluated subsequent events and transactions through March 29, 2012, and concluded that there were no events or transactions that require adjustment to, or disclosure in the notes to, the financial statements.

### B. Basis of Presentation

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

- for FERC reporting, deferred tax assets and liabilities are presented on a gross basis and are classified as non-current. For GAAP reporting, deferred tax assets and liabilities are presented on a net basis, with current and non-current amounts segregated.
- for FERC reporting, regulatory assets and liabilities are classified as non-current. For GAAP reporting, regulatory assets and liabilities are segregated between current and non-current classifications.
- 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 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.
- the accumulated reserve for depreciation for estimated removal costs is included in the accumulated provision for depreciation for FERC reporting and as a regulatory liability or asset retirement obligation for GAAP reporting.
- current and long-term debt is classified in the balance sheet as all long-term debt in accordance with regulatory treatment, while GAAP presentation reflects current and long-term debt separately.
- the intercompany accounts are not netted for FERC reporting but are netted together for GAAP reporting.

The preparation of financial statements in conformity with FERC requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

### C. Regulatory Accounting

The FERC and the Massachusetts Department of Public Utilities (“DPU”) provide the final determination of the rates the Company charges its customers. In certain cases, the actions of the FERC and DPU to determine the rates the Company charges its customers would result in an accounting treatment different from that used by non-regulated companies. In these cases, the Company would be required to recognize costs (regulatory assets) or to recognize obligations (regulatory liabilities) if it is probable that these amounts will be recovered or refunded through the rate-making process, which would result in a corresponding increase or decrease in future rates.

In the event the Company determines that its net regulatory assets are not probable of recovery, it would no longer apply the

Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

principles of the current accounting guidance for rate-regulated enterprises and would be required to record an after-tax, non-cash charge against income for any remaining regulatory assets and liabilities. The impact could be material to the Company's reported financial condition and results of operations.

#### ***D. Revenue Recognition***

The Company bills its customers on a monthly basis at approved tariffs based on energy delivered, a minimum service charge, and, in some instances, their demand on the electric system. Revenues include unbilled amounts related to the estimated electric usage that occurred from the most recent meter reading to the end of each month. The Company also records the distribution component of revenue for electricity delivered but not yet billed.

The Company defers for future recovery from or refunds to electric customers the difference between revenue and expenses from, default service, transmission service, and contract termination charges.

For each of the years ended December 31, 2011 and December 31, 2010, 70% of the Company's revenue from the sale and delivery of electricity was derived from residential customers and 30% from commercial customers.

#### ***E. Utility Plant***

Utility plant is stated at original cost. The cost of additions to utility plant and replacements of retired units of property are capitalized. Costs include direct material, labor, overhead, and allowance for funds used during construction ("AFUDC"). The cost of renewals and betterments that extend the useful life of utility plant are also capitalized. The cost of repairs, replacements, and major maintenance projects, which do not extend the useful life or increase the expected output of the asset, are expensed as incurred. Whenever utility plant is retired, its original cost, together with the cost of removal, less salvage, is charged to accumulated depreciation. Depreciation is generally 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 state regulatory bodies.

The composite rates and weighted average life for the years ended December 31, 2011 and December 31, 2010 are as follows:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
Composite rates	<b>4.2%</b>	4.1%
Weighted average life	<b>24</b>	24

In accordance with applicable regulatory accounting guidance, the Company records AFUDC, which represents the estimated debt and equity costs of capital funds necessary to finance the construction of new regulated facilities. Both the debt and equity components of AFUDC are non-cash amounts within the statements of income. AFUDC is capitalized as a component of the cost of utility plant, with an offsetting credit to other income for the equity component and other interest for the debt component in the accompanying statements of income. After construction is completed, the Company is permitted to recover these costs through inclusion in the rate base and the corresponding depreciation expense.

#### ***Goodwill***

Goodwill, which is included under the utility plant in the accompanying balance sheets, represents the excess of the purchase price of a business combination over the fair value of tangible and intangible assets acquired, net of the fair value of liabilities assumed and the fair value of any non-controlling interest in the acquisition. The Company tests goodwill for impairment on an annual basis and, on an interim basis, when certain events or circumstances exist.

The goodwill impairment analysis is comprised of two steps. In the first step, the Company compares the fair value of each reporting

Name of Respondent	This Report is: (1) __ An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

unit to its carrying value. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not considered impaired and no further analysis is required to be performed. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value, then a second step is performed to determine the implied fair value of the reporting unit's goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment charge equal to the difference is recorded.

For the purpose of first step analysis, determination of reporting unit's fair value is typically based on combination of an income-based approach using projected discounted cash flows and a market-based approach using valuation multiples of comparable companies to determine fair value. The resulting fair value of the annual analyses determined that no adjustment of the goodwill carrying value was required for our continuing operations at December 31, 2011 and December 31, 2010.

#### ***F. Cash and Cash Equivalents***

The Company classifies short-term investments that are highly liquid and have maturities of three months or less at the date of purchase as cash equivalents. These short-term investments are carried at cost which approximates fair value.

#### ***G. Special Deposits***

Special deposits represent restricted cash that the Company is required to have for property, health insurance, and worker's compensation insurance.

#### ***H. Income Taxes***

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 reflect the tax effect of net operating losses, capital losses and general business credit carryforwards, and the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial statement and income tax purposes, as determined under enacted tax laws and rates. 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.

#### ***I. Comprehensive Income (Loss)***

Comprehensive income (loss) is the change in the equity of a company, not including those changes that result from shareholder transactions. While the primary component of comprehensive income (loss) is reported net income or loss, the other component includes unrealized gains and losses associated with certain investments held as available for sale, deferred gains and losses on derivative contracts associated with hedging activities, and deferred pension and postretirement plans benefit.

#### ***J. Employee Benefits***

The Company follows the provisions of the Financial Accounting Standards Board ("FASB") accounting guidance related to the accounting for defined benefit pension and postretirement plans which requires employers to fully recognize all postretirement plans' funded status on the balance sheet as a net liability or asset and requires an offsetting adjustment to accumulated other comprehensive income in shareholder's equity upon implementation or, in the case of regulated enterprises, to regulatory assets or liabilities. Consistent with past practice, and as required by the guidance, the Company values its pension and postretirement benefits other than pensions ("PBOP") assets using the year-end market value of those assets. Benefit obligations are also measured at year-end.

#### ***K. Fair Value Measurements***

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

Name of Respondent	This Report is: (1) __ An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

participants at the measurement date. The following is the fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three levels as follows:

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. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

#### ***L. Plant Materials and Operating Supplies***

Plant materials and operating supplies are stated at the lower of cost or market value with cost determined on an average weighted cost basis and expensed as used or capitalized into specific capital additions as utilized. The Company's policy is to write off obsolete inventory.

#### ***M. Recent Accounting Pronouncements***

##### *Fair Value Measurements*

In April 2011, the FASB issued accounting guidance that substantially amended existing guidance with respect to the fair value measurement topic ("the Topic"). The guidance seeks to amend the Topic in order to achieve common fair value measurement and disclosure requirements in GAAP and International Financial Reporting Standards. Consequently, the guidance changes the wording used to describe many of the requirements in GAAP for measuring fair value and for disclosing information about fair value measurements as well as changing specific applications of the Topic. Some of the amendments clarify the FASB's intent about the application of existing fair value measurement requirements. Other amendments change a particular principle or requirement for measuring fair value or for disclosing information about fair value measurements including, but not limited to, fair value measurement of a portfolio of financial instruments, fair value measurement of premiums and discounts, and additional disclosures about fair value measurements. This guidance is effective for financial statements issued for annual periods beginning after December 15, 2011. The early adoption of this guidance for non-public companies is permitted but only for interim periods beginning after December 15, 2011. The Company is currently determining the potential impact of the guidance on its financial position, results of operations, and cash flows.

##### *Goodwill Impairment*

In September 2011, the FASB issued accounting guidance related to goodwill impairment testing whereby, an entity has the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the fair value of a reporting unit is less than its carrying amount. If, after assessing the totality of events or circumstances, an entity determines it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, then performing the two-step impairment test is unnecessary. Otherwise, the entity is required to perform the two-step impairment test. This guidance is effective for annual and interim goodwill impairment tests performed for fiscal years beginning after December 15, 2011. Early adoption is permitted. The Company does not expect adoption of this guidance to have an impact on the Company's financial position, results of operations, or cash flows.



Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

### *Offsetting Assets and Liabilities*

In December 2011, the FASB issued accounting guidance requiring enhanced disclosure related to offsetting assets and liabilities. Under the amendments in this Update, entities will be required to disclose both gross information and net information about both instruments and transactions eligible for offset in the statement of financial position and instruments and transactions subject to an agreement similar to a master netting agreement. This scope would include items such as derivatives. This guidance is effective for fiscal years, and interim periods within that year, beginning after January 1, 2013, and is to be applied retrospectively. As this guidance relates to disclosure only, the adoption of this guidance will not have an impact on the Company's financial position, results of operations, or cash flows.

### *N. Reclassifications*

Certain prior period data in the cash flow statement has been reclassified between operating, investing and financing activities to conform with the current presentation. These reclassifications had no effect on the results of operations and the statement of financial condition.

### **Note 2. Rates and Regulatory**

The following table presents the Company's regulatory assets and regulatory liabilities at December 31, 2011 and December 31, 2010:

	<b>December 31,</b>	
	<b>2011</b>	<b>2010</b>
	<i>(in thousands of dollars)</i>	
<i>Other regulatory assets:</i>		
Long-term portion of standard offer under-recovery	\$ 1,973	\$ 1,978
Second cable deferral	358	1,830
Pension expenses	2,829	3,445
Regulatory deferred tax assets - FAS 109	200	200
Other	-	(21)
Total other regulatory assets	<u>\$ 5,360</u>	<u>\$ 7,432</u>
<i>Other regulatory liabilities:</i>		
Regulatory deferred tax liabilities - FAS 109	\$ 821	\$ 823
Postretirement benefits	15	36
Other	(19)	2
Total other regulatory liabilities	<u>\$ 817</u>	<u>\$ 861</u>

The regulatory items above are not included in the utility rate base at the time the expense is incurred or the revenue is billed. The Company records carrying charges, as appropriate, on the regulatory items 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. The Company anticipates recovering these costs in the rates concurrently with future cash expenditures. If recovery is not concurrent with the cash expenditures, the Company will record the appropriate level of carrying charges.

### *Rate Matters*

Rates for services rendered by the Company are subject to approval by the DPU. In May 2009, the Company with its affiliate, Massachusetts Electric Company ("Massachusetts Electric"), filed an application to increase electric base distribution rates. In April 2010, the DPU issued a final order approving an overall increase in base distribution revenue of approximately \$43.9 million based

Name of Respondent	This Report is: (1) __ An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Nantucket Electric Company			2011/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

upon a 10.35% rate of return on equity and a 49.99% equity ratio. Approximately \$6.0 million of the increase relates to storm costs associated with restoration of service following an ice storm in December 2008. New rates went into effect January 1, 2010.

In addition, the DPU approved, with modification, a revenue decoupling mechanism (“RDM”) proposed by the Company, as well as the reconciliation of commodity-related bad debt and working capital, and pension and PBOP costs to actual costs. In November 2010, and subsequently revised in February 2011, the Company and Massachusetts Electric filed an application for approval under its RDM to refund \$3.4 million to customers. The DPU approved the rates to go into effect subject to further investigation, and in March 2011, the DPU opened a proceeding, as requested by the Massachusetts Attorney General’s Office, for an independent audit of the Company’s 2009 capital investment which, in part, formed the basis for the Company’s RDM rate adjustment. On July 7, 2011, the DPU issued its decision related to the scope of the audit and directed the Company to engage an independent auditor to provide audit services consistent with the requirements of this order. The Company is awaiting the Department’s order on the draft request for proposal (“RFP”) submitted on July 28, 2011.

In November 2011, and subsequently updated in February 2012, the Company and Massachusetts Electric filed for approval of its annual RDM to collect \$9.6 million from customers with the factor to go into effect March 1, 2012. The resulting rates were approved subject to reconciliation and further investigation.

The rate case order also allowed for the recovery of non-capitalized pension and PBOP costs outside of base rates through a separate factor. As a result, the Company is authorized to recover all pension and PBOP expenses from its customers. The difference in the costs of the Company’s pension and PBOP plans from the amounts billed through this separate factor is deferred as a regulatory asset to be recovered or refunded over the following three years. Consequently in 2010, the Company reclassified accumulated other comprehensive income of \$1.2 million and related accumulated deferred income taxes of \$0.8 million to regulatory assets.

As part of their last general rate case, the Company and Massachusetts Electric received approval from the DPU to recover approximately \$65.7 of incremental costs associated with a December 2008 winter storm (“December 2008 Storm”) subject to further DPU review, reconciliation and demonstration by the Company and Massachusetts Electric that they reasonably and prudently incurred the costs. On April 1, 2011, the Company and Massachusetts Electric filed an audit performed by PricewaterhouseCoopers LLC of costs incurred to restore electric service following the December 2008 Storm. On December 7, 2011, the DPU issued an interlocutory order requiring the companies to file testimony in support of the reasonableness and prudence of the costs. On March 1, 2012, the companies filed testimony consistent with the requirements of the interlocutory order and reduced their request for recovery to \$64.9 million. This docket is ongoing at the DPU.

#### *Other Regulatory Matters*

In the general rate case involving the Company’s Massachusetts gas distribution affiliates, the DPU opened an investigation to address the allocation and assignment of costs to the gas affiliates by the National Grid service companies. In June 2011, the Attorney General’s Office requested that the DPU expand the scope of the audit to address the allocation and assignment of costs to the Company by the NGUSA service companies and to review the NGUSA’s cost allocation practices. The Company has agreed to expand the scope of the audit to its Massachusetts electric distribution companies. On March 12, 2012, the DPU issued an order confirming that the scope of the audit would include the Massachusetts electric distribution companies and directing the Company to revise its draft RFP consistent with the DPU’s order and refile it within seven days. The Company cannot currently predict the outcome of this proceeding.

In January 2011, the DPU opened an investigation into the Company and Massachusetts Electric’s preparation and response to a December 2010 winter storm. The DPU has the authority to issue fines not to exceed approximately \$0.3 million for each violation for each day that the violation persists. On September 22, 2011, the DPU approved a settlement between the Company and the Attorney General that included a \$1.2 million refund to customers. The DPU is currently investigating the Company and Massachusetts Electric’s response to Tropical Storm Irene and the October 29, 2011 snow storm in a consolidated proceeding. The maximum fine may not exceed \$20 million for any related series of violations for each storm.

In November 2008, the FERC commenced an audit of NGUSA, including its service companies and other affiliates in the National Grid holding company system. The audit evaluated our compliance with: 1) cross-subsidization restrictions on affiliate transactions;

Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

2) accounting, recordkeeping and reporting requirements; 3) preservation of records requirements for holding companies and service companies; and 4) Uniform System of Accounts for centralized service companies. The final audit report from the FERC was received in February 2011. In April 2011, NGUSA replied to the FERC and outlined its plan to address the findings in the report, which we are currently in the process of implementing. None of the findings had a material impact on the consolidated financial statements of the Company.

In addition to the rates and tariffs put into effect following the rate case, the Company continues to be authorized to recover costs associated with the procurement of electricity for its customers, all transmission costs, and costs charged by the Company's affiliate New England Power ("NEP"), for stranded costs associated with NEP's former electric generation investments.

### *Energy Efficiency*

Pursuant to the 2008 Green Communities Act ("GCA"), the Massachusetts Legislature mandated large scale and innovative ideas for implementing renewable and alternative energy resources, as well as increased energy efficiency spending. The Company's first three-year energy efficiency plan (offered as a single combined program with Massachusetts Electric) covers calendar years 2010 through 2012 and significantly expands energy efficiency programs for customers with a concomitant increase in spending. The budget for the two electric companies in Massachusetts for calendar years 2010 through 2012, is \$572.8 million. In addition to cost recovery, the Company has the opportunity to earn a performance incentive. The Company also has requested recovery of lost base revenues for calendar year 2009.

In May 2010, the Company and Massachusetts Electric announced that they entered into a 15-year power purchase agreement ("PPA") with Cape Wind Associates, LLC to purchase half of the energy, capacity and renewable energy credits generated by the proposed 468 MW offshore wind project at an adjusted price of 18.7 cents per kilowatt hour beginning in 2013 (escalated for inflation by 3.5% thereafter). In November 2010, the DPU approved the PPA including the Company's proposed cost recovery mechanism. The Supreme Judicial Court of Massachusetts affirmed the DPU Order approving the PPA on December 28, 2011.

### **Note 3. Employee Benefits**

The Company participates with certain other NGUSA subsidiaries in non-contributory defined benefit plans ("Pension Plans") and the PBOPs (together with the Pension Plans the "Plans"). The Pension Plans are comprised of both qualified and non-qualified plans. The qualified pension plans provide substantially all employees hired before January 1, 2011 with a retirement benefit. The non-qualified pension plans provide additional defined pension benefits to certain eligible executives. PBOPs provide health care and life insurance coverage to eligible retired employees. Eligibility is based on age and length of service requirements and in most cases, retirees must contribute to the cost of their coverage.

The Plan assets are commingled and cannot be allocated to an individual company. The Plans' costs are allocated to the Company. The Company is subject to certain deferral accounting requirements mandated by the DPU for pension and PBOP expense. Any variation between actual costs and amounts used to establish rates are deferred as a regulatory asset or a regulatory liability and collected from or refunded to customers in subsequent periods. Any deferral is recorded as either a regulatory asset or regulatory liability in the accompanying balance sheets.

At December 31, 2011 and December 31, 2010, the pension plans of NGUSA have a net underfunded obligation of \$339.1 million and \$377.7 million, respectively. The PBOP plans of NGUSA have a net underfunded obligation of \$340.8 million and \$429.1 million as of December 31, 2011 and December 31, 2010, respectively.

Name of Respondent	This Report is: (1) __ An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Nantucket Electric Company			2011/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

The pension and PBOP expenses directly charged and allocated from the service company, net of capital, for the years ended December 31, 2011 and December 31, 2010 are as follows:

	December 31,	
	2011	2010
	<i>(in thousands of dollars)</i>	
Pension	\$ 302	\$ 307
PBOP	192	223
	<u>\$ 494</u>	<u>\$ 530</u>

#### *Defined Contribution Plan*

The Company has a defined contribution pension plan (employee savings fund plan) that covers substantially all employees. Employer matching contributions of approximately \$0.1 million were expensed for each of the years ended December 31, 2011 and December 31, 2010.

#### **Note 4. Utility Plant**

At December 31, 2011 and December 31, 2010, utility plant, at cost, and accumulated depreciation and amortization are as follows:

	December 31,	
	2011	2010
	<i>(in thousands of dollars)</i>	
Plant and machinery	\$ 102,428	\$ 100,538
Goodwill	16,552	16,552
Land and buildings	4,120	4,120
Assets in construction	340	530
Total	<u>123,440</u>	<u>121,740</u>
Accumulated depreciation and amortization	<u>(39,063)</u>	<u>(35,906)</u>
Utility plant, net	<u>\$ 84,377</u>	<u>\$ 85,834</u>

Name of Respondent	This Report is: (1) <u>  </u> An Original (2) <u>  </u> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

## Note 5. Income Taxes

The components of federal and state income tax expense (benefit) are as follows:

	<b>Years Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
	<i>(in thousands of dollars)</i>	
Current tax expense:		
Federal	\$ 972	\$ 2,363
State	303	361
Total current tax expense	<u>1,275</u>	<u>2,724</u>
Deferred tax benefit:		
Federal	(97)	(1,595)
State	(109)	(465)
Total deferred tax benefit	<u>(206)</u>	<u>(2,060)</u>
Amortized investment tax credits, net <sup>(1)</sup>	<u>(2)</u>	<u>(3)</u>
Total income tax expense	<u>\$ 1,067</u>	<u>\$ 661</u>

<sup>(1)</sup> Investment tax credits ("ITC") are being deferred and amortized over the depreciable life of the property giving rise to the credits.

Total income taxes in the statements of income:		
Income taxes charged to operations	\$ 1,072	\$ 613
Income taxes credited to other income (deductions)	<u>(5)</u>	<u>48</u>
Total income tax expense	<u>\$ 1,067</u>	<u>\$ 661</u>

Reconciliation between the expected federal income tax expense, using the federal statutory rate of 35%, to the Company's actual income tax expense for the years ended December 31, 2011 and December 31, 2010 is as follows:

	<b>Years Ended December 31,</b>	
	<b>2011</b>	<b>2010</b>
	<i>(in thousands of dollars)</i>	
Computed tax	\$ 1,043	\$ 1,095
Change in computed taxes resulting from:		
State income tax, net of federal benefit	126	(67)
Intercompany tax allocation	(98)	(170)
Investment tax credit	(2)	(3)
Provision to return adjustments	(3)	(267)
Medicare subsidy, including the Patient Protection & Affordable Care Act effect, net	-	84
Other items - net	<u>1</u>	<u>(11)</u>
Total	<u>24</u>	<u>(434)</u>
Federal and state income taxes	<u>\$ 1,067</u>	<u>\$ 661</u>

Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Nantucket Electric Company			2011/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

Significant components of the Company's net deferred tax assets and liabilities at December 31, 2011 and December 31, 2010 are as follows:

	December 31,	
	2011	2010
	<i>(in thousands of dollars)</i>	
Deferred tax assets:		
Net operating losses	\$ 1,389	\$ 1,388
Pensions, PBOP and other employee benefits	1,350	1,981
Other items	3,921	1,129
Total deferred tax assets <sup>(1)</sup>	6,660	4,498
Deferred tax liabilities:		
Property related differences	12,405	14,214
Regulatory assets - pensions and PBOP	832	-
Other items	2,932	-
Total deferred tax liabilities	16,169	14,214
Net deferred income tax liabilities	\$ 9,509	\$ 9,716
Deferred investment tax credits	\$ 2	\$ 4

<sup>(1)</sup> There were no valuation allowances for deferred tax assets at December 31, 2011 or December 31, 2010.

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

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

As of December 31, 2011 and December 31, 2010, the Company did not have any unrecognized tax benefits.

The following table reconciles the changes to the Company's unrecognized tax benefits for the years ended December 31, 2011 and December 31, 2010:

	Years Ended December 31,	
	2011	2010
	<i>(in thousands of dollars)</i>	
Balance at the beginning of the year	\$ 2,569	\$ -
Additions based on tax positions related to the prior years	27	-
Additions based on tax positions related to the current year	62	2,569
	2,658	2,569
Less: unrecognized tax benefits on temporary differences	2,658	2,569
Balance at the end of the year	\$ -	\$ -

Name of Respondent	This Report is: (1) __ An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2011/Q4
Nantucket Electric Company			
NOTES TO FINANCIAL STATEMENTS (Continued)			

As of December 31, 2011 and December 31, 2010, the Company has accrued for interest related to unrecognized tax benefits of \$0.09 million and \$0.04 million, respectively. During the years ended December 31, 2011 and December 31, 2010, the Company recorded interest expense of \$0.05 million and \$0.04 million, respectively. The Company recognizes accrued interest related to unrecognized tax benefits in other interest expense and related penalties, if applicable, in non-operating expenses. No penalties were recognized during the years ended December 31, 2011 and December 31, 2010.

Federal income tax returns have been examined and all issues have been agreed with the Internal Revenue Service ("IRS") and the NGHJ consolidated filing group through March 31, 2004. During the year ended December 31, 2010, the NGHJ consolidated group reached an agreement with the IRS that contained a settlement of the majority of the income tax issues related to the years ended March 31, 2005 through March 31, 2007 as well as an acknowledgment that certain discrete items remained disputed.

The Company is in the process of appealing certain disputed issues with the IRS Office of Appeals relating to its tax returns for March 31, 2005 through March 31, 2007. The Company does not anticipate a change in its unrecognized tax positions in the next twelve months as a result of filing the appeals. During the calendar year, the IRS began a new audit examination cycle covering the fiscal years ended March 31, 2008 and March 31, 2009. The fiscal years ended March 31, 2010 and March 31, 2011 remain subject to examination by the IRS.

The Company is a member of the NGUSA Service Company Massachusetts unitary group since December 2010. Prior to filing as a member of this unitary group, the Company filed on a separate basis. The tax returns for the fiscal years ended March 31, 2009 through March 31, 2011 remain subject to examination by the State of Massachusetts.

#### Note 6. Fair Value Measurements

Available for sale securities are primarily in equities and are investments based on quoted market prices and municipal and corporate bonds based on quoted prices of similar traded assets in open markets.

The following table presents assets and liabilities measured and recorded at fair value on the Company's balance sheet on a recurring basis and their level within the fair value hierarchy as of December 31, 2011 and December 31, 2010:

	December 31, 2011			
	Level 1	Level 2	Level 3	Total
	(in thousands of dollars)			
Assets:				
Available for sale securities	\$ 277	\$ 377	\$ -	\$ 654
Total assets	<u>\$ 277</u>	<u>\$ 377</u>	<u>\$ -</u>	<u>\$ 654</u>
	December 31, 2010			
	Level 1	Level 2	Level 3	Total
	(in thousands of dollars)			
Assets:				
Available for sale securities	\$ 263	\$ 347	\$ -	\$ 610
Total assets	<u>\$ 263</u>	<u>\$ 347</u>	<u>\$ -</u>	<u>\$ 610</u>

A transfer into Level 3 represents existing assets or liabilities that were previously categorized at a higher level for which the inputs became unobservable. A transfer out of Level 3 represents assets and liabilities that were previously classified as Level 3 for which the inputs became observable based on the criteria discussed previously for classification in Level 2. These transfers, which are recognized at the end of each period, result from changes in the observability of forward curves from the beginning to the end of each reporting period. There were no transfers between Level 1 and Level 2 during the years ended December 31, 2011 and December 31, 2010.

Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Nantucket Electric Company			2011/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

### *Long-term Debt*

The Company's balance sheets reflect the long-term debt at carrying value. The fair value of this debt at December 31, 2011 and December 31, 2010 is approximately \$53.5 million. The fair value is based on quoted market prices where available or calculated prices based on the remaining cash flows of the underlying bond discounted at the Company's incremental borrowing rate.

### **Note 7. Debt**

#### *Short-term Debt*

The Company has regulatory approval from the FERC to issue up to \$15 million of short-term debt. The Company had no short-term debt outstanding to third-parties at December 31, 2011 and December 31, 2010, respectively.

#### *Long-term Debt*

Long-term debt at December 31, 2011 and December 31, 2010 is as follows:

	Rate	Maturity	December 31	
			2011	2010
			<i>(in thousands of dollars)</i>	
2004 MDFA Tax Exempt (progressive annual sinker)	Variable	March 1, 2016	\$ 1,525	\$ 1,755
2004 MDFA Tax Exempt	Variable	March 1, 2039	10,000	10,000
2005 MDFA Tax Exempt	Variable	December 1, 2040	28,000	28,000
2007 MDFA Tax Exempt	Variable	August 1, 2042	13,300	13,300
Unamortized discounts			-	(42)
Total long-term debt			<u>\$ 52,825</u>	<u>\$ 53,013</u>

At December 31, 2011, the Company had approximately \$52.8 million of tax exempt Electric Revenue Bonds in commercial paper mode with variable maturity dates ranging from 2016 through 2042 and variable interest rates ranging from 0.3% to 0.9% during the year ended December 31, 2011. 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. Sinking fund payments of \$0.2 million was made during the year ended December 31, 2011.

On December 31, 2010, the Company had a Standby Bond Purchase Agreement ("SBPA") of \$58 million, which was due to expire in November 2011. On November 22, 2011, the Company amended the SBPA to have a limit of \$54.7 million and expiring on November 20, 2012. This agreement was available to provide liquidity support for \$52.8 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 them. In addition, NGUSA has provided a letter of support which, in the event the SBPA is not in place, provides a sufficient means of refinancing on a long-term basis. At December 31, 2011 and December 31, 2010, there were no bond purchases by the banks under this agreement.

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



Name of Respondent	This Report is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Nantucket Electric Company			2011/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

The aggregate maturities of long-term debt for the five years subsequent to December 31, 2011 as follows:

*(in thousands of dollars)*

**Years Ended December 31,**

2012	\$	250
2013		275
2014		305
2015		330
2016		365
Thereafter		51,300
Total	\$	<u>52,825</u>

**Note 8. Commitments and Contingencies**

*Legal Matters*

The Company is subject to various legal proceedings arising out of the ordinary course of its business. The Company does not consider any of such proceedings to be material, individually or in the aggregate, to its business or likely to result in a material adverse effect on its results of operations, financial condition, or cash flows.

*Environmental Matters*

The normal ongoing operations and historic activities of the Company are subject to various federal, state and local environmental laws and regulations. Under federal and state Superfund laws, potential liability for the historic contamination of property may be imposed on responsible parties jointly and severally, without fault, even if the activities were lawful when they occurred.

The Massachusetts Department of Environmental Protection has named the Company as a potentially responsible party for remediation of a site at which hazardous waste is alleged to have been disposed. The Company believes that obligations imposed on it because of environmental laws will not have a material impact on its results of operations or financial position.

**Note 9. Related Party Transactions**

*Intercompany Money Pool*

NGUSA and certain affiliates, including the Company, participate in money pools to more effectively utilize cash resources and to reduce outside short-term borrowings. The money pool in which this Company participates is administered by the NGUSA Service Company as the agent for the participants. Short-term borrowing needs are met first by available funds of the moneypool participants. Borrowings from the money pool bear interest in accordance with the moneypool agreement. Companies that invest in the pool share the interest earned on a basis proportionate to their average monthly investment in the money pool. Funds may be withdrawn from or repaid to the pool at any time without prior notice. The Company had a short-term money pool investment of \$17.8 million and \$11.3 million at December 31, 2011 and December 31, 2010, respectively, which is included as notes receivable from associated companies in the accompanying balance sheets. The average interest rate for the money pool was 0.18% and 0.26% for the years ended December 31, 2011 and December 31, 2010, respectively.

*Accounts Receivable From/Payable to Associated Companies*

The Company engages in various transactions with NGUSA and its affiliates. Certain activities and costs, such as executive and administrative, financial (including accounting, auditing, risk management, tax, and treasury/finance), human resources, information technology, legal, and strategic planning are shared between the companies and charged to each company appropriately. In addition, the Company has a tax sharing agreement with NGHI, a NGUSA affiliate, in filing consolidated tax returns. The

Name of Respondent	This Report is: (1) __ An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Nantucket Electric Company			2011/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

Company's share of the tax liability is allocated resulting in a payment to or refund from NGHL.

The Company records short-term payables to and receivables from certain of its affiliates in the ordinary course of business. The amounts payable to and receivable from its associates do not bear interest. At December 31, 2011 and December 31, 2010, the Company had outstanding receivable and payable positions as follows:

	Accounts Receivable From Associated Companies		Accounts Payable To Associated Companies	
	December 31, 2011	December 31, 2010	December 31, 2011	December 31, 2010
	<i>(in thousands of dollars)</i>			
Massachusetts Electric	\$ 4,640	\$ 3,560	\$ 103	\$ 49
New England Power	-	-	123	144
Narragansett Electric	-	-	1,506	8
Other	87	296	-	127
Total	<u>\$ 4,727</u>	<u>\$ 3,856</u>	<u>\$ 1,732</u>	<u>\$ 328</u>

#### *Service Company Charges*

The affiliated service companies of NGUSA provide certain services to the Company at their cost. The service company costs are generally charged 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 typically allocated using cost/causation principles linked to the relationship of that type of service, such as meters, square footage, number of employees, etc. Lastly, all other costs are allocated based on a general allocator. These costs include operating and capital expenditures of \$1.8 million and \$1 million for the year ended December 31, 2011 and \$2.1 million and \$1.2 million for the year ended December 31, 2010, respectively.

#### *Related Party Reimbursement*

In accordance with the Credit and Operating Support Agreement dated March 26, 1996, Massachusetts Electric will reimburse the Company an amount equal to the difference between the Company's actual net income for the year and the net income necessary for the Company to earn a return on equity ("ROE") equivalent to the Company's DPU approved weighted average allowed ROE for the year, currently 10.35%. 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. This reimbursement shall constitute an additional increase/decrease of revenue to the Company and an increase/decrease of expense to Massachusetts Electric. For the years ended December 31, 2011 and December 31, 2010, Massachusetts Electric reimbursed the Company approximately \$4.6 million and \$2.5 million, respectively.

#### **Note 10. Restrictions on Payment of Dividends**

Pursuant to the provisions of the long-term note agreement, payment of dividends on common stock would not be permitted if, after giving effect to such payment of dividends, common equity becomes less than 30% of total capitalization. At December 31, 2011 and December 31, 2010 common equity was 40% and 39%, respectively, of total capitalization. Under these provisions, none of the Company's retained earnings at December 31, 2011 and December 31, 2010 were restricted as to common dividends.

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
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)	105,369,999		105,369,999	
4	Property Under Capital Leases				
5	Plant Purchased or Sold				
6	Completed Construction not Classified	1,177,497		1,177,497	
7	Experimental Plant Unclassified				
8	Total (3 thru 7)	106,547,496		106,547,496	
9	Leased to Others				
10	Held for Future Use				
11	Construction Work in Progress	340,285		340,285	
12	Acquisition Adjustments	16,551,550		16,551,550	
13	Total Utility Plant (8 thru 12)	123,439,331		123,439,331	
14	Accum Prov for Depr, Amort, & Depl	39,062,815		39,062,815	
15	Net Utility Plant (13 less 14)	84,376,516		84,376,516	
16	Detail of Accum Prov for Depr, Amort & Depl				
17	In Service:				
18	Depreciation	38,216,821		38,216,821	
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)	38,216,821		38,216,821	
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)	39,062,815		39,062,815	

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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
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Name of Respondent Nantucket Electric Company		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)					
<p>1. Report below the costs incurred for nuclear fuel materials in process of fabrication, on hand, in reactor, and in cooling; owned by the respondent.</p> <p>2. If the nuclear fuel stock is obtained under leasing arrangements, attach a statement showing the amount of nuclear fuel leased, the quantity used and quantity on hand, and the costs incurred under such leasing arrangements.</p>					
Line No.	Description of item (a)	Balance Beginning of Year (b)	Changes during Year Additions (c)		
1	Nuclear Fuel in process of Refinement, Conv, Enrichment & Fab (120.1)				
2	Fabrication				
3	Nuclear Materials				
4	Allowance for Funds Used during Construction				
5	(Other Overhead Construction Costs, provide details in footnote)				
6	SUBTOTAL (Total 2 thru 5)				
7	Nuclear Fuel Materials and Assemblies				
8	In Stock (120.2)				
9	In Reactor (120.3)				
10	SUBTOTAL (Total 8 & 9)				
11	Spent Nuclear Fuel (120.4)				
12	Nuclear Fuel Under Capital Leases (120.6)				
13	(Less) Accum Prov for Amortization of Nuclear Fuel Assem (120.5)				
14	TOTAL Nuclear Fuel Stock (Total 6, 10, 11, 12, less 13)				
15	Estimated net Salvage Value of Nuclear Materials in line 9				
16	Estimated net Salvage Value of Nuclear Materials in line 11				
17	Est Net Salvage Value of Nuclear Materials in Chemical Processing				
18	Nuclear Materials held for Sale (157)				
19	Uranium				
20	Plutonium				
21	Other (provide details in footnote):				
22	TOTAL Nuclear Materials held for Sale (Total 19, 20, and 21)				

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2011/Q4</u>
NUCLEAR FUEL MATERIALS (Account 120.1 through 120.6 and 157)					
Changes during Year				Balance End of Year (f)	Line No.
Amortization (d)	Other Reductions (Explain in a footnote) (e)				
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Name of Respondent Nantucket Electric Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)
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- 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) reversals of tentative

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)		
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights		
28	(331) Structures and Improvements		
29	(332) Reservoirs, Dams, and Waterways		
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power PLant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)		
36	D. Other Production Plant		
37	(340) Land and Land Rights	358,968	
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)	358,968	
46	TOTAL Prod. Plant (Enter Total of lines 16, 25, 35, and 45)	358,968	

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)**

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

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

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

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

Retirements (d)	Adjustments (e)	Transfers (f)	Balance at End of Year (g)		Line No.
					1
					2
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			358,968		37
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					44
			358,968		45
			358,968		46



Name of Respondent Nantucket Electric Company		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)					
Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)		
47	3. TRANSMISSION PLANT				
48	(350) Land and Land Rights				
49	(352) Structures and Improvements				
50	(353) Station Equipment				
51	(354) Towers and Fixtures				
52	(355) Poles and Fixtures				
53	(356) Overhead Conductors and Devices				
54	(357) Underground Conduit				
55	(358) Underground Conductors and Devices				
56	(359) Roads and Trails				
57	(359.1) Asset Retirement Costs for Transmission Plant				
58	TOTAL Transmission Plant (Enter Total of lines 48 thru 57)				
59	4. DISTRIBUTION PLANT				
60	(360) Land and Land Rights	1,074,168	17,352		
61	(361) Structures and Improvements	81,060			
62	(362) Station Equipment	16,747,124	-13,027		
63	(363) Storage Battery Equipment				
64	(364) Poles, Towers, and Fixtures	4,248,796	54,246		
65	(365) Overhead Conductors and Devices	3,022,428	369,761		
66	(366) Underground Conduit	13,052,328	41,945		
67	(367) Underground Conductors and Devices	45,637,844	686,908		
68	(368) Line Transformers	7,409,603	333,623		
69	(369) Services	3,139,492	417,019		
70	(370) Meters	963,324	215,666		
71	(371) Installations on Customer Premises				
72	(372) Leased Property on Customer Premises				
73	(373) Street Lighting and Signal Systems	424,710	1,212		
74	(374) Asset Retirement Costs for Distribution Plant				
75	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	95,800,877	2,124,705		
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	2,525,668			
88	(391) Office Furniture and Equipment				
89	(392) Transportation Equipment	65,163			
90	(393) Stores Equipment				
91	(394) Tools, Shop and Garage Equipment	40,979			
92	(395) Laboratory Equipment	38,819			
93	(396) Power Operated Equipment				
94	(397) Communication Equipment	5,797,319			
95	(398) Miscellaneous Equipment				
96	SUBTOTAL (Enter Total of lines 86 thru 95)	8,498,953			
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)	8,498,953			
100	TOTAL (Accounts 101 and 106)	104,658,798	2,124,705		
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)	104,658,798	2,124,705		

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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		
			1,091,520		60		
			81,060		61		
			16,734,097		62		
					63		
4,708			4,298,334		64		
140,010			3,252,179		65		
3,016			13,091,257		66		
11,795			46,312,957		67		
28,307			7,714,919		68		
9,062			3,547,449		69		
38,542			1,140,448		70		
					71		
					72		
567			425,355		73		
					74		
236,007			97,689,575		75		
					76		
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					78		
					79		
					80		
					81		
					82		
					83		
					84		
					85		
			31,005		86		
			2,525,668		87		
					88		
			65,163		89		
					90		
			40,979		91		
			38,819		92		
					93		
			5,797,319		94		
					95		
			8,498,953		96		
					97		
					98		
			8,498,953		99		
236,007			106,547,496		100		
					101		
					102		
					103		
236,007			106,547,496		104		

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**(Next Page is 219)**



Name of Respondent Nantucket Electric Company		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)					
<p>1. Explain in a footnote any important adjustments during year.</p> <p>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.</p> <p>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.</p> <p>4. Show separately interest credits under a sinking fund or similar method of depreciation accounting.</p>					
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	35,060,399	35,060,399		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	3,597,601	3,597,601		
4	(403.1) Depreciation Expense for Asset Retirement Costs				
5	(413) Exp. of Elec. Plt. Leas. to Others				
6	Transportation Expenses-Clearing				
7	Other Clearing Accounts				
8	Other Accounts (Specify, details in footnote):				
9					
10	TOTAL Deprec. Prov for Year (Enter Total of lines 3 thru 9)	3,597,601	3,597,601		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	194,321	194,321		
13	Cost of Removal	246,858	246,858		
14	Salvage (Credit)				
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	441,179	441,179		
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)	38,216,821	38,216,821		
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	34,344,826	34,344,826		
27	Regional Transmission and Market Operation	3,871,995	3,871,995		
28	General				
29	TOTAL (Enter Total of lines 20 thru 28)	38,216,821	38,216,821		

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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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	6,930,556	7,692,558
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	1,994,781	2,566,744
5	Large (or Ind.) (See Instr. 4)	-134	2,103
6	(444) Public Street and Highway Lighting	5,850	7,084
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	8,931,053	10,268,489
11	(447) Sales for Resale		
12	TOTAL Sales of Electricity	8,931,053	10,268,489
13	(Less) (449.1) Provision for Rate Refunds	187,830	85,488
14	TOTAL Revenues Net of Prov. for Refunds	8,743,223	10,183,001
15	Other Operating Revenues		
16	(450) Forfeited Discounts	15,911	18,379
17	(451) Miscellaneous Service Revenues	1,198,284	928,307
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	246,800	269,966
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	13,600,090	12,220,317
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	15,061,085	13,436,969
27	TOTAL Electric Operating Revenues	23,804,308	23,619,970

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/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
92,979	93,070	11,227	11,201	2
				3
27,816	30,822	1,237	1,227	4
8	2	36	39	5
79	80	5	5	6
				7
				8
				9
120,882	123,974	12,505	12,472	10
				11
120,882	123,974	12,505	12,472	12
				13
120,882	123,974	12,505	12,472	14

Line 12, column (b) includes \$ -106,000 of unbilled revenues.

Line 12, column (d) includes -885 MWH relating to unbilled revenues

Name of Respondent	This Report is: (1) <u>  </u> An Original (2) <u>  </u> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Nantucket Electric Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 300 Line No.: 19 Column: c**

Misc Service Revenue Electric	136,337
Open Access Revenue- DSM	56,626
Open Access Revenue - Customer Charge	735,344
	-----
	928,307

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

Open Access Revenue - Access Charge	35,516
Open Access Revenue - Transmission	1,681,663
Open Access Revenue - Distribution	6,750,177
Open Access Revenue - Decoupling	325,610
Open Access Revenue - Misc	4,807,124
	-----
	13,600,090

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

Open Access Revenue - Access Charge	132,686
Open Access Revenue - Transmission	1,783,974
Open Access Revenue - Distribution	7,750,726
Open Access Revenue - Decoupling	-294,214
Open Access Revenue - Misc	2,847,145
	-----
	12,220,317



Name of Respondent Nantucket Electric Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**SALES FOR RESALE (Account 447)**

1. Report all sales for resale (i.e., sales to purchasers other than ultimate consumers) transacted on a settlement basis other than power exchanges during the year. Do not report exchanges of electricity ( i.e., transactions involving a balancing of debits and credits for energy, capacity, etc.) and any settlements for imbalanced exchanges on this schedule. Power exchanges must be reported on the Purchased Power schedule (Page 326-327).

2. Enter the name of the purchaser 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 purchaser.

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 projected load for this service in its system resource planning). In addition, the reliability of requirements service must be the same as, or second only to, the supplier's service to its own ultimate consumers.

LF - for long-term 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 which meets the definition of RQ service. For all transactions 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 except that "intermediate-term" means longer than one year but Less than five years.

SF - for short-term firm 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 designated unit.

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

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						
2						
3						
4						
5						
6						
7						
8						
9						
10						
11						
12						
13						
14						
				0	0	0
				0	0	0
				0	0	0

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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**SALES FOR RESALE (Account 447) (Continued)**

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.

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. Group requirements RQ sales together and report them starting at line number one. After listing all RQ sales, enter "Subtotal - RQ" in column (a). The remaining sales may then be listed in any order. Enter "Subtotal-Non-RQ" in column (a) after this Listing. Enter "Total" in column (a) as the Last Line of the schedule. Report subtotals and total for columns (9) through (k)

5. In Column (c), identify the FERC Rate Schedule or Tariff Number. On separate Lines, List all FERC rate schedules or tariffs under which service, as identified in column (b), is provided.

6. For requirements RQ sales and any type of-service involving demand charges imposed on a monthly (or Longer) basis, enter the average monthly 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.

7. Report in column (g) the megawatt hours shown on bills rendered to the purchaser.

8. Report demand charges in column (h), energy charges in column (i), and the total of any other types of charges, including out-of-period adjustments, in column (j). Explain in a footnote all components of the amount shown in column (j). Report in column (k) the total charge shown on bills rendered to the purchaser.

9. The data in column (g) through (k) must be subtotaled based on the RQ/Non-RQ grouping (see instruction 4), and then totaled on the Last -line of the schedule. The "Subtotal - RQ" amount in column (g) must be reported as Requirements Sales For Resale on Page 401, line 23. The "Subtotal - Non-RQ" amount in column (g) must be reported as Non-Requirements Sales For Resale on Page 401, line 24.

10. Footnote entries as required and provide explanations following all required data.

MegaWatt Hours Sold (g)	REVENUE			Total (\$) (h+i+j) (k)	Line No.
	Demand Charges (\$) (h)	Energy Charges (\$) (i)	Other Charges (\$) (j)		
					1
					2
					3
					4
					5
					6
					7
					8
					9
					10
					11
					12
					13
					14
0	0	0	0	0	
0	0	0	0	0	
0	0	0	0	0	

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES					
If the amount for previous year is not derived from previously reported figures, explain in footnote.					
Line No.	Account (a)	Amount for Current Year (b)		Amount for Previous Year (c)	
1	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)				

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)					
If the amount for previous year is not derived from previously reported figures, explain in footnote.					
Line No.	Account (a)	Amount for Current Year (b)		Amount for Previous Year (c)	
60	D. Other Power Generation				
61	Operation				
62	(546) Operation Supervision and Engineering				
63	(547) Fuel				
64	(548) Generation Expenses				
65	(549) Miscellaneous Other Power Generation Expenses	403		174	
66	(550) Rents				
67	TOTAL Operation (Enter Total of lines 62 thru 66)	403		174	
68	Maintenance				
69	(551) Maintenance Supervision and Engineering	35			
70	(552) Maintenance of Structures	49			
71	(553) Maintenance of Generating and Electric Plant	47,336		1,492	
72	(554) Maintenance of Miscellaneous Other Power Generation Plant				
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	47,420		1,492	
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	47,823		1,666	
75	E. Other Power Supply Expenses				
76	(555) Purchased Power	8,775,043		10,197,855	
77	(556) System Control and Load Dispatching				
78	(557) Other Expenses				
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	8,775,043		10,197,855	
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	8,822,866		10,199,521	
81	2. TRANSMISSION EXPENSES				
82	Operation				
83	(560) Operation Supervision and Engineering				
84	(561) Load Dispatching				
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	76,381		79,249	
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	644		7,159	
94	(563) Overhead Lines Expenses				
95	(564) Underground Lines Expenses				
96	(565) Transmission of Electricity by Others	1,605,618		1,599,134	
97	(566) Miscellaneous Transmission Expenses	247			
98	(567) Rents				
99	TOTAL Operation (Enter Total of lines 83 thru 98)	1,682,890		1,685,542	
100	Maintenance				
101	(568) Maintenance Supervision and Engineering	672			
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	8,217		-302	
108	(571) Maintenance of Overhead Lines	697		2,869	
109	(572) Maintenance of Underground Lines				
110	(573) Maintenance of Miscellaneous Transmission Plant	1,265			
111	TOTAL Maintenance (Total of lines 101 thru 110)	10,851		2,567	
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	1,693,741		1,688,109	

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)					
If the amount for previous year is not derived from previously reported figures, explain in footnote.					
Line No.	Account (a)	Amount for Current Year (b)		Amount for Previous Year (c)	
113	3. REGIONAL MARKET EXPENSES				
114	Operation				
115	(575.1) Operation Supervision				
116	(575.2) Day-Ahead and Real-Time Market Facilitation				
117	(575.3) Transmission Rights Market Facilitation				
118	(575.4) Capacity Market Facilitation				
119	(575.5) Ancillary Services Market Facilitation				
120	(575.6) Market Monitoring and Compliance				
121	(575.7) Market Facilitation, Monitoring and Compliance Services				
122	(575.8) Rents				
123	Total Operation (Lines 115 thru 122)				
124	Maintenance				
125	(576.1) Maintenance of Structures and Improvements				
126	(576.2) Maintenance of Computer Hardware				
127	(576.3) Maintenance of Computer Software				
128	(576.4) Maintenance of Communication Equipment				
129	(576.5) Maintenance of Miscellaneous Market Operation Plant				
130	Total Maintenance (Lines 125 thru 129)				
131	TOTAL Regional Transmission and Market Op Expns (Total 123 and 130)				
132	4. DISTRIBUTION EXPENSES				
133	Operation				
134	(580) Operation Supervision and Engineering	36,947		18,852	
135	(581) Load Dispatching	6,707		10,395	
136	(582) Station Expenses	100,713		102,168	
137	(583) Overhead Line Expenses	103,317		76,086	
138	(584) Underground Line Expenses	69,072		78,967	
139	(585) Street Lighting and Signal System Expenses	2,343		7,494	
140	(586) Meter Expenses	118,046		127,160	
141	(587) Customer Installations Expenses	32,091		20,518	
142	(588) Miscellaneous Expenses	591,714		515,731	
143	(589) Rents	1,056		1,182	
144	TOTAL Operation (Enter Total of lines 134 thru 143)	1,062,006		958,553	
145	Maintenance				
146	(590) Maintenance Supervision and Engineering	334		911	
147	(591) Maintenance of Structures	14,256		21,676	
148	(592) Maintenance of Station Equipment	109,118		141,211	
149	(593) Maintenance of Overhead Lines	485,414		362,903	
150	(594) Maintenance of Underground Lines	45,071		58,450	
151	(595) Maintenance of Line Transformers	14,882		21,306	
152	(596) Maintenance of Street Lighting and Signal Systems	25,390		28,124	
153	(597) Maintenance of Meters	4,780		6,748	
154	(598) Maintenance of Miscellaneous Distribution Plant				
155	TOTAL Maintenance (Total of lines 146 thru 154)	699,245		641,329	
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	1,761,251		1,599,882	
157	5. CUSTOMER ACCOUNTS EXPENSES				
158	Operation				
159	(901) Supervision	7,971		14,148	
160	(902) Meter Reading Expenses	34,470		47,141	
161	(903) Customer Records and Collection Expenses	223,150		302,071	
162	(904) Uncollectible Accounts	124,876		121,317	
163	(905) Miscellaneous Customer Accounts Expenses	1,429		4,339	
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	391,896		489,016	



Name of Respondent Nantucket Electric Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/Q4
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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

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	DTE ENERGY	RQ	1			
2	Florida Power and Light	RQ	1			
3	British Petroleum Energy	OS	1			
4	DOMINION NUCLEAR	RQ	1			
5	HESS OIL	RQ	1			
6	NEW ENGLAND POWER	OS	1			
7	USGEN	RQ	1			
8	CONSTELLATION	RQ	1			
9	Energy America	RQ	1			
10	SEMPRA ENERGY TRADING GROUP	RQ	1			
11	Renewable Default Service Last Resort	OS	1			
12	Transcanada	RQ	1			
13	Select Energy	RQ	1			
14	Pennsylvania Power and Light	RQ	1			
	Total					

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2011/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)	
4,775				324,778		324,778	1
24,999				1,670,947		1,670,947	2
							3
				-496		-496	4
1,077				25,019		25,019	5
					35,601	35,601	6
							7
87,562				5,804,336		5,804,336	8
13,471				913,989		913,989	9
							10
							11
							12
							13
-30				869		869	14
131,854				8,739,442	35,601	8,775,043	



Name of Respondent	This Report is: (1) __ An Original (2) __ A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report
Nantucket Electric Company			2011/Q4
FOOTNOTE DATA			

**Schedule Page: 326    Line No.: 11    Column: a**

OS ISO NE



NANTUCKET ELECTRIC COMPANY

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COMPANY

MASSACHUSETTS SUPPLEMENT

TO THE

FERC FORM NO.1

FOR THE YEAR ENDED DECEMBER 31

2011



## TABLE OF CONTENTS

General Information	S1-S3
Notes Receivable	S4
Accounts Receivable	S5
Production Fuel & Oil Stocks	S6
Deferred Losses From Disposition Of Utility Plant	S7
Notes Payable	S8
Payables to Associated Companies	S9
Deferred Gains from Disposition Of Utility Plant	S10
Operating Reserves	S11
Sales of Electricity To Utilimate Customers	S12
Other Utility Operating Income	S13
Overhead Distribution Lines Operated	S14
Electric Distribution Services	S14
Street Lamps Connected To System	S15
Rate Schedule Information	S16
Advertising Expenses	S17
Charges For Professional & Other Consulting Services	S18
Deposits & Collateral	S19
Signature Page	S20
Return on Equity	S21
Extracts Of The General Laws	



Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Nantucket Electric Company			December 31, 2011

## GENERAL INFORMATION

PRINCIPAL AND SALARIED OFFICERS  
(AS OF DECEMBER 31, 2011)

Titles	Names	Addresses	Annual Salaries
President	Reed, Marcy	Waltham, MA	
Executive Vice President	Smith, Ellen	Waltham, MA	
SVP and Chief Procurement Officer	Schlaff, Raymond C.	Waltham, MA	
Senior Vice President and Clerk	Owyang, Colin	Waltham, MA	

DIRECTORS\*  
(AS OF DECEMBER 31, 2011)

Names	Addresses	Fees Paid During Year
Campbell, David H.	Waltham, MA	
Reed, Marcy	Waltham, MA	
Root, Christopher E.	Waltham, MA	

\* 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."

See Page 18 for details

Name of Respondent	This Report Is: (1)[x] An Original (2)[ ] A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Nantucket Electric Company			December 31, 2011

## 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,

April 12, 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, 2011

<u>Class</u>	<u>No. Shares</u>	<u>Par Value</u>	<u>Amount</u>
Common	1	\$1	\$1
	<hr/> 1		<hr/> \$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, pursuant to an agreement, a copy of which is on file with the Department of Public Utilities of the Commonwealth of Massachusetts, rendered various services in 2011 as requested, at the actual cost thereof, pursuant to rules 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)	Year of Report
NANTUCKET ELECTRIC COMPANY			December 31, 2011
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, 2011	City or Town	Number of Customers' Meters December 31, 2011
Nantucket	12,771		
		Total	12,771

Name of Respondent		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report
NANTUCKET ELECTRIC COMPANY					December 31, 2011
NOTES RECEIVABLE (Account 141) (Not Applicable)					
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.					
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 checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report December 31, 2011
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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):	\$4,903,144
2	Electric (Includes \$ 0.00 Unbilled Revenue).....	
3		
4	Other Electric and Gas Utilities.....	
5	Other Accounts Receivable (Account 143):	
6	Officers and employees.....	
7	Due on subscriptions to capital stock (state class series	
8	of stock).....	
9		
10	Miscellaneous (group and describe by classes):	
11		
12	Miscellaneous Non taxable receivable	
13	Miscellaneous Other	
14	Employee insurance Advance/ Health Care Spend Acct	48,934
15	Energy Supply	2,287
16	Property Damage	17,830
17		
18		
19		
20		
21		
22		
23		
24		
25		
26		
27		
28		
29		
30		
31		
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43		
44		
45		
46		
47		
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49		
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51		
52		
53		
54		
55		
56	Total	\$4,972,195

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year of Report December 31, 2011		S6	
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)	Year of Report December 31, 2011		
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 Commisiion approval of journal entries. Where approval has not been received, give explanation following the respective item in column (a). (See Account 187, Deferred Losses From sale of Utility Plant.)</p>							
Line No.	Description of Property (a)	Date J.E. Approved (b)	Total Amount of Loss (c)	Balance Beginning of Year (d)	Current Year		Balance End of Year (g)
					Amortizations to Acc. 411,6 (e)	Additional Losses (f)	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21							
22							
23							
24							
25	Total		\$	\$	\$	\$	\$

Name of Respondent		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)		December 31, 2011	
<p align="center"><b>NOTES PAYABLE (Account 231)</b></p> <p align="center">Report particulars indicated concerning notes payable at year end (Not Applicable)</p>							
Line No.	Payee (a)	Date of Note (b)	Date of Maturity (c)	Int. Rate (d)	Balance End of Year (e)		
1							
2							
3							
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6							
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10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21				Total	\$0		

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report December 31, 2011
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	Massachusetts Electric Company	103,291			
2	New England Power Company	122,605			
3	Niagra Mohawk Power Corp.	38,092			
4	Granite State Electric	(154)			
5	Narragansett Electric	1,500,723			
6	Narragansett Gas	5,722			
7	National Grid USA Service Co., Inc.	(88,623)			
8	Boston Gas Co	2,417			
9	KS Corp Services	45,863			
10	KS Utility Services	182			
11	KS Engineneering Services	25			
12	Brooklyn Union Gas-Keyspan Energy Delivery NY	1,864			
13					
14					
15					
16					
17					
18	Total Account 234	1,732,007			
19					
20	<u>Account 233</u>				
21					
22	National Grid USA Service Co., Inc.				
23	(Money Pool)	0		\$0	
24					
25					
	Totals	\$1,732,007		\$0	

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)		Year of Report December 31, 2011	
DEFERRED GAINS FROM DISPOSITION OF UTILITY PLANT (Account 256) 1. In column (a) give a brief description of property creating the deferred loss and the date the loss was recognized. Identify items by department where applicable. 2. Losses on property with an original cost of less than \$50,000 may be grouped. The number of items making up the grouped amount shall be reported in column (a). 3. In column (b) give date of Commission approval of journal entries. Where approval has not been received, give explanation following the respective item in column (a). (See Account 187, Deferred Losses From sale of Utility Plant.)							
Line No.	Description of Property (a)	Date J.E. Approved (b)	Total Amount of Loss (c)	Balance Beginning of Year (d)	Current Year		Balance End of Year (g)
					Amortizations to Acc. 411,6 (e)	Additional Losses (f)	
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
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19							
20							
21							
22							
23	Total		\$	\$	\$	\$	\$



Name of Respondent	This Report Is: (1)[X] An Original (2)[ ] A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Nantucket Electric Company			December 31, 2011

OPERATING REVENUES (Accounts 261, 262, 263, 265)		(Not Applicable)	
<p>1. Report below an analysis of the changes during the year for each of the above-named reserves.</p> <p>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.</p> <p>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.</p> <p>4. For Accounts 261, Property Insurance Reserve, 262, Injuries and Damages Reserve, explain the nature of the risks covered by the reserve.</p> <p>5. For Account 265, Miscellaneous Operating Reserves, report separately each reserve composing the account and explain briefly its purpose.</p>			
Line No.	Item (a)	Contra Account Debited or Credited (b)	Amount (c)
1			\$
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Name of Respondent			This Report Is:		Date of Report	Year of Report	
Nantucket Electric Company			(1)[ x ] An Original (2)[ ]A Resubmission		(Mo, Da, Yr)	December 31,2011	
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	\$19	7.5500	0	0
2		E Res-Elec Space Htg.	226,845	17,375	7.6595	0	0
3		R-1 Residential	90,869,728	6,771,509	7.4519	10,999	11,021
4		R-2 Res. Low Income	1,721,014	129,665	7.5342	209	210
5		G-1 Gen. Serv. Small	161,239	11,988	7.4348	25	22
6							
7		Total Account 440	92,979,072	6,930,556	7.4539	11,233	11,253
8	442	Rate Refunds, Net		-144,473			
9							
10							
11		R-1 Residential	352,047	26,304	7.4719	39	36
12		G-1 Gen. Serv.Small	17,711,501	1,310,861	7.4012	1,215	1,227
13		G-2 Gen. Serv. Demand	7,888,506	559,305	7.0901	34	37
14		G-3 Time Of Use-Large	1,872,188	98,177	5.2439	1	1
15		S4A St Lt - Security	0	0			
16							
17		Total Account 442	27,824,243	1,994,647	7.1687	1,289	1,301
18	444	Rate Refunds, Net		-43,234			
19							
20							
21		S-1 St.Lt.Co.Own Equip.	345	-106	-30.6299	1	1
22		S-3 St.Lt.U/G Div. of Own	78,631	5,955	7.5737	4	4
23		G-1 Gen. Serv. Small	0	0	0.0000		
24							
25		Total Account 444	78,976	5,850	7.4069	5	5
26		Rate Refunds, Net		-123			
27							
28							
29							
30							
31							
32							
33							
34							
35							
36							
37							
38							
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46							
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48							
49							
50							
51							
52							
53	TOTAL SALES TO ULTIMATE						
54	CONSUMERS		120,882,291	8,931,053	7.3882	12,527	12,559

Name of Respondent		This Report Is:		Date of Report	Year of Report
Nantucket Electric Company		(1) <input type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)	December 31, 2011
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					
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29					
30					
31					
32	Total	\$	\$	\$	\$

Name of Respondent		This Report Is:		Date of Report	Year of Report
Nantucket Electric Company		(1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		(Mo, Da, Yr)	December 31, 2011
OVERHEAD DISTRIBUTION LINES OPERATED					
Line No.		Length (Pole Miles)			
		Wood Poles	Steel Towers	Total	
1	Miles - Beginning of Year .....	122.46	0.00	122.46	
2	Added During Year .....	5.09	0.00	5.09	
3	Retired During Year .....	5.39	0.00	5.39	
4	Miles - End of Year .....	122.16	0.00	122.16	
5	Distribution System Characteristics - A.C. or D.C., phase, cycles and operating voltages for light and power.				
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
ELECTRIC DISTRIBUTION SERVICES					
Line No.	Item	Electric Services			
16	Number at beginning of year .....	6,775			
17	Additions during year :				
18	Purchased .....				
19	Installed .....	52			
20	Associated with utility plant acquired .....				
21	Total additions .....	52			
22	Reductions during year :				
23	Retirements .....	47			
24	Associated with utility plant sold .....				
25	Total reductions .....	47			
26	Number at End of Year .....	6,780			



Name of Respondent NANTUCKET ELECTRIC COMPANY		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr)	Year of Report December 31, 2011
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.T.E. Number	Rate Schedule	Estimated Effect on Annual Revenues		
			Increases	Decreases	
01/01/2010	521	RESIDENTIAL REGULAR R-1			
01/01/2010	522	RESIDENTIAL-LOW INCOME R-2			
	524	LIMITED RESIDENTIAL ELECTRIC SPACE HEATING E R-1/R-2/E COMBINED		3%	
01/01/2010	523	RESIDENTIAL - TIME-OF-USE (OPTIONAL) R-4		5%	
01/01/2010	525	GENERAL SERVICE - SMALL COMMERCIAL AND INDUSTRIAL G-1		1%	
01/01/2010	526	GENERAL SERVICE - DEMAND G-2	1%		
01/01/2010	527	TIME-OF-USE - G-3	1%		
01/01/2010	528	STREET AND AREA LIGHTING – COMPANY OWNED EQUIPMENT S-1			
01/01/2010	529	STREET LIGHTING – OVERHEAD – CUSTOMER OWNED EQUIPMENT S-2			
01/01/2010	530	STREET LIGHTING – UNDERGROUND – DIVISION OF OWNERSHIP S-3			
01/01/2010	531	STREET AND AREA LIGHTING – CUSTOMER OWNED EQUIPMENT S-5			
01/01/2010	532	DECORATIVE STREET AND AREA LIGHTING – COMPANY OWNED EQUIPMENT S-6			
01/01/2010	533	CONVERSION COMPANY OWNED EQUIPMENT S-20			
		STREET AND AREA LIGHTING COMBINED	1%		

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 Factor, Storm Recovery Adjustment Factor, Revenue Decoupling Mechanism Factor, Pension/PBOP Adjustment Factor 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)	December 31,2011
ADVERTISING EXPENSES					
Line No.	Account No.	Type (a)	General Description (b)	Amount for Year (c)	
1	<u>Account 909</u>				
2		Customer Education		\$59,462	
3					
4					
5					
6	Total Account 909			<u>\$59,462</u>	
7					
8					
9	<u>Account 930</u>				
11		Customer Education		0	
13					
14					
15					
16	Total Account 930			<u>\$3,769</u>	
17					
18					
19					
20	Total			<u>63,231</u>	
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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)	Year of Report
Nantucket Electric Company			December 31,2011
<div>See Separate file for page 18 +.</div>			



Name of Respondent	This Report Is: (1)[X] An Original (2)[ ] A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Nantucket Electric Company			December 31, 2011

**CHARGES FOR OUTSIDE SERVICES**

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:

(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.

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.

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.

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.

5. Designate associated companies.

1	(a) National Grid USA Service Company (Associated Company)
2	40 Sylvan Road, Waltham, Massachusetts 02451
3	
4	(b) The following services are rendered:
5	
6	Servicing Division:
7	
8	Purchasing, Stores, Rates, Advertising, Employee Relations,
9	Treasury, Accounting, Audit, Insurance, Taxes, Emergency
10	Service, Administrative and Budgeting.
11	
12	Engineering and Construction Division:
13	Civil and Mechanical Engineering, Electrical and District
14	Engineering, Transmission Lines and Properties, Engineering
15	Supervision, Construction, Emergency and Miscellaneous.
16	
17	(c) At cost, including interest on borrowed capital and a reasonable
18	return on amount of capital necessary to perform services.
19	Services performed by the Service Company for companies in the National Grid
20	USA system will be rendered to them at cost in accordance with the service

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Nantucket Electric Company			December 31, 2011

CHARGES FOR OUTSIDE SERVICES (Continued)	
21	contracts between Service Company and its associated companies.
22	
23	
24	1 A Service Contract between National Grid USA Service Company, Inc. and the
25	following entities: Boston Gas Company, Colonial Gas Company, Essex Gas
26	Company, Massachusetts Electric Company, Nantucket Electric Company, New
27	England Electric Transmission Corporation, New England Hydro-Transmission
28	, New England Hydro-Transmission Electric Company, Inc. and New
29	Corporation, New England Hydro-Transmission Electric Company, Inc. and New
30	England Power Company.
31	
32	2 An agreement to extend the current National Grid Mutual Assistance Agreement
33	through March 24, 2012 along with a copy of the underlying Mutual Assistance
34	Agreement dated March 28, 2008.
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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) 	December 31, 2011
CHARGES FOR OUTSIDE SERVICES (Continued)				
76	<u>Service Contract Charges - Item #1d</u>			
77	<u>Description - Electric Operating Expenses</u>			
78	<u>Account #</u>			
79	<u>Other Power Supply Expenses</u>			
80	548	Generation Expense	\$	0
81	549	Other Power Generations-Misc Exp		0
82	552	Oth Pwr Gen Maint-Structures		0
83	553	Maint Generating Equipment		888
84	557	Other Expenses		0
85	<u>Transmission Expenses</u>			
86	560	Operation Supervision and Engineering	\$	0
87	561	Load Dispatch		0
88	562	Station Expenses		0
89	563	Overhead Line Expenses		0
90	565	Transmission of Electricity by Others		0
91	566	Misc. Expense		0
92	568	Maintenance of Structures and Engineering		0
93	570	Maintenance of station equipment		0
94	572	Maintenance of Underground Lines		0
95				
96	Total Transmission		\$	0
97				
98	<u>Distribution Expenses</u>			
99	580	Operation Supervision and Engineering	\$	-2,117
100	581	Load Dispatch		0
101	582	Station Expenses		43,472
102	583	Overhead Line Expenses		36,529
103	584	Underground Line Expenses		3,605
104	585	Outdoor Lighting		5,710
105	586	Meter Expenses		91,221
106	587	Customer Installation Expenses		16,204
107	588	Miscellaneous Distribution Expenses		167,393
108	589	Rents		61,227
109	590	Maintenance Supervision and Engineering		879
110	591	Maintenacne of structures		12,861
111	592	Maintenance of station equipment		21,971
112	593	Maintenance of overhead lines		125,142
113	594	Maintenance of underground lines		24,073
114	595	Maintenance of line transformers		2,952
115	596	Maintenance of St. Lights and Signals		13,670
116	597	Maintenance of meters		1,398
117	598	Maintenance of miscellaneous distribution plant		0
118				
119	Total Distribution		\$	626,190
120				
121	<u>Customer Accounts and Services Expenses</u>			
122	901	Supervision	\$	11,026
123	902	Meter Reading Expenses		24,775
124	903	Customer Records and Collection Expenses		28,571
125	905	Customer Misc Exp		1,939
126	907	Customer Service Supervision		5,734
127	908	Customer Assistance Expenses		11,670
128	909	Information and Instructional Advertising Expenses		0
129	910	Misc Customer Service and Informational Expenses		15,702
130				
131	Total Customer		\$	99,417
132				
133	<u>Sales Expenses</u>			
134	912	Demonstrating and Selling Expenses	\$	0
135				
136	<u>Administrative and General Expenses</u>			
137	920	Administrative and General Salaries	\$	114,094
138	921	Office Supplies and Expenses		139,355
139	923	Outside Services Employed		0
140	924	Property Insurance		2,229
141	925	Injuries and Damages		42,216
142	926	Employees Pensions and Benefits		181,075
143	928	Regulatory Commission Expenses		8,260
144	930	Misc General Expenses		8,737
145	931	Rents		22,033
146	935	Maintenance of General Plant		5,698
147				
148	Total Administrative and General		\$	523,697
149				
150	Total Electric Operating Expenses		\$	1,250,192

Name of Respondent	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr)	Year of Report
Nantucket Electric Company			December 31, 2011
CHARGES FOR OUTSIDE SERVICES (Continued)			
147			
148			
149	<u>Other Accounts</u>		
150			
151	107 Construction work in progress - Electric	\$	417,593
152	108 RWIP Reclass		430
153	163 Stores expenses undistributed		46,510
154	174 Misc Current and Accrued Assets		0
155	183 Preliminary Survey and Investigation		0
156	184 Clearing accounts		56,767
157	232 EMS Computer Software-Bkrs Lse		0
158	408 Taxes Other than Income Tax		23,938
159	417 Expenses of Non-utility Operations		27,000
160	418 Non-operating Rental Income		0
161	419 Interest and Dividend Income		0
162	421 Loss on Disposition of Property		0
163	426 Dues, donations, Life Insurance		1,353
164	430 Interest on Debt to Assoc. Co.		0
165	431 Other Interest Expense		<u>1,659</u>
166			
167	Total Other Accounts		<u>575,251</u>
168			
169	Total Charges	\$	<u>1,825,443</u>
170			
171			
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Name of Respondent	This Report Is:	Date of Report	Year of Report
Nantucket Electric Company	(1)[X] An Original (2)[ ] A Resubmission	(Mo, Da, Yr)	December 31, 2011

CHARGES FOR OUTSIDE SERVICES (Continued)			
208			
209	<u>Payments For Outside Vendors And Other Consulting Services</u>		Amount
210	Plant Accounts		
211	AT&T		61
212	CAPE COD EXPRESS		23,480
213	CLEAN HARBORS ENVIRONMENTAL SERVICES INC		23,370
214	CLOUGH HARBOUR & ASSOCIATES LLP		1,960
215	CONTROLPOINT TECHNOLOGIES INC		876
216	ENVIRONMENTAL CONSULTANTS INC		143
217	GILBERT HOLDGATE DRILLING INC		1,690
218	HOLDGATE PAVING LLC		7,500
219	HSBC CORPORATE CARD SERVICES		2,109
220	INNOVATIVE ENGINEERING SOLUTIONS INC		21,987
221	KOBO UTILITY & ELECTRICAL		421,045
222	LAFLEUR CRANE SERVICE INC		800
223	LEWIS TREE SERVICE INC		4,810
224	ORACLE AMERICA INC		193
225	PRO UNLIMITED INC		2,344
226	RJ PERRY EXCAVATION LLC		42,510
227	THE INQUIRER & MIRROR INC		315
228	THIRAU LLC		14,443
229	TIGHE AND BOND INC		17844
230	TOWN OF NANTUCKET		462
231	WATERWORKS OF NANTUCKET INC		168
232			
233			
234			
235			
236			
237			
238			
239			
240	Total Plant Accounts	\$	588,112
241			
242	<u>Operation Accounts</u>		
243			
244	Other Vendors (13 in number)		0
245			
246			
247	Total Operation Accounts	\$	0
248			
249			
250	Total Outside Vendors	\$	<u>588,112</u>
251			
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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)	December 31, 2011
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		79,460	
2				
3				
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49				
50	Total		\$79,460	

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report [Mo. Da, Yr]	Year of Report December 31, 2011
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THIS RETURN [THE FERC FORM NO. 1 AND THE MASSACHUSETTS SUPPLEMENT]  
IS SIGNED UNDER THE PENALTIES OF PERJURY

Bradley B. White *Bradley B. White* Vice President and Controller

Lorraine Lynch *Lorraine M. Lynch* Vice President Treasurer

David H. Campbell *David H. Campbell* Vice President - Finance

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

\_\_\_\_\_, SS. \_\_\_\_\_ 20\_\_\_\_

Then personally appeared \_\_\_\_\_

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

*Michael Aschendorf* Notary Public  
Justice of the Peace

MICHAEL ASCHENDORF  
Notary Public, State of New York  
No. 01AS6246924  
Qualified in Kings County  
Commission Expires August 15, 2015





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)	December 31,2011
RETURN ON EQUITY				
Line No.	FERC Form 1 Reference	Description	Amount (000's)	
1	<b>Net Utility Income Available for Common Shareholders</b>			
2				
3	Add: Page 117 Line 27	Net Utility Operating Income	\$3,144	
4				
5	Add:	Amort of Acquisition Premium	0	
6				
7			0	
8				
9	Less: Page 117 Line 70	Net Interest Charges	1,141	
10				
11	Less: Page 118 Line 31	Preferred Stock Dividends	0	
12				
13		Net Utility Income Available for Common Shareholders	<u>2,003</u>	
14				
15				
16	<b>Total Utility Common Equity</b>			
17				
18	Add: Page 112 Line 16	Total Proprietary Capital	35,413	
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	19,707	
33				
34		Electric Operations Allocator ( Line 51 below)	<u>99.24%</u>	
35				
36		Total Utility Common Equity	<u>19,557</u>	
37				
38				
39	<b>Electric Operations Allocator</b>			
40				
41	Add: Page 110 Line 4	Total Utility Plant	123,439	
42	Less: Page 200 Line 12	Acquisition Adjustments	16,552	
43			<u>106,888</u>	
44				
45				
46	Add: Page 110 Line 4	Total Utility Plant	123,439	
47	Add: Page 110 Line 32	Total Other Property and Investment	820	
48	Less: Page 200 Line 12	Acquisition Adjustments	16,552	
49			<u>107,708</u>	
50				
51		Electric Operations Allocator (Line 43 / Line 49)	<u>99.24%</u>	
52				
53				
54				
55	<b>Return on Equity</b>	(Line 13 / Line 36)	<u>10.24%</u>	
56				