

THE COMMONWEALTH OF MASSACHUSETTS

ANNUAL RETURN

OF THE

NANTUCKET ELECTRIC COMPANY

TO THE

DEPARTMENT OF PUBLIC UTILITIES

For the Year Ended December 31,

2012

nationalgrid

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

III	Comparative Balance Sheet (110-113)
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XX	Summary of Utility Plant and Accumulated Provisions for Depreciation, Amortization and Depletion (200-201, 204-207)
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INSTRUCTIONS FOR FILING FERC Form No. 1-F

GENERAL INFORMATION

I. Purpose

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

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

Where to Send Comments on Public Reporting Burden

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

GENERAL INSTRUCTIONS

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

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

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 2012
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) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	10 Date of Report (Mo, Da, Yr) 7/17/13
11 Name of Officer Having Custody of the Books of Account Bradley B. White		12 Title of Officer VP & Controller of Acctg Svc
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: ANNUAL REPORT CORPORATE OFFICER CERTIFICATION

The undersigned officer certifies that:

I have examined this report and to the best of my knowledge, information, and belief, all statements of fact contained in this report are correct statements of the business affairs of the respondent and the financial statements and other financial information contained in this report, conform in all material respects to the Uniform System of Accounts.

Line No.	Name of Certifying Official	Signature	Title	Date
1	Bradley B. White	<i>Bradley B. White</i>	VP & Controller of Acctg Svc	7/17/13

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

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
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STATEMENT OF CASH FLOWS

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

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)	2,213,500	1,913,198
3	Noncash Charges (Credits) to Income:		
4	Depreciation and Depletion	3,645,934	3,597,601
5	Amortization of Debt Discount and Expense	202,432	552,515
6	Amortization of Loss on Recquired Debt	53,746	82,446
7			
8	Deferred Income Taxes (Net)	988,026	-205,245
9	Investment Tax Credit Adjustment (Net)	-1,088	-2,364
10	Net (Increase) Decrease in Receivables	-16,681,792	-956,829
11	Net (Increase) Decrease in Inventory	9,325	14,926
12	Net (Increase) Decrease in Allowances Inventory		
13	Net Increase (Decrease) in Payables and Accrued Expenses	2,332,949	1,116,036
14	Net (Increase) Decrease in Other Regulatory Assets	64,851	1,778,225
15	Net Increase (Decrease) in Other Regulatory Liabilities	1,024,981	1,671,582
16	(Less) Allowance for Other Funds Used During Construction	8,381	5,297
17	(Less) Undistributed Earnings from Subsidiary Companies		
18	Other (provide details in footnote):	402,331	-74,666
19	Prepaid and Other Current Assets	-34,971	-5,822
20	Net Increase (Decrease) in Deferred Credits	879,998	-568,964
21			
22	Net Cash Provided by (Used in) Operating Activities (Total 2 thru 21)	-4,908,159	8,907,342
23			
24	Cash Flows from Investment Activities:		
25	Construction and Acquisition of Plant (including land):		
26	Gross Additions to Utility Plant (less nuclear fuel)	-2,838,347	-1,951,070
27	Gross Additions to Nuclear Fuel		
28	Gross Additions to Common Utility Plant		
29	Gross Additions to Nonutility Plant	4,564	4,563
30	(Less) Allowance for Other Funds Used During Construction	-8,381	-5,297
31	Other (provide details in footnote):		
32	Plant Retirement Cost, Net of Salvage	-262,919	-199,572
33			
34	Cash Outflows for Plant (Total of lines 26 thru 33)	-3,088,321	-2,140,782
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)		

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STATEMENT OF CASH FLOWS

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

Line No.	Description (See Instruction No. 1 for Explanation of Codes) (a)	Current Year to Date Quarter/Year (b)	Previous Year to Date Quarter/Year (c)
46	Loans Made or Purchased		
47	Collections on Loans		
48			
49	Net (Increase) Decrease in Receivables		
50	Net (Increase) Decrease in Inventory		
51	Net (Increase) Decrease in Allowances Held for Speculation		
52	Net Increase (Decrease) in Payables and Accrued Expenses		
53	Other (provide details in footnote):	5,302	9,077
54	Changes in Money Pool	8,730,739	-6,525,000
55	Change in Special Deposits		9,638
56	Net Cash Provided by (Used in) Investing Activities		
57	Total of lines 34 thru 55)	5,647,720	-8,647,067
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)	-250,000	-230,000
74	Preferred Stock		
75	Common Stock		
76	Other (provide details in footnote):		
77			
78	Net Decrease in Short-Term Debt (c)		
79	Parent loss tax allocations	641,597	
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)	391,597	-230,000
84			
85	Net Increase (Decrease) in Cash and Cash Equivalents		
86	(Total of lines 22,57 and 83)	1,131,158	30,275
87			
88	Cash and Cash Equivalents at Beginning of Period	181,786	151,511
89			
90	Cash and Cash Equivalents at End of period	1,312,944	181,786

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2012/Q4
FOOTNOTE DATA			

Schedule Page: 120 Line No.: 10 Column: b

Change in Operating Activities:	
Change in clearing accounts	95,598
Change in miscellaneous and deferred debits	796
Change in accumulated provision for injuries and damages	280,883
<u>Change in other comprehensive income</u>	<u>25,054</u>
Total	402,331

Schedule Page: 120 Line No.: 10 Column: c

Change in Operating Activities:	
Change in clearing accounts	\$ (108,351)
Change in miscellaneous and deferred debits	38,348
Change in accumulated deferred income taxes	(972)
<u>Change in other comprehensive income</u>	<u>(3,691)</u>
Total	(74,666)

Schedule Page: 120 Line No.: 11 Column: b

Other investments	\$ 82,742
Special funds	(87,847)
<u>Change in other comprehensive income</u>	<u>10,507</u>
Total	5,302

Schedule Page: 120 Line No.: 11 Column: c

Other investments	\$ (6,933)
Special funds	16,010
Total	9,077

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

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

Line No.	Item (a)	Unrealized Gains and Losses on Available-for-Sale Securities (b)	Minimum Pension Liability adjustment (net amount) (c)	Foreign Currency Hedges (d)	Other Adjustments (e)
1	Balance of Account 219 at Beginning of Preceding Year	25,223	(99,020)		
2	Preceding Qtr/Yr to Date Reclassifications from Acct 219 to Net Income	(4,739)			
3	Preceding Quarter/Year to Date Changes in Fair Value	586	462		
4	Total (lines 2 and 3)	(4,153)	462		
5	Balance of Account 219 at End of Preceding Quarter/Year	21,070	(98,558)		
6	Balance of Account 219 at Beginning of Current Year	21,070	(98,558)		
7	Current Qtr/Yr to Date Reclassifications from Acct 219 to Net Income	53,235			
8	Current Quarter/Year to Date Changes in Fair Value	(16,672)	(15,226)		
9	Total (lines 7 and 8)	36,563	(15,226)		
10	Balance of Account 219 at End of Current Quarter/Year	57,633	(113,784)		

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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			(73,797)		
2			(4,739)		
3			1,048		
4			(3,691)	1,913,198	1,909,507
5			(77,488)		
6			(77,488)		
7			53,235		
8			(31,898)		
9			21,337	2,213,500	2,234,837
10			(56,151)		

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
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OTHER REGULATORY ASSETS (Account 182.3)

Report below the particulars (details) called for concerning other regulatory assets, including rate order docket number, if applicable. Minor items (5% of the Balance in Account 182.3 at end of period, or amounts less than \$100,000 which ever is less), may be grouped by classes.

3. For Regulatory Assets being amortized, show period of amortization.

Line No.	Description and Purpose of Other Regulatory Assets (a)	Balance at Beginning of Current Quarter/Year (b)	Debits (c)	CREDITS		Balance at end of Current Quarter/Year (f)
				Written off During the Quarter /Year Account Charged (d)	Written off During the Period Amount (e)	
1	Deferred FAS 109	199,506	5,322	282/283	4,569	200,259
2						
3	Standard Offer Under Collection Long Term Portion	1,972,819	1,151	182	1,973,970	
4						
5	2nd Cable Deferral (2006-2013)	357,779	38,426	419/456	381,012	15,193
6						
7	Default (Basic) Service	3,807,284	2,279,243	449	754,885	5,331,642
8						
9	Financial Accounting Standard 158-Pension	1,824,739	740,027	253	300,373	2,264,393
10						
11	Financial Accounting Standard 158-OPEB	671,829	113,980	253	33,374	752,435
12						
13	Pension Expense Deferred-Electric	333,266	137,728	456	38,609	432,385
14						
15	Revenue Decoupling	83,500	573,457	456	466,641	190,316
16						
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43						
44	TOTAL :	9,250,722	3,889,334		3,953,433	9,186,623

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2012/Q4
FOOTNOTE DATA			

Schedule Page: 17 Line No.: 3 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.: 5 Column: a

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

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

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

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

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

Schedule Page: 17 Line No.: 11 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.: 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 Massachusetts law and the Company's Revenue Decoupling Mechanism ("RDM") Provision, the Company is operating under an RDM by which its actual distribution revenue is measured against a target level of distribution revenue as established in the Company's most recent rate case. And difference between actual distribution revenue and the revenue target is passed on to all customers. In addition, the Company's RDM includes a Capital Investment Recovery Mechanism by which it can begin to recover, on a one year lag, capital investment placed into service up to a maximum of \$170 million annually.

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 Dec. 31, 2012
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PART XI: DATA ON OFFICERS AND DIRECTORS

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

Line No.	Title (a)	Name of Officer or Director (b)	Salary and/or Fee (c)	Comments (d)
01	President*	Reed, Marcy L.	1,978	(1)
02	Executive Vice President	Smith, Ellen	582	(2)
03	Senior Vice President & Chief Procurement Officer	Schlaff, Raymond C.	436	(3)
04	Senior Vice President & Clerk	Owyang, Colln	502	(4)
05	Senior Vice President*	Root, Christopher E.	681	(5)
06	Senior Vice President	Madej, James	2,241	(6)
07	Chief Financial Officer*	Campbell, David H.	594	(7)
08				
09	<u>Resignations:</u>			
10	N/A			
11				
12	<u>Appointments:</u>			
13	Senior Vice President	Root, Christopher E.		Appointed on 01/20/2012
14	Senior Vice President	Madej, James		Appointed on 01/18/2012
15	Chief Financial Officer	Campbell, David H.		Appointed on 11/13/2012
16				
17				

- (1) Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$320,106. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2012 thru 12-31-2012.
- (2) Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$401,501. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2012 thru 12-31-2012.
- (3) Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$396,051. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2012 thru 12-31-2012.
- (4) Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$347,237. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2012 thru 12-31-2012.
- (5) Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$312,097. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2012 thru 12-31-2012.
- (6) Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$348,673. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2012 thru 12-31-2012.
- (7) Salary disclosure includes amounts that have been allocated to Nantucket Electric Company (reporting entity). The salary amount allocated to other companies was \$200,832. These salary amounts exclude incentive compensation payments and reflect base salary paid by the company from 1-1-2012 thru 12-31-2012.

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, 2012
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PART XII: ACCUMULATED PROVISION FOR DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

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

PART XIII: CAPITAL STOCK DATA

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

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

PART XIV: LONG-TERM DEBT DATA

Line No.	Class and Series of Obligation (a)	Nominal Date of Issue (b)	Date of Maturity (c)	Outstanding Per Balance Sheet (d)	Interest for Year	
					% Rate (e)	Amount (f)
01	Massachusetts Industrial					
02	Finance Agency - Electric					
03	Utility Revenue Bonds -					
04	Series A	08/01/2007	08/01/2042	13,300,000	0.42%	55,749
05	Massachusetts Development					
06	Finance Agency - variable rate					
07	Utility Revenue Bonds -					
08	Series 2004	12/16/2004	03/01/2039	10,000,000	0.47%	47,148
09	Massachusetts Development					
10	Finance Agency - variable rate					
11	Utility Revenue Bonds -					
12	Series 2004	12/16/2004	03/01/2016	1,275,000	0.53%	7,150
13	Massachusetts Development					
14	Finance Agency - variable rate					
15	Utility Revenue Bonds -					
16	Series 2005	12/08/2005	12/01/2040	28,000,000	0.47%	133,009
	TOTAL			\$52,575,000		\$243,056

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
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OTHER REGULATORY LIABILITIES (Account 254)

¹ Report below the particulars (details) called for concerning other regulatory liabilities, including rate order docket number, if applicable. 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	Financial Accounting Standard 109	820,938	190,282,283	4,401	2,555	819,092
2	Retirement Plan-Purchase Accounting Adjustment	14,491	926	38,400	15,600	-8,309
3	Service Quality Penalty	(18,679)	456	116	57	-18,738
4	Energy Efficiency	5,309,609	451	495,520	971,481	5,785,570
5	Transmission Service	8,065,661	456	198,215	744,319	8,611,765
6	Transition Charge	155,581	456	84,832	30,894	101,643
7	Basic Service Administrative Cost	401,207	456	63,377	143,089	480,919
8						
9						
10						
11						
12						
13						
14						
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35						
36						
37						
38						
39						
40						
41	TOTAL	14,748,808		884,861	1,907,995	15,771,942

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) //	Year/Period of Report 2012/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.

Schedule Page: 20 Line No.: 4 Column: a

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

Schedule Page: 20 Line No.: 5 Column: a

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

Schedule Page: 20 Line No.: 6 Column: a

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

Schedule Page: 20 Line No.: 7 Column: a

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

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

FERC FORM NO. 1-F (REVISED 1-05)

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	UTILITY PLANT			
2	Utility Plant (101-106, 114)	200-201	124,968,841	123,099,046
3	Construction Work in Progress (107)	200-201	882,654	340,285
4	TOTAL Utility Plant (Enter Total of lines 2 and 3)		125,851,495	123,439,331
5	(Less) Accum. Prov. for Depr. Amort. Depl. (108, 110, 111, 115)	200-201	42,019,647	39,062,815
6	Net Utility Plant (Enter Total of line 4 less 5)		83,831,848	84,376,516
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)		83,831,848	84,376,516
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)		204,965	200,401
20	Investments in Associated Companies (123)		0	0
21	Investment in Subsidiary Companies (123.1)	224-225	0	0
22	(For Cost of Account 123.1, See Footnote Page 224, line 42)			
23	Noncurrent Portion of Allowances	228-229	0	0
24	Other Investments (124)		0	82,742
25	Sinking Funds (125)		0	0
26	Depreciation Fund (126)		0	0
27	Amortization Fund - Federal (127)		0	0
28	Other Special Funds (128)		732,196	644,249
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)		820,548	819,907
33	CURRENT AND ACCRUED ASSETS			
34	Cash and Working Funds (Non-major Only) (130)		0	0
35	Cash (131)		1,312,944	181,786
36	Special Deposits (132-134)		45,612	45,612
37	Working Fund (135)		0	0
38	Temporary Cash Investments (136)		0	0
39	Notes Receivable (141)		0	0
40	Customer Accounts Receivable (142)		1,597,487	1,012,360
41	Other Accounts Receivable (143)		225,160	69,051
42	(Less) Accum. Prov. for Uncollectible Acct.-Credit (144)		88,493	190,970
43	Notes Receivable from Associated Companies (145)		9,069,261	17,800,000
44	Accounts Receivable from Assoc. Companies (146)		20,611,826	4,726,571
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	192,380	188,403
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

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
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COMPARATIVE BALANCE SHEET (ASSETS AND OTHER DEBITS) (continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
53	(Less) Noncurrent Portion of Allowances		0	0
54	Stores Expense Undistributed (163)	227	0	13,302
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)		47,366	25,719
58	Advances for Gas (166-167)		0	0
59	Interest and Dividends Receivable (171)		3,183	2,363
60	Rents Receivable (172)		45,306	44,302
61	Accrued Utility Revenues (173)		1,033,000	1,082,000
62	Miscellaneous Current and Accrued Assets (174)		13,324	0
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)		34,108,356	25,000,499
68	DEFERRED DEBITS			
69	Unamortized Debt Expenses (181)		1,057,080	1,051,077
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	9,186,623	9,250,722
73	Prelim. Survey and Investigation Charges (Electric) (183)		5,599	5,599
74	Preliminary Natural Gas Survey and Investigation Charges 183.1)		0	0
75	Other Preliminary Survey and Investigation Charges (183.2)		0	0
76	Clearing Accounts (184)		0	95,598
77	Temporary Facilities (185)		0	0
78	Miscellaneous Deferred Debits (186)	233	40,189	26,026
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)		347,637	416,342
82	Accumulated Deferred Income Taxes (190)	234	5,990,444	6,660,117
83	Unrecovered Purchased Gas Costs (191)		0	0
84	Total Deferred Debits (lines 69 through 83)		16,627,572	17,505,481
85	TOTAL ASSETS (lines 14-16, 32, 67, and 84)		135,388,324	127,702,403

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) / /	Year/Period of Report end of 2012/Q4
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
1	PROPRIETARY CAPITAL			
2	Common Stock Issued (201)	250-251	1	1
3	Preferred Stock Issued (204)	250-251	0	0
4	Capital Stock Subscribed (202, 205)		0	0
5	Stock Liability for Conversion (203, 206)		0	0
6	Premium on Capital Stock (207)		0	0
7	Other Paid-In Capital (208-211)	253	23,116,660	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	15,228,427	13,014,927
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)	-56,151	-77,488
16	Total Proprietary Capital (lines 2 through 15)		38,288,937	35,412,503
17	LONG-TERM DEBT			
18	Bonds (221)	256-257	52,575,000	52,825,000
19	(Less) Reaquired Bonds (222)	256-257	0	0
20	Advances from Associated Companies (223)	256-257	0	0
21	Other Long-Term Debt (224)	256-257	0	0
22	Unamortized Premium on Long-Term Debt (225)		0	0
23	(Less) Unamortized Discount on Long-Term Debt-Debit (226)		0	0
	Total Long-Term Debt (lines 18 through 23)		52,575,000	52,825,000
25	OTHER NONCURRENT LIABILITIES			
26	Obligations Under Capital Leases - Noncurrent (227)		0	0
27	Accumulated Provision for Property Insurance (228.1)		0	0
28	Accumulated Provision for Injuries and Damages (228.2)		380,883	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)		380,883	100,000
36	CURRENT AND ACCRUED LIABILITIES			
37	Notes Payable (231)		0	0
38	Accounts Payable (232)		1,014,480	891,535
39	Notes Payable to Associated Companies (233)		0	0
40	Accounts Payable to Associated Companies (234)		4,635,396	1,732,007
41	Customer Deposits (235)		79,567	79,460
42	Taxes Accrued (236)	262-263	1,241,447	1,593,198
43	Interest Accrued (237)		16,097	26,076
44	Dividends Declared (238)		0	0
45	Matured Long-Term Debt (239)		0	0

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="checked" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (mo, da, yr) / /	Year/Period of Report end of 2012/Q4
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COMPARATIVE BALANCE SHEET (LIABILITIES AND OTHER CREDITS) (Continued)

Line No.	Title of Account (a)	Ref. Page No. (b)	Current Year End of Quarter/Year Balance (c)	Prior Year End Balance 12/31 (d)
46	Matured Interest (240)		0	0
47	Tax Collections Payable (241)		16,261	-15,902
48	Miscellaneous Current and Accrued Liabilities (242)		300,984	456,474
49	Obligations Under Capital Leases-Current (243)		0	0
50	Derivative Instrument Liabilities (244)		0	0
51	(Less) Long-Term Portion of Derivative Instrument Liabilities		0	0
52	Derivative Instrument Liabilities - Hedges (245)		0	0
53	(Less) Long-Term Portion of Derivative Instrument Liabilities-Hedges		0	0
54	Total Current and Accrued Liabilities (lines 37 through 53)		7,304,232	4,762,848
55	DEFERRED CREDITS			
56	Customer Advances for Construction (252)		0	0
57	Accumulated Deferred Investment Tax Credits (255)	266-267	435	1,523
58	Deferred Gains from Disposition of Utility Plant (256)		0	0
59	Other Deferred Credits (253)	269	4,330,008	3,682,050
60	Other Regulatory Liabilities (254)	278	15,771,942	14,748,808
61	Unamortized Gain on Reaquired Debt (257)		0	0
62	Accum. Deferred Income Taxes-Accel. Amort.(281)	272-277	0	0
63	Accum. Deferred Income Taxes-Other Property (282)		14,463,813	12,405,204
64	Accum. Deferred Income Taxes-Other (283)		2,273,074	3,764,467
65	Total Deferred Credits (lines 56 through 64)		36,839,272	34,602,052
66	TOTAL LIABILITIES AND STOCKHOLDER EQUITY (lines 16, 24, 35, 54 and 65)		135,388,324	127,702,403

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
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STATEMENT OF INCOME

Quarterly

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	22,855,685	23,804,308		
3	Operating Expenses					
4	Operation Expenses (401)	320-323	13,647,628	14,574,465		
5	Maintenance Expenses (402)	320-323	729,666	764,366		
6	Depreciation Expense (403)	336-337	3,645,934	3,597,601		
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	525,622	652,540		
15	Income Taxes - Federal (409.1)	262-263	-138,523	952,626		
16	- Other (409.1)	262-263	759,513	300,729		
17	Provision for Deferred Income Taxes (410.1)	234, 272-277	1,098,641	1,183,634		
18	(Less) Provision for Deferred Income Taxes-Cr. (411.1)	234, 272-277	94,140	1,363,113		
19	Investment Tax Credit Adj. - Net (411.4)	266	-1,088	-2,364		
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)		20,173,253	20,660,484		
26	Net Util Oper Inc (Enter Tot line 2 less 25) Carry to Pg117, line 27		2,682,432	3,143,824		

Name of Respondent Nantucket Electric Company	This Report Is:		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
	(1) <input checked="" type="checkbox"/> An Original	(2) <input type="checkbox"/> A Resubmission		

STATEMENT OF INCOME FOR THE YEAR (Continued)

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

ELECTRIC UTILITY		GAS UTILITY		OTHER UTILITY		Line No.
Current Year to Date (in dollars) (g)	Previous Year to Date (in dollars) (h)	Current Year to Date (in dollars) (i)	Previous Year to Date (in dollars) (j)	Current Year to Date (in dollars) (k)	Previous Year to Date (in dollars) (l)	
22,855,685	23,804,308					2
						3
13,647,628	14,574,465					4
729,666	764,366					5
3,645,934	3,597,601					6
						7
						8
						9
						10
						11
						12
						13
525,622	652,540					14
-138,523	952,626					15
759,513	300,729					16
1,098,641	1,183,634					17
94,140	1,363,113					18
-1,088	-2,364					19
						20
						21
						22
						23
						24
20,173,253	20,660,484					25
2,682,432	3,143,824					26

STATEMENT OF INCOME FOR THE YEAR (continued)

Line	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)		2,682,432	3,143,824		
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)		42,000	31,000		
35	Nonoperating Rental Income (418)		-3,803	-4,563		
36	Equity in Earnings of Subsidiary Companies (418.1)	119				
37	Interest and Dividend Income (419)		126,730	68,609		
38	Allowance for Other Funds Used During Construction (419.1)		8,381	5,297		
39	Miscellaneous Nonoperating Income (421)		2,573	-11,273		
40	Gain on Disposition of Property (421.1)					
41	TOTAL Other Income (Enter Total of lines 31 thru 40)		91,881	27,070		
42	Other Income Deductions					
43	Loss on Disposition of Property (421.2)					
44	Miscellaneous Amortization (425)					
45	Donations (426.1)		21,434	11,311		
46	Life Insurance (426.2)		6,164	5,220		
47	Penalties (426.3)			83,145		
48	Exp. for Certain Civic, Political & Related Activities (426.4)		6,756	14,314		
49	Other Deductions (426.5)		-5,870	7,710		
50	TOTAL Other Income Deductions (Total of lines 43 thru 49)		28,484	121,700		
51	Taxes Applic. to Other Income and Deductions					
52	Taxes Other Than Income Taxes (408.2)	262-263	-1,553			
53	Income Taxes-Federal (409.2)	262-263	35,938	19,021		
54	Income Taxes-Other (409.2)	262-263	7,138	1,976		
55	Provision for Deferred Inc. Taxes (410.2)	234, 272-277		-24,395		
56	(Less) Provision for Deferred Income Taxes-Cr. (411.2)	234, 272-277	16,475	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)		25,048	-4,769		
60	Net Other Income and Deductions (Total of lines 41, 50, 59)		38,349	-89,861		
61	Interest Charges					
62	Interest on Long-Term Debt (427)		243,056	382,415		
63	Amort. of Debt Disc. and Expense (428)		202,432	552,515		
64	Amortization of Loss on Required Debt (428.1)		53,746	82,446		
65	(Less) Amort. of Premium on Debt-Credit (429)					
66	(Less) Amortization of Gain on Required Debt-Credit (429.1)					
67	Interest on Debt to Assoc. Companies (430)					
68	Other Interest Expense (431)		9,977	124,144		
69	(Less) Allowance for Borrowed Funds Used During Construction-Cr. (432)		1,930	755		
70	Net Interest Charges (Total of lines 62 thru 69)		507,281	1,140,765		
71	Income Before Extraordinary Items (Total of lines 27, 60 and 70)		2,213,500	1,913,198		
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)		2,213,500	1,913,198		

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
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STATEMENT OF RETAINED EARNINGS

- 1 Do not report Lines 49-53 on the quarterly version.
- 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		13,014,927	11,101,729
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)		2,213,500	1,913,198
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)		15,228,427	13,014,927
	APPROPRIATED RETAINED EARNINGS (Account 215)			
39				
40				

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
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STATEMENT OF RETAINED EARNINGS

- 1 Do not report Lines 49-53 on the quarterly version.
 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)
41				
42				
43				
44				
45	TOTAL Appropriated Retained Earnings (Account 215)			
	APPROP. RETAINED EARNINGS - AMORT. Reserve, Federal (Account 215.1)			
46	TOTAL Approp. Retained Earnings-Amort. Reserve, Federal (Acct. 215.1)			
47	TOTAL Approp. Retained Earnings (Acct. 215, 215.1) (Total 45,46)			
48	TOTAL Retained Earnings (Acct. 215, 215.1, 216) (Total 38, 47) (216.1)		15,228,427	13,014,927
	UNAPPROPRIATED UNDISTRIBUTED SUBSIDIARY EARNINGS (Account 216.1)			
	Report only on an Annual Basis, no Quarterly			
49	Balance-Beginning of Year (Debit or Credit)			
50	Equity in Earnings for Year (Credit) (Account 418.1)			
51	(Less) Dividends Received (Debit)			
52				
53	Balance-End of Year (Total lines 49 thru 52)			

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report / /	Year/Period of Report End of <u>2012/Q4</u>
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NOTES TO FINANCIAL STATEMENTS

- 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.

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NOTES TO FINANCIAL STATEMENTS (Continued)			

NANTUCKET ELECTRIC COMPANY

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Nature of Operations

Nantucket Electric Company (the "Company", "we", 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 July 17, 2013, the date of the issuance of these financial statements, and concluded that there were no events that require adjustment to or disclosure in the financial statements as of and for the year ended December 31, 2012.

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 cost of removal is included in the accumulated depreciation for FERC reporting and as a regulatory liability for GAAP reporting.
- for FERC 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 by counterparty at December 31, 2012 and are netted in the aggregate at December 31, 2011 for GAAP reporting.

The preparation of financial statements in conformity with the 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 DPU to determine the rates the Company charges its customers result in an

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NOTES TO FINANCIAL STATEMENTS (Continued)			

accounting treatment different from that used by non-regulated companies. In these cases, the Company defers costs (as regulatory assets) or recognizes obligations (as regulatory liabilities) if it is probable that such amounts will be recovered or refunded through the rate-making process, which would result in a corresponding increase or decrease in future rates.

D. Revenue Recognition

Revenues are based on billing rates and the allowed distribution revenue, both approved by the DPU. The revenue decoupling mechanism ("RDM") allows for annual adjustments to the Company's distribution rates as a result of incremental capital investment and the reconciliation between allowed revenue and billed revenue. Any difference between the allowed revenue and the billed revenue is recorded as a regulatory asset or liability. The Company follows the policy of accruing the estimated amount of revenues for electricity delivered but not yet billed (unbilled revenues), to match costs and revenues.

The Revenue Decoupling Adjustment Factor requires the Company to adjust semi-annually its base rates to reflect the over or under recovery of the Company's targeted base distribution revenues from the prior season. This mechanism allows the Company to offer various energy efficiency measures to its customers without any financial detriment to the Company resulting from reductions in electric usage.

The Company's revenue from the sale and delivery of electricity for the years ended December 31, 2012 and December 31, 2011 was as follows:

	December 31,	
	2012	2011
Residential	70 %	70%
Commercial	30 %	30%

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, is expensed as incurred. Depreciation is generally computed over the estimated useful life of the assets using the composite straight-line method. Depreciation studies are conducted periodically to update the composite rates and are approved by the DPU. Whenever utility plant is retired, the original cost, less salvage, is charged to accumulated depreciation.

The average composite rates and weighted-average life for the years ended December 31, 2012 and December 31, 2011 are as follows:

	December 31,	
	2012	2011
Composite rates	4.73 %	4.20%
Weighted-average life	44 years	44 years

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 property, plant and equipment, with an offsetting credit to allowance for other funds used during construction for the equity

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NOTES TO FINANCIAL STATEMENTS (Continued)			

component and allowance for borrowed funds used during construction 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 its rate base and corresponding depreciation expense.

The components of AFUDC capitalized and composite AFUDC rates for the years ended December 31, 2012 and December 31, 2011 are as follows:

	December 31,	
	2012	2011
	<i>(in thousands of dollars)</i>	
Debt	\$ 2	\$ 1
Equity	8	5
	<u>\$ 10</u>	<u>\$ 6</u>
Composite AFUDC rate	3.32%	3.36%

Goodwill

Goodwill represents the excess of the purchase price of a business over the fair value of the 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 annually on January 31, and whenever events occur or circumstances change that would more likely than not reduce the fair value of the reporting unit below its carrying amount.

The goodwill impairment analysis is comprised of two steps. In the first step, the estimated fair value of the reporting unit is compared with its carrying value. If the fair value exceeds the carrying value, goodwill is not impaired and no further analysis is required. If the carrying value exceeds the fair value, then a second step is performed to determine the implied fair value of goodwill. If the carrying value of goodwill exceeds its implied fair value, then an impairment charge equal to the difference is recorded.

The Company calculated the fair value of the reporting unit in the performance of its annual goodwill impairment test for the fiscal year ended March 31, 2013 utilizing both income and market approaches.

- To estimate fair value utilizing the income approach, the Company used a discounted cash flow methodology incorporating its most recent business plan forecasts together with a projected terminal year calculation. Key assumptions used in the income approach were: (a) expected cash flows for the period from April 1, 2013 to March 31, 2018; (b) a discount rate of 5.5%, which was based on the Company's best estimate of its after-tax weighted-average cost of capital; and (c) a terminal growth rate of 2.25%, based on the Company's expected long-term average growth rate in line with estimated long-term US economic inflation.
- To estimate fair value utilizing the market approach, the Company followed a market comparable methodology. Specifically, the Company applied a valuation multiple of earnings before interest, taxes, depreciation and amortization ("EBITDA"), derived from data of publicly-traded benchmark companies, to business operating data. Benchmark companies were selected based on comparability of the underlying business and economics. Key assumptions used in the market approach included the selection of appropriate benchmark companies and the selection of an EBITDA multiple of 10.0, which we believe is appropriate based on comparison of our business with the benchmark companies.

The Company ultimately determined the fair value of the business using 50% weighting for each valuation methodology, as we believe that each methodology provides equally valuable information. The resulting fair value of the annual analyses determined that no adjustment of the goodwill carrying value was required at March 31, 2013 and March 31, 2012.

F. Available-For-Sale Securities

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The Company holds available-for-sale securities that are classified as long-term investments which primarily includes equities, municipal bonds and corporate bonds. These investments are recorded at fair value and are included in other special funds in the accompanying balance sheets.

G. Cash and Cash Equivalents

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

H. Special Deposits

Special deposits consist of health insurance deposits.

I. Allowance for Doubtful Accounts

The Company recognizes an allowance for doubtful accounts to record accounts receivable at estimated net realizable value. The allowance is calculated by applying estimated write-off factors to various classes of outstanding receivables. The write-off factors are based upon historical write-off experience, current economic conditions, and assessment of customer collectability.

J. Plant Materials and Operating Supplies

Plant materials and operating supplies are stated at the lower of weighted average cost or market and are expensed or capitalized into specific capital additions as used. The Company's policy is to write off obsolete inventory. There were no material write offs of obsolete inventory for the years ended December 31, 2012 and December 31, 2011.

K. Income and Other Taxes

Federal and state income taxes are recorded under the current accounting provisions for the accounting and reporting of 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. National Grid North America Inc. ("NGNA"), (formerly National Grid Holdings Inc.), an indirectly-owned subsidiary of National Grid plc and the intermediate holding company of NGUSA, files consolidated federal tax returns including all of the activities of its subsidiaries. Each subsidiary company is treated as a member of the consolidated group and determines its current and deferred taxes based on the separate return method. As a member, the Company settles its current tax liability or benefit each year with NGHl pursuant to a tax sharing arrangement between NGNA and its members. Benefits allocated by NGNA are treated as capital contributions.

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. Additionally, the Company follows the current accounting guidance relating to uncertainty in income taxes which applies to all income tax positions reflected in the accompanying balance sheets that have been included in previous tax returns or are expected to be included in future tax returns.

The Company collects certain taxes from customers such as sales taxes, along with other taxes, surcharges, and fees that are levied by state or local governments on the sale or distribution of electricity. Where these taxes, such as sales taxes, are imposed on the customer, the Company accounts for these taxes on a net basis (excluded from revenues) with no impact to our statements of income.

L. Employee Benefits

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NOTES TO FINANCIAL STATEMENTS (Continued)			

The Company follows the accounting guidance related to the accounting for defined benefit pension and postretirement benefit ("PBOP") plans for recording pension expenses and resulting plan asset and liability balances. The guidance requires employers to fully recognize all pension and postretirement plans' funded status on the balance sheets as a net liability or asset and requires an offsetting adjustment to accumulated other comprehensive income in shareholder's equity. In the case of regulated entities, this offsetting entry is recorded as a regulatory asset or liability when the balance will be recovered from customers or refunded to customers in future rates. The Company has determined that such amounts will be included in future rates and follows the regulatory format for recording the balances. The Company measures and records PBOP assets at the year-end date. PBOP assets are measured at fair value, using the year-end market value of those assets.

M. Fair Value Measurements

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

Level 1 — quoted prices (unadjusted) in active markets for identical assets or liabilities that a company has the ability to access as of the reporting date;

Level 2 — inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data; and

Level 3 — unobservable inputs, such as internally-developed forward curves and pricing models for the asset or liability due to little or no market activity for the asset or liability with low correlation to observable market inputs.

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

N. Recent Accounting Pronouncements

Fair Value Measurements

In May 2011, the FASB issued accounting guidance that amended existing fair value measurement guidance. The amendment was issued with a goal of achieving 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, requires new disclosures about fair value measurements, and changes specific applications of the fair value measurement guidance. 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 became effective for financial statements issued for annual periods (for non-public entities such as the Company) beginning after December 15, 2011. The Company adopted this guidance for the fiscal year ended March 31, 2013, which only impacted its fair value disclosures. There were no changes to our approach to measuring fair value as a result of adopting the new guidance.

Goodwill Impairment

In September 2011, the Financial Accounting Standards Board ("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 not required. Otherwise, the entity is required to perform the two-step impairment test. This guidance became effective for annual and interim goodwill

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NOTES TO FINANCIAL STATEMENTS (Continued)			

impairment tests performed for fiscal years beginning after December 15, 2011. The Company adopted this guidance in its fiscal year ended March 31, 2013 and did not elect the option to perform a qualitative analysis.

Other Comprehensive Income

In June 2011, the FASB issued accounting guidance that eliminated the option to present the components of other comprehensive income as part of the statement of changes in stockholders' equity. This new guidance seeks to improve financial statement users' ability to understand the causes of an entity's change in financial position and results of operations. As a result of this guidance entities are required to either present the statement of income and statement of comprehensive income in a single continuous statement or in two separate, but consecutive statements of net income and other comprehensive income. This guidance does not change the items that are reported in other comprehensive income or any reclassification of items to net income. In addition, the new guidance does not change an entity's option to present components of other comprehensive income net of or before related tax effects. This guidance became effective for non-public companies for fiscal years ending after December 15, 2012, and for interim and annual periods thereafter, and it is to be applied retrospectively. The Company adopted this guidance for the fiscal year ended March 31, 2013, with no impact on its financial position, results of operations, or cash flows.

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 and net information about 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, such as for derivatives. In January 2013, the FASB issued additional guidance to clarify the specific instruments and activities that should be considered in these disclosures, which will be limited to recognized derivatives, repurchase and reverse repurchase agreements, and securities lending transactions. This guidance is effective for fiscal years, and interim periods within those years, beginning after January 1, 2013, and is to be applied retrospectively. The Company is evaluating the impact, if any, on the Company's financial position, results of operations, and cash flows.

Reclassifications From Accumulated Other Comprehensive Income

In February 2013, the FASB issued accounting guidance that requires an entity to report information about significant reclassifications out of accumulated other comprehensive income. The new guidance requires presentation either in a single footnote or parenthetically on the financial statements, of the effect of significant amounts reclassified out of accumulated other comprehensive income based on the corresponding line items in the statement of net income. For amounts that are not required to be reclassified in their entirety to net income in the same reporting period, an entity would cross-reference other disclosures that provide additional detail about those amounts. The amendments do not change the current requirements for reporting net income or other comprehensive income in the financial statements. For non-public entities, the amendments are effective prospectively for reporting periods beginning after December 15, 2013. Early adoption is permitted. The Company is evaluating the impact, if any, on its financial statements.

O. Reclassifications

Certain reclassifications have been made to the financial statements to conform prior year's data to the current year's presentation. These reclassifications had no effect on the Company's results of operations and cash flows.

Note 2. Rates and Regulation

The following table presents the Company's regulatory assets and regulatory liabilities at December 31, 2012 and December 31, 2011:

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	December 31,	
	2012	2011
	<i>(in thousands of dollars)</i>	
<i>Other regulatory assets</i>		
Pension expenses	\$ 3,450	\$ 2,829
Second cable deferral	15	358
Regulatory deferred tax assets - FAS 109	200	200
Long-term portion of standard offer under-recovery	-	1,973
Default (Basic) Service	5,332	3,807
Revenue decoupling	190	84
Total	<u>\$ 9,187</u>	<u>\$ 9,251</u>
<i>Other regulatory liabilities</i>		
Regulatory deferred tax liabilities - FAS 109	\$ 819	\$ 821
Postretirement benefits	(8)	15
Energy efficiency	5,785	5,310
Transmission service	8,612	8,066
Transition charge	102	155
Basic service administrative cost	481	401
Other	(19)	(19)
Total	<u>15,772</u>	<u>14,749</u>
Net regulatory liabilities	<u>\$ (6,585)</u>	<u>\$ (5,498)</u>

The regulatory items above are not included in the utility rate base at the time the expenses are incurred or the revenue is billed. The Company records carrying charges on the regulatory balances related to rate adjustments mechanisms and second cable 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 April 2010, the DPU issued a final order approving an overall increase in base distribution revenue of approximately \$43.9 million effective January 1, 2010 for the Company and its affiliate Massachusetts Electric Company ("Massachusetts Electric"), based 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.

The DPU approved a revenue decoupling mechanism ("RDM") arising from the Company's and its affiliate Massachusetts Electric Company's ("Massachusetts Electric") 2009 distribution rate case. In connection with the Company's first RDM filing made in November 2010 and supplemented in February 2011, the DPU opened a proceeding in March 2011, as requested by the Massachusetts Attorney General's Office ("Attorney General"), for an independent audit of the Company's 2009 capital investments which, in part, formed the basis for the Company's RDM rate adjustment. The selection of an auditor following a competitive solicitation process that has recently been completed is at the discretion of the DPU. The Company cannot currently predict the outcome of this proceeding.

In November 2012, the Company and Massachusetts Electric made its annual RDM filing in which the Company estimated an under recovery of the 2012 annual target revenue of approximately \$12.5 million. The Company made a supplemental filing in February 2013 to present the final under recovery of the 2012 annual target revenue and proposed an RDM factor which went into effect on

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March 1, 2013. The Company also filed proposed Net CapEx factors to recover the 2013 revenue requirement of approximately \$19.3 million associated with 2009, 2010, and 2011 incremental capital investment recorded since December 31, 2008.

The Company is allowed to recover 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 or liability to be recovered or refunded over the following three years.

Also, as part of their last general rate case, the Company and Massachusetts Electric received approval from the DPU to recover approximately \$65.7 million 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 report 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. On July 3, 2012, the Attorney General issued rebuttal testimony challenging certain of the Company's costs. Hearings were held at the DPU in August 2012. Following the hearings, the Company and Massachusetts Electric reduced their request for recovery to \$64.8 million.

The Company and Massachusetts Electric have deferred net costs of approximately \$220 million as of March 31, 2013, net of customer contributions to the Company's Storm Contingency Fund, to restore power associated with several major weather events occurring since January 2010, pending ultimate approval by the DPU to charge its deferred costs to the Company's Storm Contingency Fund. This amount represents approximately \$234 million of deferred storm costs, excluding net carrying costs of \$14 million. On March 5, 2013, the Company and Massachusetts Electric filed with the DPU a request for accelerated funding for the Company's Storm Contingency Fund of \$40 million per year over a period of up to five years, or \$200 million. On May 3, 2013, the DPU approved \$40 million annually for up to three years, or \$120 million. In its ruling, the DPU also directed the Company and Massachusetts Electric to submit two filings of all documentation supporting its storm costs for DPU approval. The Company and Massachusetts Electric submitted the first filing for \$128 million of costs on May 31, 2013 for qualifying storms occurring during calendar years 2010 and 2011. The Company and Massachusetts Electric must submit documentation of storm costs incurred during calendar year 2012 and January and February 2013 by December 31, 2013. The Company cannot currently predict the outcome of any proceedings related to storm recovery.

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. 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 also investigated the Company and Massachusetts Electric's response to Tropical Storm Irene and the October 2011 winter storm in a consolidated proceeding. On December 11, 2012, the DPU issued an order in which it assessed the Company and Massachusetts Electric a penalty of \$18.7 million associated with the Company and Massachusetts Electric's performance in responding to these two weather events, consisting of \$8.1 million for Tropical Storm Irene and \$10.6 million for the October 2011 winter storm. The Company and Massachusetts Electric have appealed this ruling, however credited customers during March 2013 subject to recoupment of the amount of penalty, if any, vacated by the court pursuant to the Company's appeal. In addition, in its order, the DPU ordered a management audit of the Company and

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Massachusetts Electric's emergency planning, outage management, and restoration. The Company cannot predict the outcome of the appeal or of the management audit.

Energy Efficiency

Pursuant to the 2008 Green Communities Act, the Massachusetts Legislature mandated large scale and innovative ideas for implementing renewable and alternative energy sources, 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 approved budget for the two electric companies in Massachusetts for the calendar years 2010 through 2012 is \$578 million. In addition to cost recovery, the Company has the opportunity to earn performance incentives. The Company also has requested recovery of lost base revenues for calendar year 2009.

In October 2009 the DPU approved the Company and Massachusetts Electric's proposal to construct, own, and operate approximately 5 MW of solar generation on five separate properties owned by the Company and/or its affiliates in Dorchester, Everett, Haverhill, Revere, and a location on the Sutton/Northbridge border. The estimated total capital cost of the projects is approximately \$31 million. As each unit goes into service, the Company and Massachusetts Electric are allowed to recover the costs of each site with a return equal to the weighted average cost of capital approved by the DPU in the Company's most recent rate proceeding. The Company and Massachusetts Electric requested rate adjustments under this mechanism for the Sutton/Northbridge facility in August 2010 for recovery of approximately \$1 million, and for the Revere, Everett and Haverhill facilities in February 2011 for recovery of approximately \$2.5 million. In February 2012, the Company and Massachusetts Electric filed for recovery of approximately \$1.4 million associated with the Dorchester facility. In each instance, the DPU issued an order approving recovery subject to its ongoing review and further investigation and reconciliation of the Company's costs for the sites. The DPU has issued final orders approving recovery for the Sutton/Northbridge site, and the Everett, Haverhill, and Revere sites. The final order on the Dorchester site is pending final approval.

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 a proposed offshore wind project with capacity of up to 468 MW. The base price is specified at 18.7 cents per kilowatt hour beginning in 2014, and is subject to escalation by 3.5% in each annual period thereafter. The base price can be adjusted based on several factors, including eligibility for tax credits, the size of the facility, financing and construction costs and performance. In November 2010, the DPU approved the PPA including the Company's proposed cost recovery mechanism with a 4% remuneration on the contract cost, as provided for by the Green Communities Act. The Supreme Judicial Court of Massachusetts affirmed the DPU Order approving the PPA on December 28, 2011. On March 30, 2012, NStar filed with the DPU for approval of a PPA with Cape Wind for the purchase 129 MW of the energy, capacity and renewable energy credits. Cape Wind expects the project to achieve initial commercial operation in 2014. Construction of the project has not yet begun.

Note 3. Employee Benefits

The Company participates with certain other NGUSA subsidiaries in a qualified and non-qualified non-contributory defined benefit plan (the "Pension Plan") and PBOP plan (together with the Pension Plan (the "Plan")), covering substantially all employees - The Final Average Pay Pension Plan, National Grid USA Companies' Executive SERP and National Grid Retirees Health and Life Plan I and II. The Pension Plan is a defined benefit plan which provides union employees with a retirement benefit and non-union employees hired before January 1, 2011 with a retirement benefit. Supplemental nonqualified, non-contributory executive retirement programs provide additional defined pension benefits for certain executives.

The PBOP Plan provides health care and life insurance coverage to eligible retired employees. Eligibility is based on age and length of service requirements and, in most cases, retirees must contribute to the cost of their coverage.

Plan assets are commingled and cannot be allocated to an individual company. The Plan's costs are first directly charged to the Company based on the Company's employees that participate in the Plan. Costs associated with affiliated service companies' employees are then allocated as part of the labor burden for work performed on the Company's behalf. Pension and PBOP expense is

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included in operation expenses in the accompanying statements of income.

At December 31, 2012 and December 31, 2011, the pension plans of NGUSA have a net underfunded obligation of \$448.9 million and \$339.1 million, respectively. The PBOP plans of NGUSA have a net underfunded obligation of \$340.3 million and \$340.8 million as of December 31, 2012 and December 31, 2011, respectively

The Company's net Pension and PBOP expenses directly charged and allocated from affiliated service companies, net of capital, for the years ended December 31, 2012 and December 31, 2011 are as follows:

	December 31,	
	2012	2011
	<i>(in thousands of dollars)</i>	
Pension Plan	\$ 315	\$ 302
PBOP Plan	177	192
	<u>\$ 492</u>	<u>\$ 494</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 \$0.05 million and \$0.1 million were expensed for the years ended March 31, 2012 and March 31, 2011, respectively.

Note 4. Utility Plant and Nonutility Property

At December 31, 2012 and December 31, 2011, utility plant and nonutility property at cost and accumulated depreciation are as follows:

	December 31,	
	2012	2011
	<i>(in thousands of dollars)</i>	
Plant and machinery	\$ 104,226	\$ 102,363
Goodwill	16,552	16,552
Land and buildings	4,126	4,120
Motor Vehicle and Office Equipment	65	65
Assets in construction	883	340
Total	<u>125,852</u>	<u>123,440</u>
Accumulated depreciation	<u>(42,020)</u>	<u>(39,063)</u>
Utility plant and nonutility property	<u>\$ 83,832</u>	<u>\$ 84,377</u>

Note 5. Fair Value Measurements

Available for sale securities primarily include equities and are investments based on quoted market prices in active markets (Level 1) and municipal and corporate bonds based on quoted prices of similar traded assets in open markets (Level 2).

The following table presents assets and liabilities measured and recorded at fair value in the accompanying balance sheets on a recurring basis and their level within the fair value hierarchy as of December 31, 2012 and December 31, 2011:

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	December 31, 2012			Total
	Level 1	Level 2	Level 3	
	<i>(in thousands of dollars)</i>			
Assets:				
Available for sale securities	\$ 310	\$ 417	\$ -	\$ 727

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

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, and no transfers into or out from Level 3, during the years ended December 31, 2012 and December 31, 2011.

Other Fair Value Measurement

The fair value of long-term debt 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 borrowing rate. The Company's balance sheets reflect the long-term debt at amortized cost. The fair value of this debt at December 31, 2012 and December 31, 2011 was \$53.5 million.

All other financial instruments on the balance sheets such as intercompany balances, accounts receivable and accounts payable are stated at cost, which approximates fair value.

Note 6. Income Taxes

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

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	Years Ended December 31,	
	2012	2011
	<i>(in thousands of dollars)</i>	
Current tax expense (benefit):		
Federal	\$ (103)	\$ 972
State	767	303
Total current tax expense	<u>664</u>	<u>1,275</u>
Deferred tax expense (benefit):		
Federal	1,274	(97)
State	(286)	(109)
	<u>988</u>	<u>(206)</u>
Amortized investment tax credits, net ⁽¹⁾	<u>(1)</u>	<u>(2)</u>
Total deferred tax expense (benefit)	<u>987</u>	<u>(208)</u>
Total income tax expense	<u>\$ 1,651</u>	<u>\$ 1,067</u>

⁽¹⁾ 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	\$ 1,624	\$ 1,072
Income taxes credited to "other income (deductions)"	<u>27</u>	<u>(5)</u>
Total	<u>1,651</u>	<u>1,067</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, 2012 and December 31, 2011 is as follows:

	Years Ended December 31,	
	2012	2011
	<i>(in thousands of dollars)</i>	
Computed tax	\$ 1,352	\$ 1,043
Change in computed taxes resulting from:		
State income tax, net of federal benefit	313	126
Investment tax credit	(1)	(2)
Intercompany tax allocation	-	(98)
Provision to return adjustments	-	(3)
Other items, net	<u>(13)</u>	<u>1</u>
Total	<u>299</u>	<u>24</u>
Federal and state income taxes	<u>\$ 1,651</u>	<u>\$ 1,067</u>

Significant components of the Company's net deferred tax assets and liabilities at December 31, 2012 and December 31, 2011 are as follows:

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	December 31,	
	2012	2011
	<i>(in thousands of dollars)</i>	
Deferred tax assets:		
Pensions, PBOP and other employee benefits	\$ 1,702	1,350
Future federal benefit on state taxes	387	-
Net operating loss	-	\$ 1,389
Other items	3,901	3,921
Total deferred tax assets ⁽¹⁾	<u>5,990</u>	<u>6,660</u>
Deferred tax liabilities:		
Property related differences	14,464	12,405
Regulatory assets - pensions and PBOP	1,008	832
Other items	1,265	2,932
Total deferred tax liabilities	<u>16,737</u>	<u>16,169</u>
Net deferred income tax liability	<u>10,747</u>	<u>9,509</u>
Deferred investment tax credit	<u>-</u>	<u>2</u>
Net deferred income tax liability and investment tax credit	<u>10,747</u>	<u>9,511</u>

⁽¹⁾ There were no valuation allowances for deferred tax assets at December 31, 2012 or December 31, 2011.

The Company is a member of the NGNA 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.

The following table reconciles the changes to the Company's unrecognized tax benefits for the years ended December 31, 2012 and December 31, 2011

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	Years Ended December 31,	
	2012	2011
	<i>(in thousands of dollars)</i>	
Balance at the beginning of the year	\$ 2,658	\$ 2,569
(Reductions) additions based on tax positions related to the prior years	(1,416)	27
Additions based on tax positions related to the current year	-	62
Total	<u>1,242</u>	<u>2,658</u>
Less: unrecognized tax benefits on temporary differences	<u>1,242</u>	<u>2,658</u>
Balance at the end of the year	<u>\$ -</u>	<u>\$ -</u>

As of December 31, 2012 and December 31, 2011, the Company has accrued for interest related to unrecognized tax benefits of \$7 thousand and \$90 thousand, respectively. During the years ended December 31, 2012 and December 31, 2011, the Company recorded interest expense of \$80 thousand and \$50 thousand, respectively. The Company recognizes accrued interest related to unrecognized tax benefits in other interest expense and related penalties, if applicable, in other deductions in the accompanying statements of income. No penalties were recognized during the years ended December 31, 2012 and December 31, 2011.

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

In fiscal year 2012, the IRS commenced an audit of National Grid North America Inc. and subsidiaries for the fiscal years ending March 31, 2008 and March 31, 2009. Fiscal years ended March 31, 2010 through March 31, 2012 remain subject to examination by the IRS.

The Company is a member of the NGUSA Service Company Massachusetts unitary group since the fiscal year ended March 31, 2010. The tax returns for fiscal years ended March 31, 2010 through March 31, 2012 remain subject to examination in the State of Massachusetts.

The following table indicates the earliest tax year subject to examination:

Jurisdiction	Tax Year
Federal	March 31, 2005*
Massachusetts	March 31, 2010

*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. However, the Company's tax sharing agreement may result in a change to allocated tax as a result of current and future audits or appeals.

Note 7. Debt

Short-term Debt

The Company has approval from the FERC to issue up to \$15 million of short-term debt. The Company had no short-term debt outstanding to external third-parties at December 31, 2012 and December 31, 2011.

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Long-term Debt

Long-term debt at December 31, 2012 and December 31, 2011 is as follows:

	Rate	Maturity	December 31	
			2012	2011
<i>(in thousands of dollars)</i>				
2004 MDFA Tax Exempt (progressive annual sinker)	Variable	March 1, 2016	\$ 1,275	\$ 1,525
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
Total long-term debt			<u>\$ 52,575</u>	<u>\$ 52,825</u>

At December 31, 2012, the Company had approximately \$52.6 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 0.4% to 0.7% and 0.3% to 0.9% during the years ended December 31, 2012 and December 31, 2011, respectively. The bonds were issued by the Massachusetts Development Finance Agency in connection with the Company's financing of its first and second underground and submarine cable projects. Sinking fund payment of \$0.3 million was made during the year ended December 31, 2012.

On December 31, 2011, the Company had a Standby Bond Purchase Agreement ("SBPA") of \$54.7 million, which expired in November 2012. On November 22, 2012, the Company amended the SBPA to have a limit of \$52.6 million and to expire on November 20, 2015. This agreement was available to provide liquidity support for \$52.6 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 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 funding on a long-term basis. At December 31, 2012 and December 31, 2011, there were no bond purchases made by the banks participating in 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.

The aggregate maturities of long-term debt subsequent to December 31, 2012 are as follows:

(in thousands of dollars)

Years Ending December 31,		
2013	\$	275
2014		305
2015		330
2016		365
2017		-
Thereafter		51,300
Total	\$	<u>52,575</u>

The Company is obligated to meet its non-financial covenants and during the years ended December 31, 2012 and December 31, 2011, we were in compliance with all such covenants.

Note 8. Commitments and Contingencies

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Capital Expenditures

The Company has various capital commitments related to the construction of property, plant and equipment. The Company's commitments under these long-term contracts are \$0.6 million for the year end December 31, 2013.

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.

Note 9. Related Party Transactions

Money Pool

NGUSA and certain affiliates, including the Company, participate in money pools to more effectively utilize cash resources and to reduce external short-term borrowings. The money pool in which the 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 money pool participants. Borrowings from and investments in the money pool bear interest in accordance with the money pool agreement. Companies that invest in the money 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 money pool at any time without prior notice. The Company had a short-term money pool receivable of \$9 million and \$17.8 million at December 31, 2012 and December 31, 2011, respectively. The average interest rates for the money pool were 0.37% and 0.18% for the years ended December 31, 2012 and December 31, 2011, respectively, which are included as notes receivable from associated companies in the accompanying balance sheets.

Accounts Receivable from Associated Companies and Accounts Payable to Associated Companies

NGUSA and its affiliates also provide various services to the Company, including executive and administrative, financial (including accounting, auditing, risk management, tax, treasury and finance), human resources, information technology, legal, and strategic planning that are shared among the companies and charged to each company appropriately. In addition, the Company has a tax sharing agreement with NGNA, a NGUSA affiliate, in filing consolidated tax returns. The Company's share of the tax liability is allocated, resulting in a payment to or refund from NGNA.

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 affiliates do not bear interest. At December 31, 2012 and December 31, 2011, the Company had a net outstanding accounts receivable from/accounts payable to affiliates as follows:

	Accounts Receivable From Associated Companies		Accounts Payable To Associated Companies	
	December 31,		December 31,	
	2012	2011	2012	2011
	<i>(in thousands of dollars)</i>			
Massachusetts Electric Co.	\$ 14,003	\$ 4,640	\$ 1,065	\$ 103
New England Power Co.	707	-	-	123
Narragansett Electric Co.	5,377	-	821	1,506
Niagara Mohawk Power Co.	-	16	1,671	38
NG Electric Services LLC	375	-	347	-
NGUSA Service Company	-	1	548	43
Other	150	70	183	(81)
Total	<u>\$ 20,612</u>	<u>\$ 4,727</u>	<u>\$ 4,635</u>	<u>\$ 1,732</u>

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2012/Q4
NOTES TO FINANCIAL STATEMENTS (Continued)			

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 fiscal 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 additional revenue to the Company and expense to Massachusetts Electric. For the years ended December 31, 2012 and December 31, 2011, Massachusetts Electric reimbursed the Company \$3.5 million and \$4.6 million, respectively.

Service Company Charges

The affiliated service companies of NGUSA provide certain services to the Company at their cost. The service company costs are generally allocated to associated companies through a tiered approach. First and foremost, costs are directly charged to the benefited company whenever practicable. Secondly, in cases where direct charging cannot be readily determined, costs are 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.

Charges from the service companies of NGUSA for the years ended December 31, 2012 and December 31, 2011 were \$6 million and \$2.8 million, respectively.

Holding Company Charges

NGUSA received charges from National Grid Commercial Holdings Limited, an affiliated company in the UK, for certain corporate and administrative services provided by the corporate functions of National Grid plc to its US subsidiaries. These charges, which are recorded on the books of NGUSA, have not been reflected on these financial statements.

Note 10. Dividend Restrictions

The 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, 2012 and December 31, 2011 common equity was 42% and 40% of total capitalization, respectively. Under these provisions, none of the Company's retained earnings at December 31, 2012 and December 31, 2011 were restricted as to common dividends.

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission		Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of <u>2012/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)	107,662,216	107,662,216		
4	Property Under Capital Leases				
5	Plant Purchased or Sold				
6	Completed Construction not Classified	755,075	755,075		
7	Experimental Plant Unclassified				
8	Total (3 thru 7)	108,417,291	108,417,291		
9	Leased to Others				
10	Held for Future Use				
11	Construction Work in Progress	882,654	882,654		
12	Acquisition Adjustments	16,551,550	16,551,550		
13	Total Utility Plant (8 thru 12)	125,851,495	125,851,495		
14	Accum Prov for Depr, Amort, & Depl	42,019,647	42,019,647		
15	Net Utility Plant (13 less 14)	83,831,848	83,831,848		
16	Detail of Accum Prov for Depr, Amort & Depl				
17	In Service:				
18	Depreciation	41,173,653	41,173,653		
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)	41,173,653	41,173,653		
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)	42,019,647	42,019,647		

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
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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.
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Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
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ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106)

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

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)
1	1. INTANGIBLE PLANT		
2	(301) Organization		
3	(302) Franchises and Consents		
4	(303) Miscellaneous Intangible Plant		
5	TOTAL Intangible Plant (Enter Total of lines 2, 3, and 4)		
6	2. PRODUCTION PLANT		
7	A. Steam Production Plant		
8	(310) Land and Land Rights		
9	(311) Structures and Improvements		
10	(312) Boiler Plant Equipment		
11	(313) Engines and Engine-Driven Generators		
12	(314) Turbogenerator Units		
13	(315) Accessory Electric Equipment		
14	(316) Misc. Power Plant Equipment		
15	(317) Asset Retirement Costs for Steam Production		
16	TOTAL Steam Production Plant (Enter Total of lines 8 thru 15)		
17	B. Nuclear Production Plant		
18	(320) Land and Land Rights		
19	(321) Structures and Improvements		
20	(322) Reactor Plant Equipment		
21	(323) Turbogenerator Units		
22	(324) Accessory Electric Equipment		
23	(325) Misc. Power Plant Equipment		
24	(326) Asset Retirement Costs for Nuclear Production		
25	TOTAL Nuclear Production Plant (Enter Total of lines 18 thru 24)		
26	C. Hydraulic Production Plant		
27	(330) Land and Land Rights		
28	(331) Structures and Improvements		
29	(332) Reservoirs, Dams, and Waterways		
30	(333) Water Wheels, Turbines, and Generators		
31	(334) Accessory Electric Equipment		
32	(335) Misc. Power Plant Equipment		
33	(336) Roads, Railroads, and Bridges		
34	(337) Asset Retirement Costs for Hydraulic Production		
35	TOTAL Hydraulic Production Plant (Enter Total of lines 27 thru 34)		
36	D. Other Production Plant		
37	(340) Land and Land Rights	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 checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/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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				35
				36
			358,968	37
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				43
				44
			358,968	45
			358,968	46

Name of Respondent Nantucket Electric Company		This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
ELECTRIC PLANT IN SERVICE (Account 101, 102, 103 and 106) (Continued)				
Line	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	1,091,520		27,494
61	(361) Structures and Improvements	81,060		
62	(362) Station Equipment	16,734,097		39,630
63	(363) Storage Battery Equipment			
64	(364) Poles, Towers, and Fixtures	4,298,334		262,849
65	(365) Overhead Conductors and Devices	3,252,179		442,754
66	(366) Underground Conduit	13,091,257		2,162
67	(367) Underground Conductors and Devices	46,312,957		887,678
68	(368) Line Transformers	7,714,919		314,642
69	(369) Services	3,547,449		369,837
70	(370) Meters	1,140,448		15,218
71	(371) Installations on Customer Premises			
72	(372) Leased Property on Customer Premises			
73	(373) Street Lighting and Signal Systems	425,355		3,496
74	(374) Asset Retirement Costs for Distribution Plant			
	TOTAL Distribution Plant (Enter Total of lines 60 thru 74)	97,689,575		2,365,760
	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		10,554
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		10,554
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		10,554
100	TOTAL (Accounts 101 and 106)	106,547,496		2,376,314
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)	106,547,496		2,376,314

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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
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					54
					55
					56
					57
					58
					59
			1,119,014		60
			81,060		61
		1	16,773,728		62
					63
14,490		-1,898,278	2,648,415		64
342,206			3,352,727		65
1,228		5,251,851	18,344,042		66
38,168	-38,849	-92,485	47,031,133		67
43,998		-2,759,447	5,226,116		68
2,879		-389,268	3,525,139		69
20,927			1,134,739		70
					71
					72
3,774		-112,374	312,703		73
					74
467,670	-38,849		99,548,816		75
					76
					77
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					79
					80
					81
					82
					83
					84
					85
			31,005		86
			2,536,222		87
					88
			65,163		89
					90
			40,979		91
			38,819		92
					93
			5,797,319		94
					95
			8,509,507		96
					97
					98
			8,509,507		99
467,670	-38,849		108,417,291		100
					101
					102
					103
467,670	-38,849		108,417,291		104

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(Next Page is 219)

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
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ACCUMULATED PROVISION FOR DEPRECIATION OF ELECTRIC UTILITY PLANT (Account 108)

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

Section A. Balances and Changes During Year

Line No.	Item (a)	Total (c+d+e) (b)	Electric Plant in Service (c)	Electric Plant Held for Future Use (d)	Electric Plant Leased to Others (e)
1	Balance Beginning of Year	38,216,821	38,216,821		
2	Depreciation Provisions for Year, Charged to				
3	(403) Depreciation Expense	3,645,934	3,645,934		
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)	3,645,934	3,645,934		
11	Net Charges for Plant Retired:				
12	Book Cost of Plant Retired	467,670	467,670		
13	Cost of Removal	221,432	221,432		
14	Salvage (Credit)				
15	TOTAL Net Chrgs. for Plant Ret. (Enter Total of lines 12 thru 14)	689,102	689,102		
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)	41,173,653	41,173,653		

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	36,985,275	36,985,275		
27	Regional Transmission and Market Operation				
28	General	4,188,378	4,188,378		
29	TOTAL (Enter Total of lines 20 thru 28)	41,173,653	41,173,653		

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
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ELECTRIC OPERATING REVENUES (Account 400)

1. 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 sold 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.
3. 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.
4. 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.
5. 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	6,609,379	6,930,556
3	(442) Commercial and Industrial Sales		
4	Small (or Comm.) (See Instr. 4)	1,816,471	1,994,781
5	Large (or Ind.) (See Instr. 4)	-11	-134
6	(444) Public Street and Highway Lighting	5,288	5,850
7	(445) Other Sales to Public Authorities		
8	(446) Sales to Railroads and Railways		
9	(448) Interdepartmental Sales		
10	TOTAL Sales to Ultimate Consumers	8,431,127	8,931,053
11	(447) Sales for Resale		
12	TOTAL Sales of Electricity	8,431,127	8,931,053
13	(Less) (449.1) Provision for Rate Refunds	557,295	187,830
14	TOTAL Revenues Net of Prov. for Refunds	7,873,832	8,743,223
15	Other Operating Revenues		
16	(450) Forfeited Discounts	12,207	15,911
17	(451) Miscellaneous Service Revenues	1,519,000	1,198,284
18	(453) Sales of Water and Water Power		
19	(454) Rent from Electric Property	299,094	246,800
20	(455) Interdepartmental Rents		
21	(456) Other Electric Revenues	13,151,552	13,600,090
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	14,981,853	15,061,085
27	TOTAL Electric Operating Revenues	22,855,685	23,804,308

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
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ELECTRIC OPERATING REVENUES (Account 400)

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 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
93,807	92,979	11,253	11,212	2
				3
28,399	27,816	1,294	1,285	4
14	8	3	3	5
79	79	5	5	6
				7
				8
				9
122,299	120,882	12,555	12,505	10
				11
122,299	120,882	12,555	12,505	12
				13
122,299	120,882	12,555	12,505	14

Line 12, column (b) includes \$ -109,000 of unbilled revenues.
Line 12, column (d) includes -275 MWH relating to unbilled revenues

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2012/Q4
FOOTNOTE DATA			

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

Miscellaneous Service Revenue-Electric	137,511
Open Access Revenue-Demand Side Management	638,839
Open Access Revenue-Customer Charge	742,650

	1,519,000

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

Miscellaneous Service Revenue-Electric	139,410
Open Access Revenue-Demand Side Management	317,792
Open Access Revenue-Customer Charge	741,082

	1,198,284

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

Open Access Revenue-Access Charge	141,305
Open Access Revenue-Transmission	1,894,644
Open Access Revenue-Distribution	7,268,447
Open Access Revenue-Decoupling	106,815
Open Access Revenue-Miscellaneous	3,740,341

	13,151,552

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

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

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/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						
	Subtotal RQ			0	0	0
	Subtotal non-RQ			0	0	0
	Total			0	0	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/Period of Report End of 2012/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 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 checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/Q4
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ELECTRIC OPERATION AND MAINTENANCE EXPENSES

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

	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
1	1. POWER PRODUCTION EXPENSES		
2	A. Steam Power Generation		
3	Operation		
4	(500) Operation Supervision and Engineering		
5	(501) Fuel		
6	(502) Steam Expenses		
7	(503) Steam from Other Sources		
8	(Less) (504) Steam Transferred-Cr.		
9	(505) Electric Expenses		
10	(506) Miscellaneous Steam Power Expenses		
11	(507) Rents		
12	(509) Allowances		
13	TOTAL Operation (Enter Total of Lines 4 thru 12)		
14	Maintenance		
15	(510) Maintenance Supervision and Engineering		
16	(511) Maintenance of Structures		
17	(512) Maintenance of Boiler Plant		
18	(513) Maintenance of Electric Plant		
19	(514) Maintenance of Miscellaneous Steam Plant		
20	TOTAL Maintenance (Enter Total of Lines 15 thru 19)		
21	TOTAL Power Production Expenses-Steam Power (Entr Tot lines 13 & 20)		
22	B. Nuclear Power Generation		
23	Operation		
24	(517) Operation Supervision and Engineering		
25	(518) Fuel		
26	(519) Coolants and Water		
27	(520) Steam Expenses		
28	(521) Steam from Other Sources		
29	(Less) (522) Steam Transferred-Cr.		
30	(523) Electric Expenses		
31	(524) Miscellaneous Nuclear Power Expenses		
32	(525) Rents		
33	TOTAL Operation (Enter Total of lines 24 thru 32)		
34	Maintenance		
35	(528) Maintenance Supervision and Engineering		
36	(529) Maintenance of Structures		
37	(530) Maintenance of Reactor Plant Equipment		
38	(531) Maintenance of Electric Plant		
39	(532) Maintenance of Miscellaneous Nuclear Plant		
40	TOTAL Maintenance (Enter Total of lines 35 thru 39)		
41	TOTAL Power Production Expenses-Nuc. Power (Entr tot lines 33 & 40)		
42	C. Hydraulic Power Generation		
43	Operation		
44	(535) Operation Supervision and Engineering		
45	(536) Water for Power		
46	(537) Hydraulic Expenses		
47	(538) Electric Expenses		
48	(539) Miscellaneous Hydraulic Power Generation Expenses		
49	(540) Rents		
50	TOTAL Operation (Enter Total of Lines 44 thru 49)		
51	C. Hydraulic Power Generation (Continued)		
52	Maintenance		
53	(541) Maintenance Supervision and Engineering		
54	(542) Maintenance of Structures		
55	(543) Maintenance of Reservoirs, Dams, and Waterways		
56	(544) Maintenance of Electric Plant		
57	(545) Maintenance of Miscellaneous Hydraulic Plant		
58	TOTAL Maintenance (Enter Total of lines 53 thru 57)		
59	TOTAL Power Production Expenses-Hydraulic Power (tot of lines 50 & 58)		

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

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

Line	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	1,328	
64	(548) Generation Expenses		
65	(549) Miscellaneous Other Power Generation Expenses	7,500	403
66	(550) Rents		
67	TOTAL Operation (Enter Total of lines 62 thru 66)	8,828	403
68	Maintenance		
69	(551) Maintenance Supervision and Engineering		35
70	(552) Maintenance of Structures		49
71	(553) Maintenance of Generating and Electric Plant	742	47,336
72	(554) Maintenance of Miscellaneous Other Power Generation Plant		
73	TOTAL Maintenance (Enter Total of lines 69 thru 72)	742	47,420
74	TOTAL Power Production Expenses-Other Power (Enter Tot of 67 & 73)	9,570	47,823
75	E. Other Power Supply Expenses		
76	(555) Purchased Power	8,012,655	8,775,043
77	(556) System Control and Load Dispatching		
78	(557) Other Expenses		
79	TOTAL Other Power Supply Exp (Enter Total of lines 76 thru 78)	8,012,655	8,775,043
80	TOTAL Power Production Expenses (Total of lines 21, 41, 59, 74 & 79)	8,022,225	8,822,866
81	2. TRANSMISSION EXPENSES		
82	Operation		
83	(560) Operation Supervision and Engineering		
84			
85	(561.1) Load Dispatch-Reliability		
86	(561.2) Load Dispatch-Monitor and Operate Transmission System		
87	(561.3) Load Dispatch-Transmission Service and Scheduling		
88	(561.4) Scheduling, System Control and Dispatch Services	68,632	76,381
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	5,537	644
94	(563) Overhead Lines Expenses		
95	(564) Underground Lines Expenses		
96	(565) Transmission of Electricity by Others	1,826,227	1,605,618
97	(566) Miscellaneous Transmission Expenses	917	247
98	(567) Rents	29	
99	TOTAL Operation (Enter Total of lines 83 thru 98)	1,901,342	1,682,890
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	721	8,217
108	(571) Maintenance of Overhead Lines		697
109	(572) Maintenance of Underground Lines		
110	(573) Maintenance of Miscellaneous Transmission Plant		1,265
111	TOTAL Maintenance (Total of lines 101 thru 110)	721	10,851
112	TOTAL Transmission Expenses (Total of lines 99 and 111)	1,902,063	1,693,741

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)					
If the amount for previous year is not derived from previously reported figures, explain in footnote.					
Line	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 Exps (Total 123 and 130)				
132	4. DISTRIBUTION EXPENSES				
133	Operation				
134	(580) Operation Supervision and Engineering	7,740	36,947		
135	(581) Load Dispatching	10,813	6,707		
136	(582) Station Expenses	147,726	100,713		
137	(583) Overhead Line Expenses	70,088	103,317		
138	(584) Underground Line Expenses	70,122	69,072		
139	(585) Street Lighting and Signal System Expenses	846	2,343		
140	(586) Meter Expenses	93,593	118,046		
1	(587) Customer Installations Expenses	33,759	32,091		
.2	(588) Miscellaneous Expenses	319,769	591,714		
143	(589) Rents	1,340	1,056		
144	TOTAL Operation (Enter Total of lines 134 thru 143)	755,796	1,062,006		
145	Maintenance				
146	(590) Maintenance Supervision and Engineering	1,804	334		
147	(591) Maintenance of Structures	17,219	14,256		
148	(592) Maintenance of Station Equipment	82,804	109,118		
149	(593) Maintenance of Overhead Lines	567,387	485,414		
150	(594) Maintenance of Underground Lines	33,349	45,071		
151	(595) Maintenance of Line Transformers	2,329	14,882		
152	(596) Maintenance of Street Lighting and Signal Systems	13,860	25,390		
153	(597) Maintenance of Meters	3,830	4,780		
154	(598) Maintenance of Miscellaneous Distribution Plant	75			
155	TOTAL Maintenance (Total of lines 146 thru 154)	722,657	699,245		
156	TOTAL Distribution Expenses (Total of lines 144 and 155)	1,478,453	1,761,251		
157	5. CUSTOMER ACCOUNTS EXPENSES				
158	Operation				
159	(901) Supervision	7,001	7,971		
160	(902) Meter Reading Expenses	33,086	34,470		
161	(903) Customer Records and Collection Expenses	221,859	223,150		
162	(904) Uncollectible Accounts	-38,510	124,876		
163	(905) Miscellaneous Customer Accounts Expenses	3,266	1,429		
164	TOTAL Customer Accounts Expenses (Total of lines 159 thru 163)	226,702	391,896		

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ELECTRIC OPERATION AND MAINTENANCE EXPENSES (Continued)

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

Line	Account (a)	Amount for Current Year (b)	Amount for Previous Year (c)
165	6. CUSTOMER SERVICE AND INFORMATIONAL EXPENSES		
166	Operation		
167	(907) Supervision	20	342
168	(908) Customer Assistance Expenses	252,290	491,006
169	(909) Informational and Instructional Expenses	48,187	59,462
170	(910) Miscellaneous Customer Service and Informational Expenses	5,277	23,532
171	TOTAL Customer Service and Information Expenses (Total 167 thru 170)	305,774	574,342
172	7. SALES EXPENSES		
173	Operation		
174	(911) Supervision	106	25
175	(912) Demonstrating and Selling Expenses	28,376	21,127
176	(913) Advertising Expenses	15	
177	(916) Miscellaneous Sales Expenses	275	23
178	TOTAL Sales Expenses (Enter Total of lines 174 thru 177)	28,772	21,175
179	8. ADMINISTRATIVE AND GENERAL EXPENSES		
180	Operation		
181	(920) Administrative and General Salaries	209,698	464,648
182	(921) Office Supplies and Expenses	387,405	195,686
183	(Less) (922) Administrative Expenses Transferred-Credit		
184	(923) Outside Services Employed	360,283	311,334
185	(924) Property Insurance	13,919	62,772
186	(925) Injuries and Damages	281,083	83,518
187	(926) Employee Pensions and Benefits	814,112	742,357
188	(927) Franchise Requirements		
189	(928) Regulatory Commission Expenses	118,541	89,134
190	(929) (Less) Duplicate Charges-Cr.		
191	(930.1) General Advertising Expenses	687	3,769
192	(930.2) Miscellaneous General Expenses	52,976	45,203
193	(931) Rents	169,055	68,289
194	TOTAL Operation (Enter Total of lines 181 thru 193)	2,407,759	2,066,710
195	Maintenance		
196	(935) Maintenance of General Plant	5,546	6,850
197	TOTAL Administrative & General Expenses (Total of lines 194 and 196)	2,413,305	2,073,560
198	TOTAL Etec Op and Maint Exps (Total 80,112,131,156,164,171,178,197)	14,377,294	15,338,831

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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.

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	NEW ENGLAND POWER	OS	1			
2	TRANSCANADA	RQ	1			
3	CONSTELLATION	RQ	1			
4	DOMINION NUCLEAR	RQ	1			
5	FLORIDA POWER AND LIGHT	RQ	1			
6	DTE ENERGY	RQ	1			
7	HESS OIL	RQ	1			
8	ENERGY AMERICA	RQ	1			
9						
10						
11						
12						
13						
14						
	Total					

Name of Respondent Nantucket Electric Company	This Report Is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report End of 2012/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 periods. 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)	
					141,305	141,305	1
31,283				2,187,083		2,187,083	2
14,103				1,076,960		1,076,960	3
51,766				2,588,109		2,588,109	4
4,179				278,733		278,733	5
3,111				135,225		135,225	6
7,222				387,225		387,225	7
16,442				1,218,015		1,218,015	8
							9
							10
							11
							12
							13
							14
128,106				7,871,350	141,305	8,012,655	

Name of Respondent Nantucket Electric Company	This Report is: (1) <input checked="" type="checkbox"/> An Original (2) <input type="checkbox"/> A Resubmission	Date of Report (Mo, Da, Yr) / /	Year/Period of Report 2012/Q4
FOOTNOTE DATA			

Schedule Page: 326 Line No.: 1 Column: b
 Energy from affiliate company