



Annual Report **1993**

**FITCHBURG GAS AND
ELECTRIC LIGHT COMPANY**

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Thirty years before the first commercial electric station and distribution system in the United States was installed, Fitchburg Gas and Electric Light Company was chartered as Fitchburg Gas Company. In 1895, following acquisition of a majority of the Wachusett Electric Light Company stock, the name of the Company was changed to Fitchburg Gas and Electric Light Company and the electric station expanded its night-time-only operation to a 24-hours-a-day service. Today, nearly a century later, Fitchburg Gas and Electric is supplying energy on a round-the-clock basis to its more than 23,000 commercial, industrial and residential customers in north central Massachusetts.



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**FITCHBURG GAS AND
ELECTRIC LIGHT COMPANY**
Using our energies to serve you best

Annual Report
1980

Financial Highlights of 1980

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	1980	1979
Net Income	\$ 1,703,190	\$ 2,260,706
Earnings Per Average Common Share	\$2.78	\$4.34
Dividends Paid Per Common Share	\$2.60	\$1.90
Electric Operating Revenues	\$28,525,028	\$24,475,296
Gas Operating Revenues	\$13,785,001	\$ 9,786,185
Total Operating Revenues	\$42,310,029	\$34,261,481
Kilowatt-Hours of Electricity Sold	370,946,282	392,691,432
Average Annual Kilowatt-Hour Sales Per Residential Customer	4,844	5,033
Number of Electric Customers	22,339	21,744
Thousands of Cubic Feet of Gas Sold	2,893,861	2,343,116
Average Annual Cubic Feet Sales Per Residential Customer	97,013	86,431
Number of Gas Customers	14,280	13,693
Net Utility Plant	\$40,320,626	\$37,294,322
Number of Employees	161	161
Number of Common Shareholders	2,424	2,244
Number of Preferred Shareholders	8	8

On July 14, 1883, Main Street in Fitchburg was first illuminated by electric light. In the past year Fitchburg Gas and Electric entered into an agreement with the City of Fitchburg for the conversion of street lighting to high pressure sodium lamps, an agreement which is expected to save the City a total of \$100,000 annually in energy costs after the five-year conversion period.



To Our Shareholders:

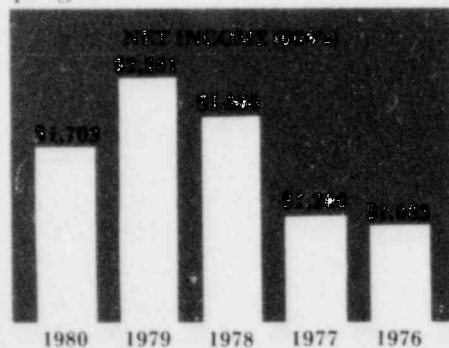
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Reflective of our nation's continuing battle against inflation and its efforts to develop practical solutions to continuing energy shortages, 1980 has been less than satisfactory for Fitchburg Gas and Electric. Net income for the year was \$1,763,190, down 25 percent from the 1979 level of \$2,260,706. Earnings per average common share, on a greater number of shares outstanding in 1980, were \$2.78, compared to \$4.34 in 1979.

A number of factors must be taken into consideration in accounting for these results:

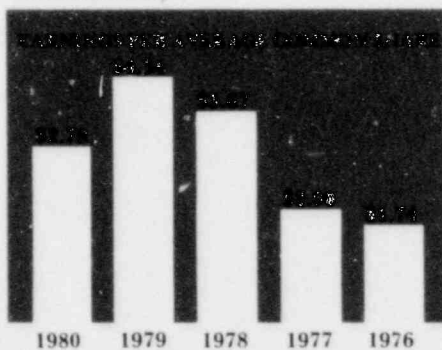
- Though the Company achieved a significant growth in the quantity of gas being sold to its residential customers, this favorable situation was partially offset by the adverse effects of the economic recession and conservation measures upon the overall quantities of gas and electricity being sold to the Company's industrial customers.

- A rise in operating costs was experienced, principally as a result of an accounting adjustment required by the Federal Energy Regulatory Commission, higher tree trimming costs, and operating expenses associated with the continuation of the gas conversion program.



- Though Fitchburg Gas and Electric's local property tax decreased as a result of the favorable settlement of the property tax case with the City of Fitchburg in late 1979, we are concerned that the settlement achieved has been negated by an increase in local property tax rate effective the second half of 1980. As a result of tax

classification in the City of Fitchburg, which shifts the burden of taxes from residential real estate to commercial, industrial and personal property taxpayers, the Company's taxes have increased by 43% adding an estimated \$440,000 on an annual basis to our operating costs. (See Note 11 to Consolidated Financial Statements.)



A temporary restraining order to prevent implementation was sought by industrial and commercial property owners in the City of Fitchburg; this petition was denied. A petition to the Appeals Court with an agreed statement of facts has been reviewed. At the time of this printing a Superior Court judge has ruled in favor of the business community and the Massachusetts Supreme Judicial Court has scheduled the matter for a hearing on March 2, 1981. Fitchburg Gas and Electric had indicated to the City of Fitchburg that a tax increase of this size could necessitate a base rate increase request to the Department of Public Utilities of between 3.6 and 4 percent for this item alone.

Analysis of the overall picture, nevertheless gives us cause to be cautiously optimistic for the year 1981. Despite difficulties experienced in January 1981 due to transportation problems coinciding with peak demand during unprecedented cold weather, we are optimistic that we will continue to see growth in our gas sales revenues. This optimism is based on the Company's successful efforts to secure adequate natural gas and sup-

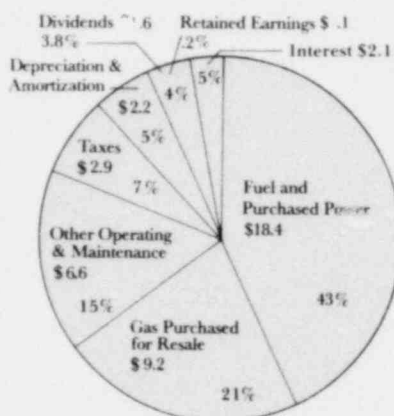
plemental supplies for long-term sales development.

The Company has been successful in containing those costs within its control at a level which since 1978 has eliminated the need to file for increased base rates, a singular accomplishment in today's spiraling economy. The Company is, however, constantly evaluating the need for increased rates and will take action when appropriate.

• Management's commitment to increasing efficiency and improving productivity at all levels of the Company continues to generate positive results and is expected to be most evident with the Company's relocation to its new service facility early in 1981. Designed to facilitate customer service and operations, the new Center is expected to lower operating costs through reduced building maintenance and repair costs, savings in heating and cooling, and savings from increased efficiency due to the centralized location of most employees which will improve intra-Company communications.

Built for Fitchburg Gas and Electric, the Service Center was sold to a leasing firm and is leased back by the Company. Buildings formerly in use, including the plant office and garage, and the old mill buildings, are expected to be sold or

1980 DISTRIBUTION OF REVENUE
MILLIONS OF DOLLARS (TOTAL \$43.1)
AND PERCENT OF TOTAL

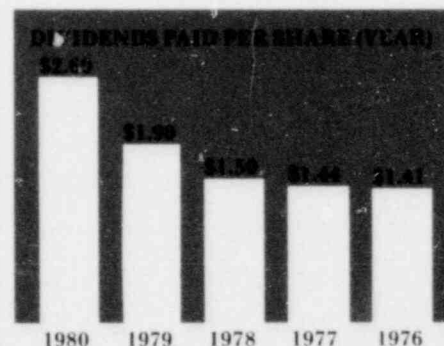


leased within a three year period. The Company's office building was sold in early 1981 at its appraised value.

Reflecting the Company's con-

tinued improved performance in 1979, the quarterly common dividend was increased with the February 15, 1980 payment to \$.65 per share. This is an effective annual rate of \$2.60 per share and compares with the amount of \$1.90 per common share paid in 1979. It is currently estimated that no part of the dividends paid during 1980 constitutes a tax-free return of capital.

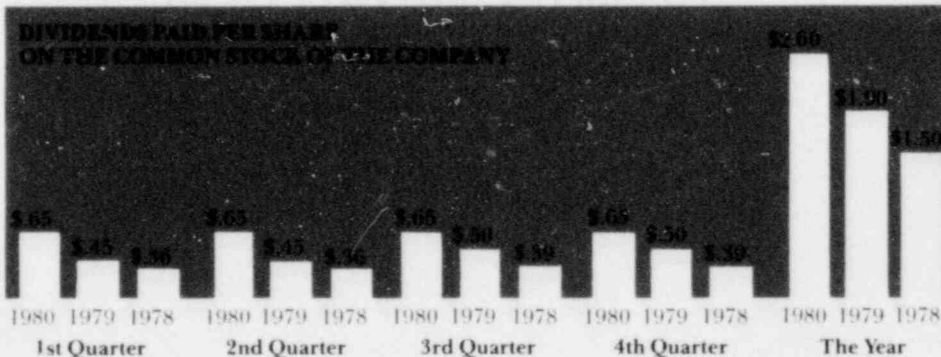
Capital expenditures in 1980 amounted to \$6,064,944, including costs associated with the construction of the new customer service center and continued investment in jointly-owned generating facilities. Also included is installation



Common Stock Market Price and Dividends

The Common Stock of the Company is listed on the American Stock Exchange (Symbol: FGE) and the Boston Stock Exchange. The number of stockholders of record of the Company's Common Stock at December 31, 1980 was 2,424.

PRICE RANGE OF COMMON STOCK				
High — Low				
1980	1st Quarter			
	23½	23¼	26¼	23
1979	2nd Quarter			
	18¾	19¾	22¾	20½
1978	3rd Quarter			
	19	18½	21½	19¾
1977	4th Quarter			
	16	17	17¾	17¾
1976	1st Quarter			
	16¼	16¾	19	18¾
1975	2nd Quarter			
	15½	15½	16¾	15¾



128 Years of Continuous Operation — Dividends Paid Each Year Since 1859

The Company expects to continue its policy of paying regular cash dividends, although there is no assurance as to future dividends because they are dependent on future earnings, capital

requirements, and financial conditions. In addition, the payment of dividends is subject to Restrictions described in Note 3 to the Financial Statements.

of a new high pressure gas main to serve an industrial customer, General Electric Small Turbine Division, the replacement of an outmoded gas main in South Fitchburg, and the addition of a second liquefied natural gas (LNG) vaporizer in Westminster to assure reliability and to supply increased customer needs. Additional expenditures were made for conversion burners and gas water heaters which are rented to customers, and for further investment in our exploration and development subsidiary, Fitchburg Energy Development Company (FEDCO).

Capital expenditures for 1981 are estimated at \$14,782,500. This amount includes a substantial investment in jointly owned nuclear plants, a continuing investment in the gas conversion program, although at a level much lower than 1980, a further investment in FEDCO, and ongoing expenditures for local transmission and distribution facilities.

In June of 1980 the Company sold 100,000 additional shares of Coramon Stock to the public in a negotiated offering at \$23 per share. Lead underwriter for the sale was Merrill Lynch, Pierce, Fenner & Smith Incorporated. The Company privately sold \$5,000,000 of its 15 $\frac{1}{4}$ % Notes due September 1, 2000 to Teachers Insurance and Annuity Association of America on October 30, 1980. Proceeds of both sales were used to reduce short-term borrowings incurred in connection with the Company's ongoing capital construction program.

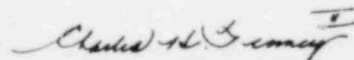
Due to the size of our capital commitments, both debt and equity financings will probably be undertaken in 1981, although firm plans have not been established. The size and timing of such financings will depend on developments in the security markets and our ability to meet terms committed to in previous financings.

The theme of this year's annual

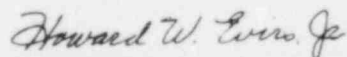
report deals with the communities which we serve — some 23,140 commercial, industrial and residential customers in an area encompassing approximately 170 square miles in north central Massachusetts. Key to the sustenance of every aspect of this society, be it work, play, health, education or transportation, is the availability of a dependable energy supply.

Fitchburg Gas and Electric, committed to these communities as a whole as well as to each and every customer, recognizes the magnitude of the responsibility entrusted to it. The job to be done is increasingly complex. Energy is no longer cheap, nor plentiful. It must be used efficiently and with restraint. It must be developed with regard for the environment as well as for the needs of society, and all of this in the midst of severe economic pressures caused by inflation.

We begin operation in 1981 under the roof of a new service facility designed to improve and strengthen our service, as well as to improve our ability to control costs effectively. Utilization of this new Center provides the opportunity to focus on and renew our commitment to satisfy our shareholders and our customers. It is important that these underlying objectives be viewed not in conflict with, but as complementary to, the fundamental objective of providing a reliable and affordable energy supply while at the same time providing an attractive investment to our shareholders.



Charles H. Tenney II
Chairman of the Board
of Directors



Howard W. Evirs, Jr.
President



Howard W. Evirs, Jr., (left), Charles H. Tenney II

Year in Review

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Central to the operations of Fitchburg Gas and Electric is the management of energy resources, both in terms of providing our service territory with energy from a mix of the most economical and efficient fuel sources, and in terms of assisting our customers in achieving savings through conservation of our valuable energy resources. Accordingly, we continue to pursue innovative, though pragmatic, answers to the energy dilemma, recognizing that through customer satisfaction we can continue to provide our shareholders with a fair return on investment.

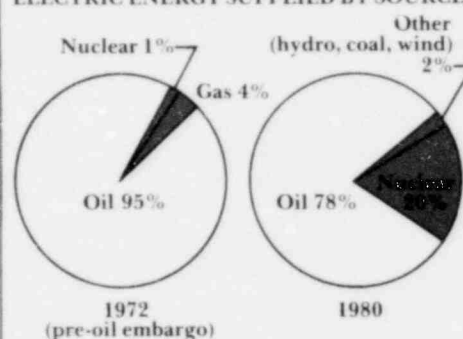
Memorial Park in the City of Fitchburg pays tribute to the history of a city and its ancestors who played a role in developing it into the widely diversified community that it is today.

Managing Our Energy Resources

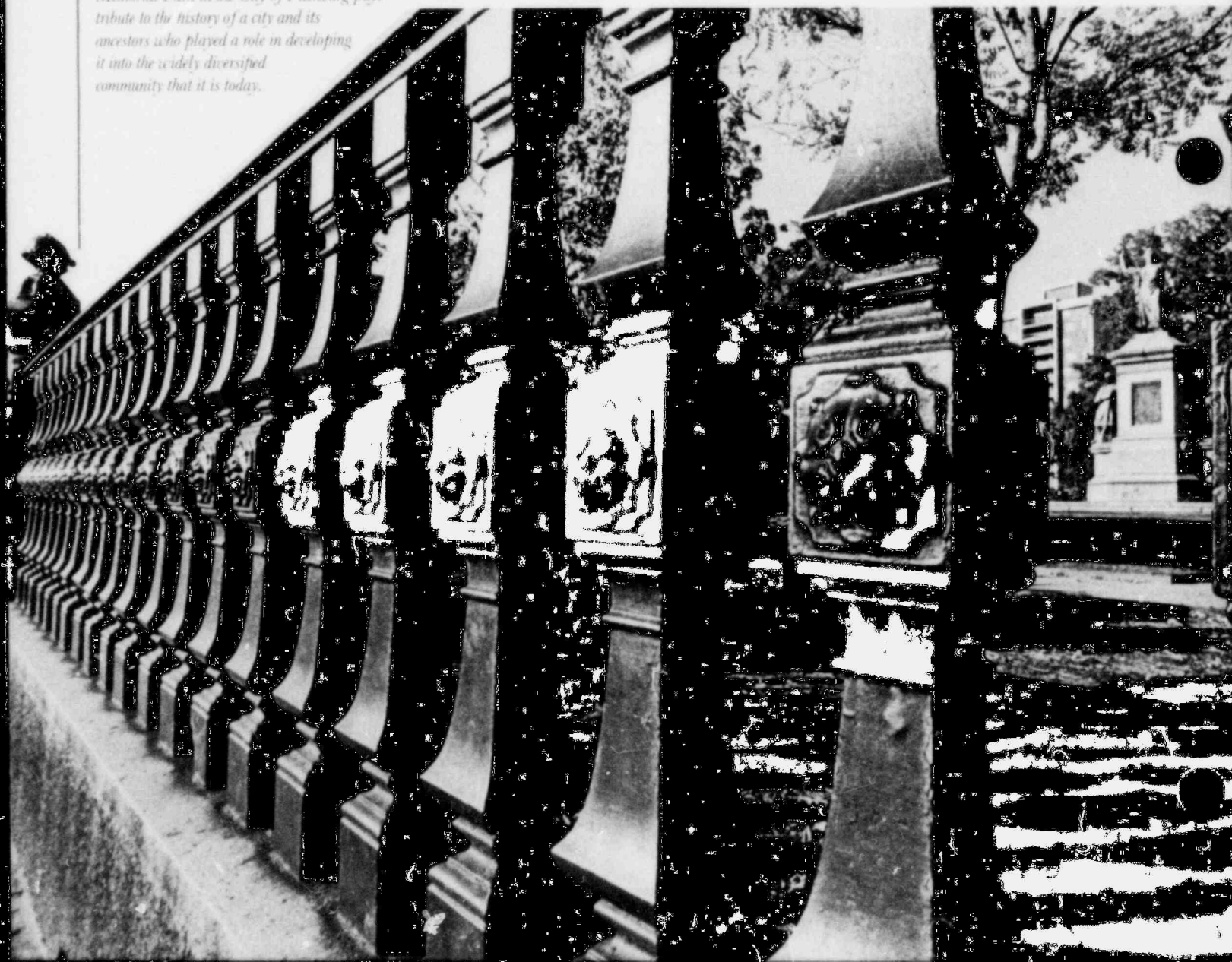
With the mounting problems of international conflict and escalation in foreign oil costs, combined with the government mandate to electric utilities to reduce reliance on oil by 50 percent by 1990, our efforts to replace costly oil-fired generation with a greater share of nuclear generated electricity continue to have a high priority.

On October 30, 1980, the Massachusetts Department of Public Utilities (DPU) approved purchases by Fitchburg Gas and Electric of an additional 0.69419 percent ownership interest in Seabrook Nuclear Units #1 and #2 from The Con-

ELECTRIC ENERGY SUPPLIED BY SOURCE



necticut Light and Power Company and from Public Service Company of New Hampshire. These purchases, amounting to 16 megawatts of Seabrook capacity, will bring the Company's share in Seabrook to .86519 percent or 20 megawatts.



The completion of the first unit of the Seabrook plant is scheduled for late 1983, and the second in 1985.

The purchase price of the additional interest aggregates \$17.80 million, exclusive of an allowance for funds used during construction and nuclear fuel. Initial financing will be through short-term bank borrowings which will be converted periodically to long-term financing through issuance of common and preferred stock and long-term debt. Seen as a means of increasing our ability to supply future needs for electricity at the most economical rates, these purchases will increase the nuclear share of our total fuel mix to approximately 35 percent.

The economies of nuclear generation were demonstrated clearly to our customers this past summer. While Pilgrim I nuclear plant in Plymouth, Massachusetts, was shut down from January to May for refueling and maintenance, Fitchburg Gas and Electric had to replace the nuclear energy normally received from Pilgrim, under our purchase power contract with Boston Edison Company, with electricity generated by more costly oil. The resumption of operation of the nuclear plant resulted in a 38 percent, or 1.6¢ per kilowatt-hour, decrease in the electric fuel adjustment charge to our customers.

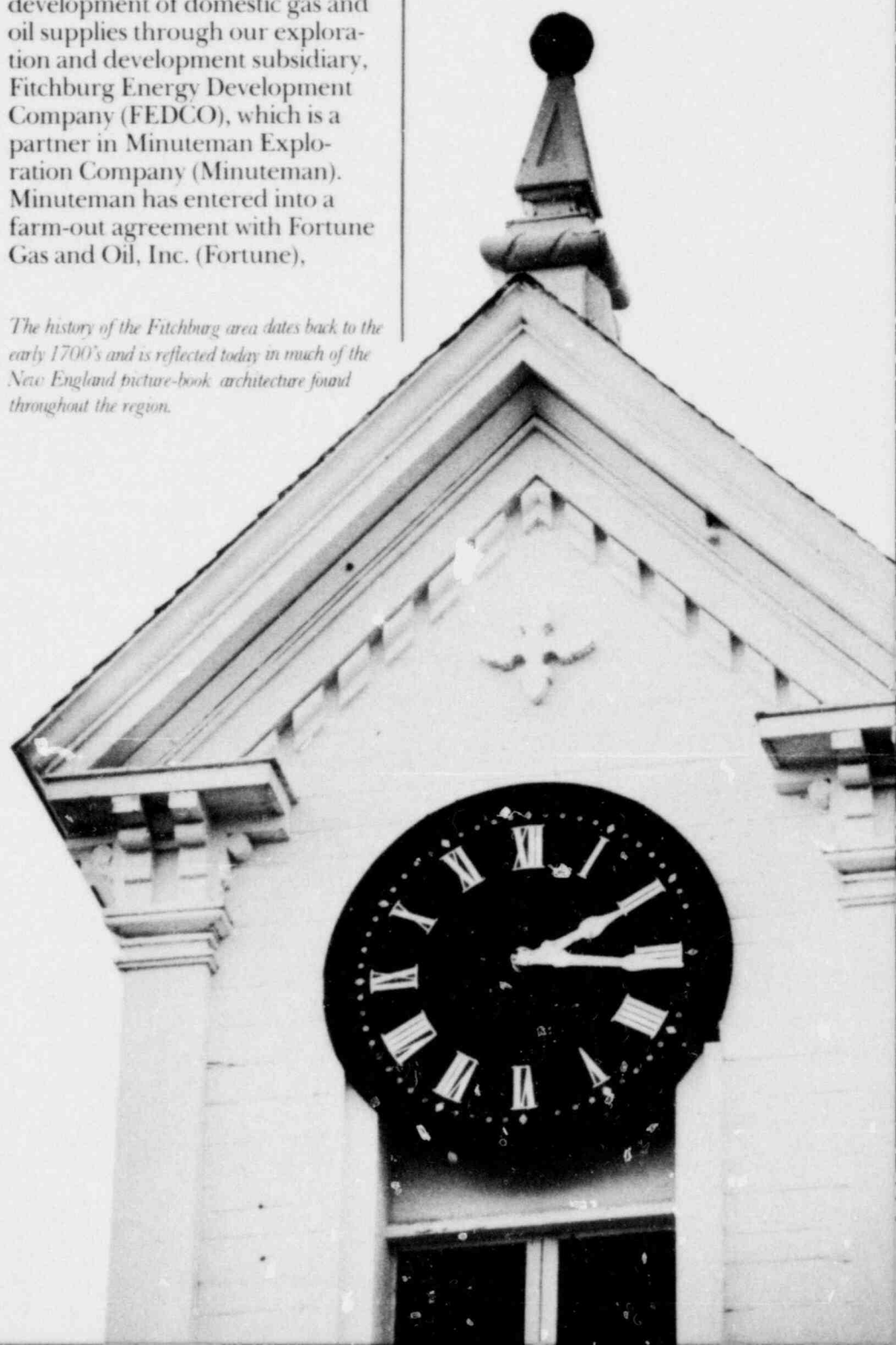
Serving Our Gas Customers' Needs

In October 1980, Fitchburg Gas and Electric acquired an interest in Boundary Gas, Inc., a new corporation managed and operated by Northeast Gas Markets Inc. of Boston. Ownership of Boundary Gas is divided among 14 northeastern utilities in direct proportion to the share of natural gas to be delivered from Canada to their service areas. Fitchburg Gas and Electric's participation in the project will increase

the Company's total annual natural gas supply by 365,000 MCF (thousand cubic feet) or 11 percent. Formal approval of the project is required by both the United States and Canadian governments before the gas starts flowing south. It is expected that the necessary approvals will be received to allow gas to flow by April 1982.

We are continuing to pursue the development of domestic gas and oil supplies through our exploration and development subsidiary, Fitchburg Energy Development Company (FEDCO), which is a partner in Minuteman Exploration Company (Minuteman). Minuteman has entered into a farm-out agreement with Fortune Gas and Oil, Inc. (Fortune),

The history of the Fitchburg area dates back to the early 1700's and is reflected today in much of the New England picture-book architecture found throughout the region.



Changes in fuel used in generation, electricity purchased for resale, gas purchased for resale and operating expenses for the years 1980-1976.

	1980	1979	1978	1977	1976
Operating expenses, other	\$5,572,558	\$5,132,726	\$4,833,281	\$4,627,510	\$4,338,395
Electricity purchased for resale	13,515,618	10,470,503	8,538,045	8,240,287	6,389,596
Fuel used in electric generation	4,917,372	3,401,852	2,158,983	2,083,546	1,869,056
Gas purchased for resale	9,172,342	5,850,610	4,334,696	3,709,113	2,985,628

% Increase from the prior year

	4 years	1980	1979	1978	1977
Operating expenses, other	28.4%	8.6%	6.2%	4.4%	6.7%
Electricity purchased for resale	111.5	29.1	22.6	3.6	29.0
Fuel used in electric generation	163.1	44.5	57.6	3.6	11.5
Gas purchased for resale	207.2	56.8	35.0	16.9	24.2

whereby Fortune is drilling ten wells on acreage in Morgan County, Ohio. Minuteman partners have first option to purchase any gas discovered under this agreement. It is expected that the Fitchburg Gas and Electric service area will begin to receive gas supplies developed through the FEDCO projects sometime in 1981.

In addition, FEDCO, Bay State Exploration, Inc. and Arlington Exploration Company have formed Minuteman Venture No. 4 with the intent of expanding exploration into the major gas producing areas of the Gulf Coast.

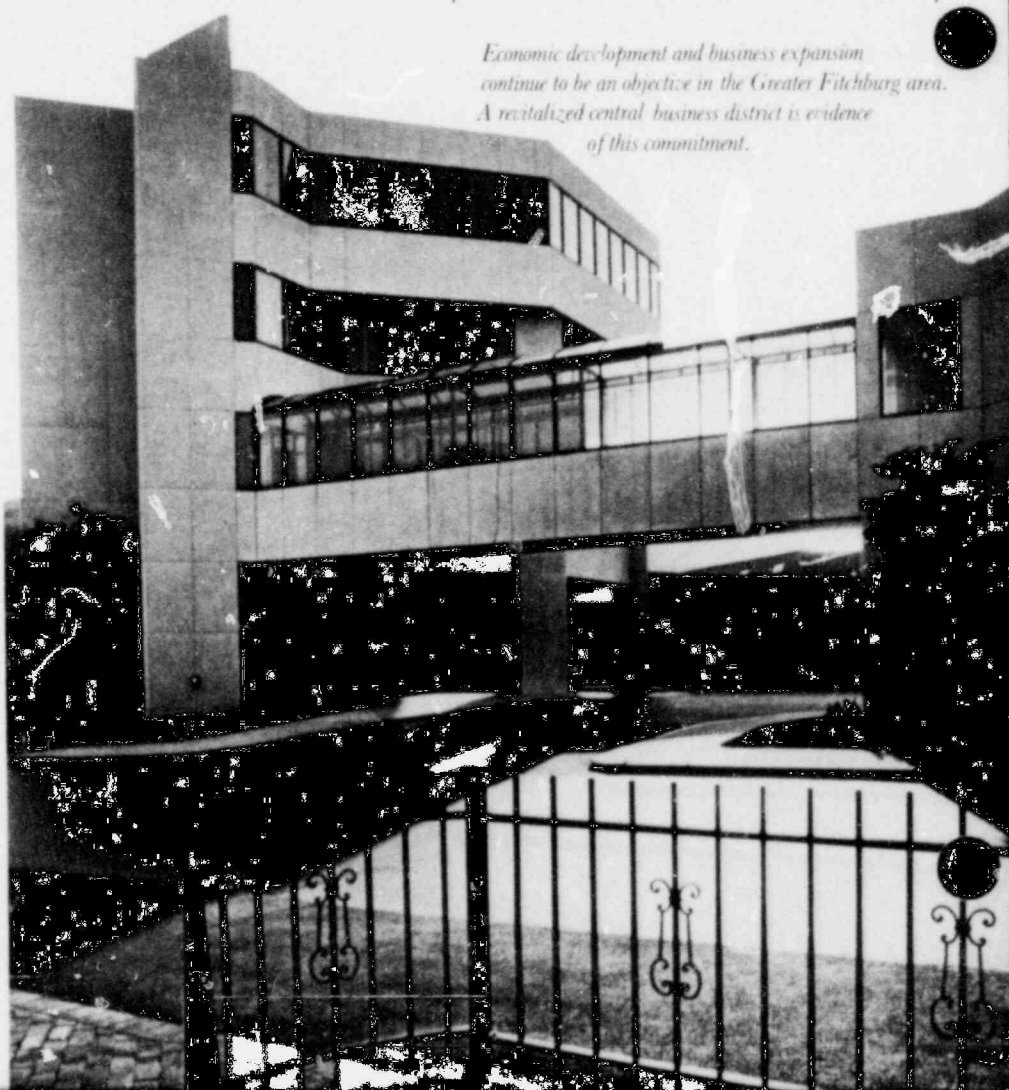
Having procured a future gas supply commitment, Fitchburg Gas and Electric has pursued for the past two years an aggressive gas conversion program. As a result of 1980 space heating and water heating conversions, the use of #2 oil for residential space heating was reduced by nearly 1.5 million gallons during the year 1980, saving our customers over \$600,000. This brings the cumulative total number of gallons of oil saved through the two-year conversion program to

over 2.7 million for a total of customer savings of nearly \$1 million at current oil prices.

Our two-year effort to convert virtually every existing gas service to full gas use having been accomplished, 1981 marketing objectives have been lowered to 500 conversions, consistent with our future gas supply commitments and our ability to install 300 new services. In 1981, 1,000 rental gas water heaters are budgeted to continue the ongoing replacement of inefficient tankless-type water heaters presently in use on central space heaters and oil furnaces.

In order to increase the reliability and capability of our liquefied natural gas (LNG) facility in Westminster, the Company has completed modifications of the plant and supplemented the direct-fired vaporizer with a water bath vaporizer to be used for the gasification

Economic development and business expansion continue to be an objective in the Greater Fitchburg area. A revitalized central business district is evidence of this commitment.



of LNG. We are also securing a new long-term underground storage service, which, along with the anticipated supply resulting from the Boundary Gas project, should provide us with sufficient resources to satisfy our customer needs and planned conversions throughout the long-term.

Exploring Cogeneration Participation

Fitchburg Gas and Electric is seeking funding from the U.S. Department of Energy to study a proposed joint cogeneration project for the Fitchburg service area. Under the Fitchburg Industrial-Utility Cogeneration Plan, steam and electrical energy requirements of the project participants will be examined to see if economy and efficiency of a joint operation can be achieved. The Boston-based engineering firm of Charles T. Main, Inc., will explore present power costs, alternative means of reducing foreign oil dependency, the feasibility of selected alternative fuels and cogeneration schemes, financing methods and selection of those solutions that will be most financially beneficial to all participants. In addition to Fitchburg Gas and Electric, other participants are James River-Massachusetts, Inc., a subsidiary of James River Corporation of Virginia, and Fitchburg Paper Company, a division of Litton Industries, Inc.

Assisting Our Customers

In August 1980 the Company received approval from the DPU for lower electric rates for senior citizens with limited income. Developed so as to enable qualified elderly persons to better cope with the rising costs of energy for their homes, the rate includes a maximum income eligibility clause in compliance with DPU requirements.

In response to the National Energy Act and further requirements of The Commonwealth of Massachusetts for all utilities to provide residential energy audits, Fitchburg Gas and Electric has launched CONTACT, a program of Conservation Techniques and Action to

Ten percent of Fitchburg Gas and Electric's customers depend upon the Company for energy for commercial or industrial use. Greater Fitchburg amenities include a variety of retail and recreational facilities, many of which date back in history to a period which precedes the availability of energy in the forms we know it today.



help our customers conserve energy and save money. Being conducted in cooperation with the Massachusetts Office of Energy Resources, the Better Home Heat Council, and the New England Fuel Institute, the program provides an analysis of the ways an individual home uses energy and what should be done to save energy, as well as estimates of the costs of making improvements and the resultant savings. Customers who elect to have an audit can expect to save up to 30 percent per year on energy costs if they follow through on the recommendations made. Not only will customers benefit, but energy saved will tend to reduce dependence on oil imports and make more gas available for further conversions from oil to natural gas. The audit program is funded by a combination of a nominal charge for each audit plus a surcharge to all customers.

Construction of our new Service Center was completed within budget and within two months of its original schedule. Formal dedication ceremonies are scheduled for March 1981, following the relocation of employees to the new building in February. In addition to the savings which are expected to materialize in terms of reduced ordinary building maintenance and repair costs, the new facility is expected to help streamline administrative procedures, allowing us to better serve our customers. Due to the consolidation of operations under one roof, customers will benefit from one-stop service, with easy access to representatives of the credit, meter and service, energy applications and consumer aide departments, as well as to Company executives.

In July 1980, data processing was transferred to a new computer system. Focus of the program is on the timely receipt and distribution of information and the development of data reports useful to operations. We are introducing a new computerized customer meter

reading and billing system, which is expected to increase operational efficiencies.

In addition, a Customer Service Information System, which provides customer account information on video display tubes at the work stations of customer contact people, is being put into service in early Spring 1981. It is expected that this system will eventually provide on-line initiation of customer service orders.

Educating Our Consumers

Energy conservation education programs for the consumer are an ongoing priority for Fitchburg Gas and Electric. Through the efforts of our Community Relations Department, some 25 schools in our service area have received a variety

of educational materials, including filmstrips, publications and activity sheets covering such subjects as alternative energy sources, fossil fuels, conservation, safety and career choices in the energy field.

The Company has also continued a schedule of audio-visual presentations and speaker programs throughout the communities served. These have proven to be a valuable means of maintaining

Energy has played a central role in the Fitchburg Gas and Electric service area since the days when it was known as the home of woolen and paper making mills. Today the area is a widely diversified center for business and industry.



open lines of communication with our customers and bringing about a mutual understanding of energy-related issues and concerns.

The most important link we have to our customers is that of our employees. Accordingly, increased attention is being given to internal communications programs, seeking to keep employees abreast of both Company and industry developments. Through the means of an Employee-of-the-Month Award program initiated in January 1980, individual employees are recognized for their outstanding efforts and contributions, both on behalf of the Company and the community.

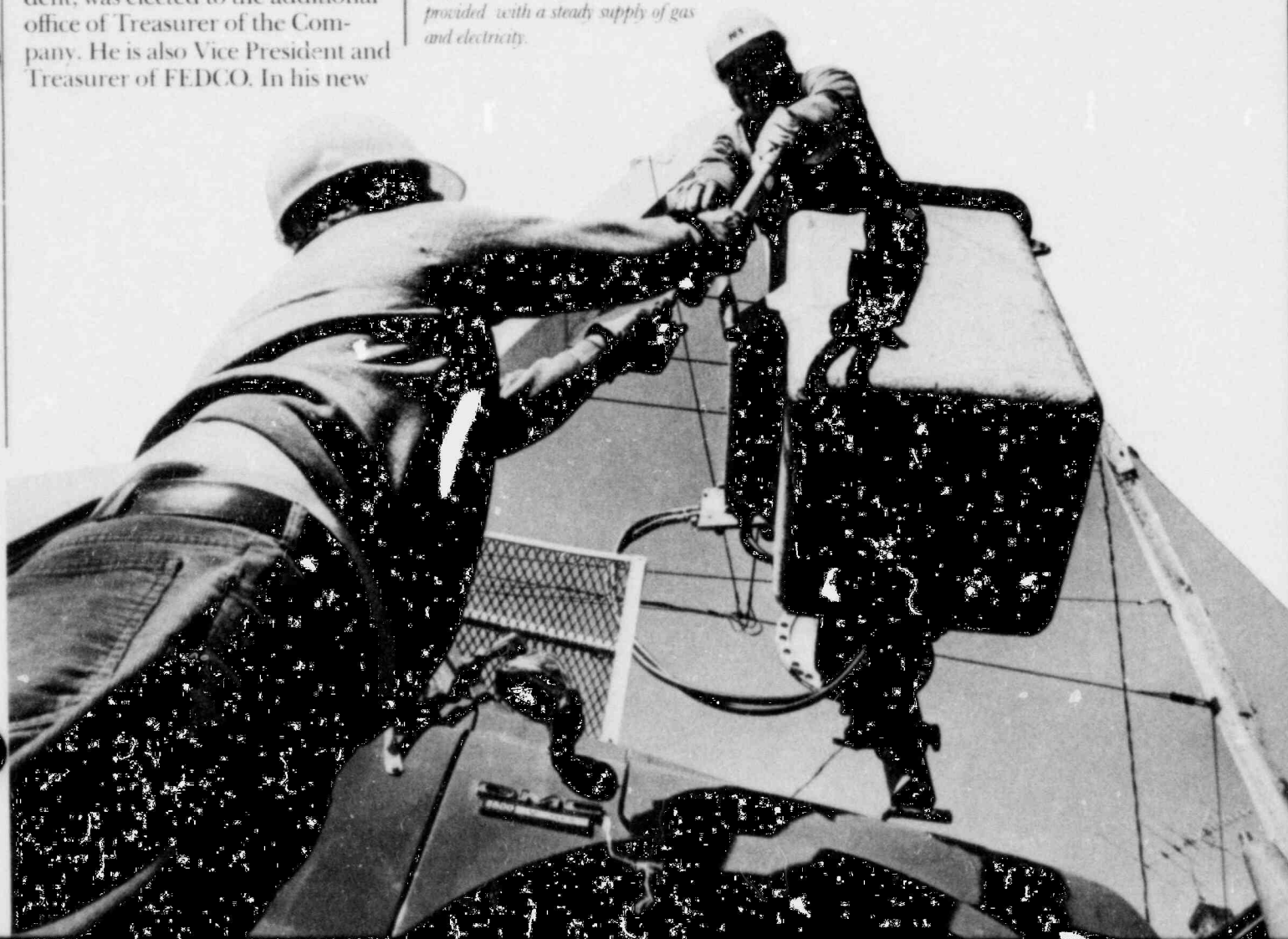
Organization

At the annual meeting of common shareholders held on March 25, 1980, Frank L. Childs, Vice President, was elected to the additional office of Treasurer of the Company. He is also Vice President and Treasurer of FEDCO. In his new

capacity as Treasurer, Mr. Childs is the Company's Chief Financial Officer, replacing Thomas W. Sherman. Mr. Sherman remains a Director of the Company and its subsidiary.

At the Board of Directors' meetings held March 25, 1980, David K. Foote was elected a Vice President of the Company and FEDCO. With Fitchburg Gas and Electric for 12 years in various capacities, Mr. Foote had most recently served as Assistant Vice President responsible for Engineering and Operations.

Key to the sustenance of every aspect of the Fitchburg area, be it work, play, health, education or transportation, is the availability of a dependable energy supply. Thanks to the efforts of Fitchburg Gas and Electric employees, a population of approximately 80,000 people in a 170 square mile area are provided with a steady supply of gas and electricity.



Consolidated Balance Sheets

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ASSETS

	December 31,	
	1980	1979
Utility Plant (at cost):		
Electric	\$30,453,730	\$29,788,954
Gas	12,796,146	10,763,237
Common	1,405,181	1,395,550
Construction work in progress (Note 9)	6,564,740	5,196,391
Utility Plant	51,219,797	47,144,132
Less: Accumulated depreciation (Note 1)	10,899,171	9,849,810
Net Utility Plant	40,320,626	37,294,322
Miscellaneous Physical Property (at cost)	26,005	26,005
Investments (Note 1)	369,519	348,006

Current Assets

Cash	1,096,992	1,727,899
Accounts receivable — less allowance for doubtful accounts of \$361,500 and \$177,580	8,456,121	5,082,572
Refundable income taxes	397,636	264,990
Materials and supplies (at average cost)	829,746	877,721
Prepayments	389,132	829,875
Property tax refunds	554,601	462,821
Total Current Assets	11,724,228	9,245,878

Deferred Debits

Unamortized debt expense (amortized over term of securities)	385,046	275,932
Unamortized cost of abandoned properties (Note 2)	2,116,214	2,976,821
Other (Note 2)	578,089	646,331
Total Deferred Debits	3,079,349	3,899,084
TOTAL	\$55,519,727	\$50,813,295

(The accompanying notes are an integral part of these statements)

LIABILITIES

	December 31,	
	1980	1979
Capitalization		
Common Stock Equity (Notes 3 & 12)		
Common Stock, \$10 par value		
Authorized — 1,000,000 shares		
Outstanding — 558,477 and 455,475 shares	\$ 5,584,770	\$ 4,554,750
Premium on common stock	3,091,508	1,743,358
Capital stock expense	(454,805)	(31,737)
Retained earnings	6,532,518	6,417,530
Total Common Stock Equity	14,753,991	12,544,901
Redeemable Preferred Stock (Note 4)		
Cumulative preferred stock, \$100 par value		
5½% Series		
Authorized — 16,460 and 16,880 shares		
Outstanding — 16,040 and 16,460 shares	1,604,000	1,646,000
8% Series		
Authorized — 24,250 and 25,000 shares		
Outstanding — 23,500 and 24,250 shares	2,350,000	2,425,000
Total Redeemable Preferred Stock	3,954,000	4,071,000
Long-term Debt (Note 5)	21,573,000	16,780,000
Total Capitalization	40,280,991	33,395,901
Current Liabilities		
Long-term debt due within one year	123,000	123,000
Notes payable (Note 6)	1,700,000	5,420,000
Accounts payable	5,421,359	4,995,568
Customer deposits and refunds	531,062	258,675
Taxes accrued	103,642	167,860
Deferred income taxes (Notes 1 and 7)	488,842	131,266
Interest accrued	575,718	495,950
Total Current Liabilities	8,943,623	11,592,319
Deferred Credits		
Unamortized investment tax credit (Note 1)	1,873,123	1,583,601
Other	53,301	70,219
Total Deferred Credits	1,926,424	1,653,820
Deferred Income Taxes (Notes 1 and 7)	4,309,289	4,122,357
Reserves — Other	59,400	48,898
Commitments (Note 9)		
TOTAL	\$55,519,727	\$50,813,295

(The accompanying notes are an integral part of these statements)

Consolidated Statements of Earnings

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	Years Ended December 31,		
	1980	1979	1978
Operating Revenues			
Electric	\$28,525,028	\$24,475,296	\$21,157,542
Gas	13,785,001	9,786,185	7,919,991
Total Operating Revenues	42,310,029	34,261,481	29,077,533
Operating Expenses			
Operating expenses, other	5,572,558	5,132,726	4,833,281
Electricity purchased for resale	13,515,618	10,470,503	8,538,045
Fuel used in electric generation	4,917,372	3,401,852	2,158,983
Gas purchased for resale	9,172,342	5,850,610	4,334,696
Maintenance	1,028,141	933,360	734,113
Depreciation (Note 1)	1,330,989	1,236,692	1,181,787
Amortization of cost of abandoned properties (Note 2)	824,122	657,048	595,937
Provisions for taxes (Notes 1 and 7)			
Federal income tax on net operating income	535,350	957,846	1,216,342
Deferred Federal income	508,285	715,030	339,151
Amortization of investment tax credit	(85,214)	(89,049)	(61,766)
State franchise	61,341	112,348	81,403
Deferred state franchise	56,352	66,293	32,587
Local property — current	1,626,214	1,362,511	1,693,904
— abatement of prior year	—	(244,076)	—
Other	199,379	193,669	166,859
Total Operating Expenses	39,262,849	30,757,363	25,845,322
Operating Income	3,047,180	3,504,118	3,232,211
Non-operating Income			
Allowance for other funds used during construction (Note 1)	134,577	116,319	118,573
Other (net of income taxes) (Note 7)	21,529	(27,605)	83,418
Total Non-operating Income	156,106	88,714	201,991
Gross Income	3,203,286	3,592,832	3,434,202
Income Deductions			
Interest on long-term debt	1,610,809	1,498,655	1,515,476
Other interest charges	544,782	325,596	233,859
Amortization of debt expense	18,361	20,470	16,324
Discount on long-term debt purchased for sinking fund	(20,464)	(3,030)	(2,167)
Other	3,360	2,816	8,992
Gross Income Deductions	2,156,848	1,844,507	1,772,484
Allowance for borrowed funds used during construction (Note 1)	(656,752)	(512,381)	(298,132)
Net Income Deductions	1,500,096	1,332,126	1,474,352
Net Income	1,703,190	2,260,706	1,959,850
Dividend Requirement on Preferred Stock	273,602	281,754	287,407
Net Income Applicable to Common Stock	\$ 1,429,588	\$ 1,978,952	\$ 1,672,443
Average Number of Common Shares Outstanding	513,384	455,475	455,475
Earnings per Average Common Share Outstanding	\$2.78	\$4.34	\$3.67

(The accompanying notes are an integral part of these statements)

Consolidated Statements of Changes in Financial Position

15

	Years Ended December 31,		
	1980	1979	1978
Funds Provided By:			
Funds from Operations			
Net Income	\$ 1,703,190	\$2,260,706	\$ 1,959,850
Principal Non-Cash Charges (Credits) to Earnings (Notes 1 and 7)			
Depreciation	1,350,689	1,236,692	1,181,787
Deferred Federal income tax	161,589	687,646	344,666
Deferred state franchise tax	20,478	72,435	30,504
Amortization of investment tax credit	(85,214)	(89,049)	(61,766)
Allowance for other and borrowed funds used during construction	(791,329)	(628,700)	(416,705)
Property tax abatements	—	(270,813)	—
Amortization of deferred debits	894,435	722,385	648,490
Funds Provided by Operations	3,253,838	3,991,302	3,686,826
Net Proceeds from Issuance of Long-term Debt	4,872,525	—	—
Net Proceeds from Sale of Common Stock	2,092,094	—	—
Other Sources — Net	508,500	179,616	224,299
Current Portion of Property Tax Abatement	270,813	—	—
Total Funds Provided	\$10,997,770	\$4,170,918	\$ 3,911,125
Funds Applied To:			
Additions to Plant	\$ 3,832,775	\$3,270,600	\$ 3,098,508
Investments in Non-utility Operations (Note 1)	125,747	233,844	271,222
Common Stock Dividends	1,313,921	865,164	683,017
Preferred Stock Dividends	274,281	282,434	287,586
Funds Used for Retirement of Securities:			
Long-term debt	207,000	198,000	191,000
Preferred stock	117,000	117,000	42,000
Decrease (Increase) in Short-term Debt	3,720,000	(4,450,000)	1,530,000
Increase (Decrease) in Working Capital, Excluding Short-term Debt	1,407,046	3,653,876	(2,192,208)
Total Funds Applied	\$10,997,770	\$4,170,918	\$ 3,911,125
Increase (Decrease) in Components of Working Capital, Excluding Short-term Debt:			
Cash	\$ (630,907)	\$1,268,148	\$ (312,002)
Accounts receivable — net	3,373,549	1,197,227	71,440
Refundable income taxes	132,646	264,990	—
Materials and supplies	(47,975)	201,691	(20,487)
Prepayments	(440,743)	628,553	(29,591)
Property tax refunds	91,780	462,821	—
Accounts payable	(425,791)	(1,160,419)	(1,090,918)
Customer deposits and refunds	(272,387)	364,883	(256,117)
Taxes accrued	64,218	403,245	(508,104)
Deferred income taxes	(357,576)	65,690	(63,885)
Interest accrued	(79,768)	(42,953)	17,456
Increase (Decrease) in Working Capital	\$ 1,407,046	\$3,653,876	\$(2,192,208)

(The accompanying notes are an integral part of these statements)

Consolidated Statements of Retained Earnings

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	Years Ended December 31,		
	1980	1979	1978
Retained Earnings, Beginning of Year	\$6,417,530	\$5,304,422	\$4,315,175
Net Income	1,703,190	2,260,706	1,959,850
Total	8,120,720	7,565,128	6,275,025
Deduct:			
Cash dividends declared:			
Cumulative preferred stock:			
5½% Series at an annual rate of \$5.125 per share	83,281	85,434	87,586
8% Series at an annual rate of \$8.00 per share	191,000	197,000	200,000
Common stock at an annual rate of \$2.60, \$1.90 and \$1.50 per share	1,313,921	865,164	683,017
Total Deductions	1,588,202	1,147,598	970,603
Retained Earnings, End of Year (Note 3)	\$6,532,518	\$6,417,530	\$5,304,422

(The accompanying notes are an integral part of these statements)

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies —

The Company is subject to regulation by the Massachusetts Department of Public Utilities (DPU) with respect to its rates and accounting. The Company's accounting policies conform with generally accepted accounting principles, as applied in the case of regulated public utilities, and are in accordance with the accounting requirements of the DPU. A description of the Company's significant accounting policies follows.

Principles of Consolidation — On February 24, 1978, the Company invested \$20,000 in the Common Stock of a new wholly-owned subsidiary, Fitchburg Energy Development Company (FEDCO). FEDCO has invested in oil and gas drilling projects, which investments have been recorded on the equity method. All inter-company items have been eliminated in consolidation.

Revenue Recognition — The Company records unbilled fuel adjustment revenue currently to properly match revenues with related costs. Such unbilled revenue aggregated \$1,691,820, \$756,082 and \$389,156 at December 31, 1980, 1979 and 1978, respectively.

Depreciation — Annual provisions are determined on a group straight line basis. Provisions for depreciation were equivalent to the following composite rates based on the average depreciable property balances at the begin-

ning and end of each year: 1980 — 3.19%, 1979 — 3.11% and 1978 — 3.01%.

Accounting for Income Taxes — For income tax purposes the Company excludes a portion of unbilled fuel adjustment revenue and accordingly provides deferred income taxes payable in the succeeding year on such revenue which is carried as a current asset.

The Company has used an accelerated method of depreciation which presently results in annual tax depreciation which is in excess of book depreciation, and deducts currently certain elements of construction overheads that are capitalized for book purposes. For each of these differences the Company provides deferred income taxes as approved for rate making purposes by the DPU. In addition, the Company has recorded deferred income taxes related to certain abandoned properties which are recognized as tax losses at differing times. The Company, in 1979, began capitalizing certain maintenance costs for a generating unit, yet continued to deduct these costs currently for tax purposes. Deferred income taxes have been provided for this timing difference.

The annual investment tax credits permitted for additions to the Company's utility property are being amor-

tized to income rateably over the estimated productive lives of the related assets as allowed by the DPU. Such deferrals for the years 1980, 1979 and 1978 amount to \$374,736, \$308,687 and \$292,457, respectively.

The Company has elected to account for investment tax credits on non-utility property additions, primarily related to FEDCO, by the "do-through" method. Under this method credits are recognized as a reduction of Federal income tax expense in the year utilized. In 1980, 1979 and 1978 these credits amount to \$1,615, \$7,607 and \$10,380, respectively.

The additional investment tax credit permitted under the Company's Tax Reduction Act Employees Stock Ownership Plan (TRAESOP) reduced Federal Income taxes payable by 1½% of the Company's qualified property additions. The resulting amounts are payable to the TRAESOP.

Allowance For Funds Used During Construction — An allowance for funds used during construction (AFUDC), a non-cash item, is included in construction work in progress. The objective of AFUDC is to present the earnings that would result in the absence of construction programs and the related financing requirements during the period of construction. Accordingly AFUDC capitalizes the cost of debt and equity employed in meeting these financing requirements, based upon a composite rate applied to construction work in progress, which assumes that funds used for construction were provided by borrowings, preferred stock and common equity. The annual rate of approximately 14%, 14% and 11% were used for the years 1980, 1979, and 1978, respectively. The equity fund component of AFUDC equals 9.4%, 5.9% and 7.1% of net income applicable to Common Stock for the years of 1980, 1979, and 1978, respectively.

Note 2: Deferred Debits

Unamortized Cost of Abandoned Properties — The unamortized cost of abandoned properties is being amortized at various rates as ordered by the DPU. During the three year period ending December 31, 1980, the following events occurred:

On October 18, 1978, the Company filed with the DPU its proposed accounting treatment relative to the book abandonment ordered by the DPU of a generating unit, which treatment was approved by the DPU on November 7, 1978. As a result, the Company commenced amortization of this property in September, 1978, retroactive to January 21, 1978.

On November 1, 1979, the Company began amortizing the costs of its investment in the proposed Charlestown Units 1 and 2 nuclear generating plants. This abandonment was precipitated by the announcement on October 9, 1979 by the lead participant, New England Electric System, to defer indefinitely the in-service date and the subsequently announced termination of this project. On

November 27, 1979, the DPU approved the Company's request to amortize approximately \$653,000 over a 36 month period.¹ The Company will request permission from the DPU to apply similar treatment to any additional costs associated with these units.

On December 31, 1980, Northeast Utilities, the lead participant in the proposed nuclear generating plants Montague Units 1 and 2, announced the termination of the construction of these units. The Company has requested permission from the DPU to amortize related costs over a five-year period, effective January 1, 1981. These properties have been classified as other deferred debits at December 31, 1980, pending the DPU's approval of the proposed accounting treatment.

The amounts to be amortized for all properties over the next five years, assuming DPU approval of the five year amortization of the Montague Units, are as follows: 1981 — \$770,167; 1982 — \$678,592; 1983-1985 — \$117,385.

Other Deferred Debits — Other deferred debits are composed of the following:

	December 31,	
	1980	1979
Property tax abatements	—	\$270,813
Montague Units	\$294,309	—
Preliminary survey and engineering costs	15,847	10,688
Boiler conversion costs	51,854	—
Deferred maintenance costs (amortized based upon generation)	180,454	195,192
Miscellaneous	35,625	78,638
Total other deferred debits	\$578,089	\$646,331

Note 3: Restriction on Retained Earnings — Under the most restrictive provisions of the Indentures relating to the Company's long-term debt, \$2,559,479, \$4,324,106 and \$3,120,077 of retained earnings were available for the payment of cash dividends on Common Stock at December 31, 1980, 1979 and 1978, respectively.

Note 4: Redeemable Cumulative Preferred Stock — The Cumulative Preferred Stock, 5½% Series, is preferred over Common Stock in voluntary liquidation at the redemption price in effect at the time of such voluntary liquidation, and in involuntary liquidation at \$100 per share, both plus accrued dividends. Shares of the 5½% Series are redeemable at the Company's option at \$102.56 per share on or before May 31, 1981 and at \$101.28 thereafter. The Company is required to purchase on June 1 of each year not less than 420 shares, unless a lesser amount of shares is tendered, at \$100 per share plus accrued dividends.

The Cumulative Preferred Stock, 8% Series, is preferred over Common Stock in voluntary liquidation at the redemption price in effect at the time of such voluntary liquidation and in involuntary liquidation at \$100 per share, both plus accrued dividends. Shares of the 8% Series are redeemable at the Company's option at \$108.00 per share on or before August 31, 1983 and at diminishing premiums thereafter. The Company is required to purchase on June 1 of each year, not less than 750 shares, unless a lesser amount of shares is tendered, at \$100 per share plus accrued dividends.

Purchases of redeemable Preferred Stock during 1980, 1979 and 1978 consisted of the following:

Dividend Series	1980	1979	1978
5½%	\$42,000	\$42,000	\$42,000
8%	\$75,000	\$75,000	—

The aggregate amount of sinking fund requirements in each of the five years following 1980 is \$117,000.

Note 5: Long-term Debt — Details of Long-term Debt at December 31, 1980 and 1979 are shown below:

	December 31,	
	1980	1979
Twenty-five year notes, 4½% due February 1, 1984	\$ 3,140,000	\$ 3,183,000
Twenty-five year notes, 9% due March 1, 1995	6,816,000	6,900,000
Twenty year notes, 10%, due September 1, 1996	3,000,000	3,000,000
Twenty-five year notes, 10¼%, due May 1, 1999	3,740,000	3,820,000
Twenty year notes, 15¼%, due September 1, 2000	5,000,000	—
Total	\$21,696,000	\$16,903,000
Less: Installments due within one year	123,000	123,000
Total Long-term Debt	\$21,573,000	\$16,780,000

The aggregate amount of sinking fund requirements for each of the five years following 1980 are: 1981 — \$123,000; 1982 — \$389,000; 1983 — \$398,000; 1984 — \$3,366,000 and 1985 — \$355,000. The Company has satisfied \$75,000 and \$9,000 of the sinking fund requirements for the 9% Notes for 1981 and 1982, respectively.

Note 6: Credit arrangements — Under line of credit arrangements for short-term debt with four banks, the Company may borrow up to \$11,200,000 on such terms as the Company and the banks may mutually agree upon.

These arrangements do not have termination dates, but are reviewed annually for renewal. At December 31, 1980 and 1979, the unused portion of the credit lines outstanding was \$9,500,000 and \$4,230,000, respectively. The Company has agreed to maintain certain average amounts on deposit in these banks or pay certain fees in lieu of compensating balances. Certain of the lines of credit require that compensating balances be increased in relation to usage. Compensating balance requirements at December 31, 1980 and 1979 were approximately \$770,000 and \$985,000, respectively.

Note 7: Federal Income Tax — Federal income tax expense is comprised of the following components:

	Years Ended December 31,		
	1980	1979	1978
Current expense charged (credited):			
Operating expenses	\$535,350	\$ 957,846	\$1,216,342
Non-operating income	(30,210)	(123,736)	(78,949)
Amortization of investment tax credit	(85,214)	(89,049)	(61,766)
	419,926	745,061	1,075,627
Deferred tax expense charged (credited):			
Deferred unbilled revenue	321,701	74,905	61,180
Accelerated tax depreciation	293,194	278,315	284,733
Abandoned properties	(192,419)	39,085	(156,853)
Overheads and other	63,167	217,473	92,910
Deferred maintenance costs	(6,441)	85,303	—
Percentage repair allowance	29,083	19,949	57,181
	508,285	715,030	339,151
Non-operating expense	(24,995)	44,692	67,317
	483,290	759,722	406,468
Total Expense	\$903,216	\$1,504,783	\$1,482,095

The Federal income tax amounts included in the Statement of Earnings differ from the amounts which result from applying the statutory Federal income tax rate to Net Earnings before income tax. The reasons, with related percentage effects, are as shown below:

	Years Ended December 31,		
	1980	1979	1978
Statutory Federal income tax rate	46%	46%	48%
Income tax effects of timing differences:			
Allowance for funds used during construction (see Note 1)	(10)	(5)	(4)
Miscellaneous	(1)	(1)	(1)
Effective Federal income tax rate	35%	40%	43%

Note 8: Regulatory Matters — The Company's method of billing and accounting for revenue under its fuel adjustment clause in effect from January 1 through September 26, 1974 has been challenged before the DPU by the Attorney General of The Commonwealth of Massachusetts. The required monthly fuel adjustment schedule heretofore filed with the DPU had not been disputed by the regulatory authority. The portion of such fuel adjustment clause revenues recorded by the Company and challenged by the Attorney General aggregate approximately \$724,000. The Company has vigorously defended its procedures in proceedings before the DPU, the outcome of which is uncertain.

The Company's billing and accounting for revenues under fuel adjustments based on costs incurred after September 26, 1974 are being made under a new fuel adjustment clause which took effect on September 27, 1974 and are not being challenged.

Note 9: Commitments

Lease Obligations — In accordance with the guidelines of Statement of Financial Accounting Standards No. 13 issued by the Financial Accounting Standards Board, the Company is disclosing pertinent information regarding its capital leases. The Securities and Exchange Commission requires, for rate-regulated enterprises, disclosure of the effect on the balance sheet and on expenses if such leases had been capitalized, pending the results of its review of the Statement's applicability to rate-regulated enterprises.

The Company has a significant twenty-five year lease which began April 1, 1973 for a combustion turbine and a liquefied natural gas storage facility. The lease is subject to a ten year renewal period at the option of the Company at an annual rental of 14½% of the aggregate fair market value at the end of the initial lease term. Under certain

conditions the Company has the right to purchase the units at an independently appraised market value. Under the lease, the Company has the obligation to maintain the equipment in good operating condition and pay all taxes and insurance on said equipment.

Had the Company capitalized its capital leases at December 31, 1980 and 1979, the Asset and related Liability which would have been recorded on the balance sheets for the Company's capital leases would have been as follows:

	December 31,	
	1980	1979
Asset	\$2,230,447	\$2,502,922
Liability	\$2,603,114	\$2,558,358

Had the Company capitalized its capital leases, depreciation and other interest charges would have increased and operating expenses, other would have (decreased) as follows:

	Years Ended December 31,		
	1980	1979	1978
Depreciation	\$ 182,373	\$ 171,721	\$ 162,733
Other Interest Charges	\$ 183,187	\$ 181,920	\$ 179,180
Operating Expenses, Other	\$(327,877)	\$(307,493)	\$(287,507)

The Company has entered into a sale and leaseback arrangement with a third party to acquire a new service center expected to cost approximately \$2,700,000 and to be completed and ready for occupancy by the middle of February 1981. The Company also has a commitment to lease certain furniture expected to aggregate approximately \$130,000. The commitment data for these two leases have been included in the minimum lease commitment detailed below.

The minimum commitments under all non-cancellable long-term leases in effect at December 31, 1980 are as follows: 1981 — \$506,050; 1982 — \$507,879; 1983 — \$726,492; 1984 — \$741,621; 1985 — \$732,410; 1986-1990 — \$3,450,376 aggregate for the period; 1991-1995 — \$3,603,158 aggregate for the period; 1996-2000 — \$3,249,306 aggregate for the period; 2001-2003 — \$1,119,285 aggregate for the period.

Total rental expense for the years ended December 31, 1980, 1979 and 1978 amounted to \$443,913, \$430,309 and \$428,289, respectively.

Buildings — As a result of the consolidation of the Company's operations principally in the new service center, the Company has actively sought to dispose of the buildings that were vacated.

On December 2, 1980, the Company signed a Purchase and Sale Agreement to sell its former office building for its appraised value of \$90,000. This sale was consummated on February 20, 1981.

Pension Plans — The Company has in effect two funded pension plans and related Trust Agreements to provide retirement annuities for participating employees at age 65. The entire amount of the annual contribution under the actuarial requirements of the plans is borne by the Company.

The Company's contribution to the plans during the years ended December 31, 1980, 1979 and 1978 amounted to \$533,945, \$519,323 and \$497,077, respectively, which includes amortization of prior service costs over a period of thirty years. The Company's policy is to fund the pension cost accrued. The following additional information is presented as of the most recent benefit information dates:

	January 1,	
	1980	1979
Actuarial present value of		
Accumulated plan benefits:		
Vested	\$5,363,350	\$4,976,104
Non-Vested	114,131	110,737
	<u>\$5,477,481</u>	<u>\$5,086,841</u>
Net assets available for benefits	<u>\$1,382,657</u>	<u>\$1,007,838</u>

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 5% for both 1980 and 1979.

Joint Ownership Units and Construction — The Company is participating on a tenancy-in-common basis with other New England utilities in the construction and ownership of six generating units. New Haven Harbor and Wyman Unit #4, both oil-fired stations, have been in commercial operation since August 1975 and December 1978, respectively. The remaining four nuclear units are planned or under construction.

Details relating to the various units are as follows:

Joint Ownership Units	State	Proportionate Share of Total Ownership %	mw	Company's Share in Thousands of Dollars			
				Amount of Utility Plant in Service	Accumulated Depreciation	Amount Expended through 12/31/80	Total Estimated Cost of Construction
Seabrook Units #1 & #2	New Hampshire	0.1710	3.9	\$ —	\$ —	\$2,883	\$ 8,383
Millstone Unit #3	Connecticut	0.217	2.5	—	—	2,317	8,741
Pilgrim Unit #2	Massachusetts	0.19	2.2	—	—	996	6,168
Wyman Unit #4	Maine	0.1822	1.1	407	33		
New Haven Harbor	Connecticut	4.5	20.1	6,937	1,060		
			29.8	\$7,344	\$1,093	\$6,196	\$23,292

Operating expenses included in the Consolidated Statements of Earnings and proportionate amounts charged to specific operating expenses are as follows:

	Thousands of Dollars		Percentage to Total Electric Expense
	Wyman Unit 4	New Haven Harbor	
Operating Expense, Other	\$ 34	\$ 311	9%
Fuel Used in Electrical Generation	83	4,295	89
Maintenance	4	164	22
Local Property Tax	6	209	17
Other Taxes	—	7	5
Total Operating Expenses	<u>\$127</u>	<u>\$4,986</u>	

The Company estimates construction requirements including AFUDC relative to these units will be approximately \$14,203,200 during the next five year period ending December 31, 1985.

On January 26, 1979, the common shareholders approved the acquisition of an additional 0.43332% ownership interest in each of the Seabrook Units from The Connecticut Light and Power Company (CL&P). On March 25, 1980, the common shareholders approved the acquisition of an additional 0.26087% ownership in each of the Seabrook Units from Public Service Company of New Hampshire (PSNH). The purchase of both additional interests, representing an additional 16 MW, was approved by the DPU on October 31, 1980 and has been excluded from the information presented herein. The purchase from CL&P, increasing the Company's ownership interest in the Seabrook Units was consummated on January 30, 1981. The purchase from PSNH increasing the Company's ownership interest in the Seabrook Units will be phased in over the thirteen month period, February 1981 through February 1982.

The Company expects to finance the cost of its participation in the units initially through short-term borrowings. At the appropriate times, short-term borrowings will be converted into permanent financing.

Note 10: Segment Information — In accordance with Financial Accounting Standard No. 14, the following information is presented relative to the gas and electric operations of the Company:

	Electric Operations		
	1980	1979	1978
Operating revenues	<u>\$ 28,525,028</u>	<u>\$ 24,475,296</u>	<u>\$ 21,157,542</u>
Operating income before income taxes	<u>\$ 2,527,335</u>	<u>\$ 3,910,716</u>	<u>\$ 3,654,896</u>
Identifiable assets as of December 31	<u>\$ 32,817,347</u>	<u>\$ 32,460,207</u>	<u>\$ 30,724,323</u>
Depreciation	<u>\$ 976,148</u>	<u>\$ 955,004</u>	<u>\$ 932,260</u>
Construction expenditures	<u>\$ 1,620,827</u>	<u>\$ 1,841,551</u>	<u>\$ 2,339,849</u>
	Gas Operations		
	1980	1979	1978
Operating revenues	<u>\$ 13,785,001</u>	<u>\$ 9,786,185</u>	<u>\$ 7,919,991</u>
Operating income before income taxes	<u>\$ 1,595,959</u>	<u>\$ 1,355,870</u>	<u>\$ 1,185,032</u>
Identifiable assets as of December 31	<u>\$ 12,949,057</u>	<u>\$ 11,097,002</u>	<u>\$ 8,987,224</u>
Depreciation	<u>\$ 354,841</u>	<u>\$ 281,688</u>	<u>\$ 249,527</u>
Construction expenditures	<u>\$ 2,211,948</u>	<u>\$ 1,429,049</u>	<u>\$ 758,659</u>
	Total Company		
	1980	1979	1978
Operating revenues	<u>\$ 42,310,029</u>	<u>\$ 34,261,481</u>	<u>\$ 29,077,533</u>
Operating income before income taxes	<u>\$ 4,123,294</u>	<u>\$ 5,266,586</u>	<u>\$ 4,839,928</u>
Income taxes	<u>\$ (1,076,114)</u>	<u>\$ (1,762,468)</u>	<u>\$ (1,607,717)</u>
Non-operating income	<u>156,106</u>	<u>88,714</u>	<u>201,991</u>
Net income deductions	<u>(1,500,096)</u>	<u>(1,332,126)</u>	<u>(1,474,352)</u>
Net income	<u>\$ 1,703,190</u>	<u>\$ 2,260,706</u>	<u>\$ 1,959,850</u>
Identifiable assets as of December 31	<u>\$ 45,766,404</u>	<u>\$ 43,557,209</u>	<u>\$ 39,711,547</u>
Unallocated assets, primarily working capital	<u>\$ 9,753,323</u>	<u>\$ 7,256,086</u>	<u>\$ 4,513,480</u>
Total assets as of December 31	<u>\$ 55,519,727</u>	<u>\$ 50,813,295</u>	<u>\$ 44,225,027</u>
Depreciation	<u>\$ 1,330,989</u>	<u>\$ 1,236,692</u>	<u>\$ 1,181,787</u>
Construction expenditures	<u>\$ 3,832,775</u>	<u>\$ 3,270,600</u>	<u>\$ 3,098,508</u>

Expenses used to determine operating income before taxes are charged directly to either segment or are allocated in accordance with factors contained in cost of service studies which were included in rate applications approved by the DPU. Assets allocated to each segment are based upon specific identification of such assets provided by Company records. Assets not so identified represent primarily working capital items.

Note 11: Property Tax Appeal — In October 1980, the City of Fitchburg (City) increased its total property tax levy by over 20% and implemented classification for its 1981 fiscal year. By an amendment to the Massachusetts Constitution, classification authorizes a city to classify real property according to its use into no more than four classes and to assess, rate and tax such property differently in the classes so established, but proportionately within the same class. The effect of the increased tax levy and the implementation of classification increased by 56% on an annual basis the amount of the property taxes billed to the Company by the City commencing July 1, 1980.

A group of industrial and commercial taxpayers within the City commenced court action against the Massachusetts Commissioner of Revenue (Commissioner) and the City on three issues. On January 26, 1981, the Suffolk Superior Court (Court) issued a Memorandum of Decision which supported the taxpayers on two of the three issues. In that Decision, Superior Court Justice Young found that the City must use free cash available at the end of Fiscal 1980 to reduce the Fiscal 1981 tax rate and that the remaining tax bills for real and personal property due during Fiscal 1981 must be reduced to reflect the available free cash of \$1,610,330. The Court further declared "that the Commissioner's decision to permit tax classification in Fitchburg is arbitrary and therefore of no force and effect". The decision further stated that "further equitable orders will await the rescript of an appellate court". Subsequent to the Superior Court Judge's decision, the Massachusetts Supreme Judicial Court scheduled the matter for hearing March 2, 1981.

As a result of the Court's January 26, 1981 Decision, the Company has reduced property tax expense for the period July-December, 1980 by \$64,813 to reflect the effect of available free cash being used to reduce the tax rate. This reduction in expense is equivalent to 6.5¢ of earnings per average common share. The Company has not reduced 1980 property tax expense to reflect the Court's invalidation of classification since the Judge's Decision did not state how the City would remove the effect of classification in Fiscal 1981. However, management estimates property tax expense could be further reduced by as much as \$222,000 or the equivalent of 22¢ in earnings per average common share.

Note 12: Common Stock — On June 4, 1980 the Company sold 100,000 shares of common stock for \$23 per share. Net proceeds of \$2,092,094 were used to reduce short-term borrowings incurred in connection with the Company's ongoing construction program.

The Company also sold an additional 3,002 shares of common stock at \$22.375 per share to the Company's Tax Reduction Act Employee Stock Ownership Plan on November 12, 1980.

Report of Independent Certified Public Accountants

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To the Shareholders of
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY:

We have examined the consolidated balance sheets of Fitchburg Gas and Electric Light Company and Subsidiary as of December 31, 1980 and 1979 and the related consolidated statements of earnings, retained earnings and changes in financial position for each of the three years in the period ended December 31, 1980. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Note 8 to the financial statements, the Company's method of billing and accounting for revenues under its fuel adjustment clause in effect from January 1 through September 26, 1974 has been challenged by the Attorney General of The Commonwealth of Massachusetts. The Company believes its methods are correct and has vigorously defended its procedures, but the ultimate outcome is uncertain and no provision for any liability that may result has been made in the financial statements.

In our opinion, subject to the effect of such adjustments, if any, as might have been required had the outcome of the matter discussed above been known, the financial statements referred to above present fairly the consolidated financial position of Fitchburg Gas and Electric Light Company and Subsidiary at December 31, 1980 and 1979 and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1980, in conformity with generally accepted accounting principles applied on a consistent basis.

ALEXANDER GRANT & COMPANY

Boston, Massachusetts
February 5, 1981

Management's Discussion and Analysis of Financial Condition and Results of Operations

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Operating Results

Net income declined during 1980 by \$557,516 (-5%). Earnings per average common share for 1980 were \$2.78, on a larger number of shares outstanding, as compared to \$4.34 in 1979. This decrease is primarily due to reduced firm sales caused by the economic recession, higher interest costs and a large increase in property taxes. 1979 earnings per share increased by 18% over the 1978 level primarily due to the abatement of property taxes.

ELECTRIC OPERATING REVENUES increased \$4,049,732 (17%) in 1980, despite a decrease (6%) in kilowatt-hour (KWH) sales. The net effect on revenues was primarily attributable to an increase of approximately \$4,463,000 in fuel costs for generation and energy costs of purchased power, which are passed on to customers through the operation of a cost of fuel adjustment clause; and a decrease in industrial sales amounting to approximately \$409,000 due to the effects of the recession. Electric Operating Revenues increased \$3,317,754 (16%) in 1979, despite a slight decrease in KWH sales. This increase in revenues was primarily attributable to an increase of approximately \$3,021,000 in fuel costs for generation and energy costs of purchased power, which are passed on to customers through the operation of the above mentioned clause and to the net effect of two factors: the full year effect of the rate increase approved October 7, 1978 resulting in an increase of approximately \$213,000; and a strike that halted production by one of the Company's major industrial customers thereby lowering the Company's revenues by \$50,000.

GAS OPERATING REVENUES increased \$3,998,816 (41%) in 1980, primarily due to the effect of four factors: an increase of approximately \$2,313,000 in the cost of purchased gas which is passed on to customers through the operation of a cost of gas adjustment clause; an increase of approximately \$618,000 in off-system sales; an increase of 191,331 MCF in interruptible sales resulting in an approximate increase of \$516,000; and higher firm gas sales, due to the marketing program, of 216,920 MCF resulting in an increase of about \$459,700. Gas Operating Revenues increased \$1,866,194 (24%) in 1979 primarily due to the net effect of three factors: an increase of 391,289 MCF in interruptible sales resulting in an increase of approximately \$1,279,000; the increased cost of purchased gas which is passed on to customers through the operation of the above mentioned clause resulting in an increase of approximately \$912,000; and a decrease in off-system sales of approximately \$410,000.

ELECTRICITY PURCHASED FOR RESALE increased \$3,045,115 (29%) in 1980 over 1979, and \$1,932,458 (23%) in 1979 over 1978. The 1980 and 1979 increases reflect an increase in the per unit energy cost of approximately 1.1¢ (33%) and .7¢ (27%), respectively. 1978 expenses had increased primarily due to a greater reliance on electricity purchased from other utilities.

FUEL USED IN ELECTRIC GENERATION increased \$1,515,520 (45%) in 1980 due to the escalation in the costs of fuel used to generate a level of KWH slightly lower than that of 1979. Costs in 1979 rose by \$1,242,869 (58%) due to the same reasons as in 1980.

GAS PURCHASED FOR RESALE increased by \$3,321,732 (57%) in 1980 over 1979 and by \$1,515,914 (35%) in 1979 due to higher prices charged by the Company's pipeline supplier, the increasing unit cost of the Company's supplemental gases and an increase of 550,745 (24%) in MCF sales in 1980, an increase of 280,725 (14%) in MCF sales in 1979.

OPERATING EXPENSES, OTHER have increased by \$439,832 (9%) in 1980 over 1979 principally due to an accounting adjustment required by the Federal Energy Regulatory Commission, higher tree trimming costs, and operating expenses associated with the continuation of the gas conversion program. Increases in 1979 of \$299,445 (6%) are associated with lease obligations, hour wage rates, increased pension and insurance costs and other cost increases that reflect the continuing effects of inflation.

MAINTENANCE EXPENSES have risen over the last several years due to higher wage rates and the continuing effects of inflation.

AMORTIZATION OF COST OF ABANDONED PROPERTIES increased by \$167,074 (25%) in 1980 due to the first full year's effect of the amortization of Charlestown Units No. 1 and No. 2. The increase of \$61,111 (10%) in 1979 was due to the first full year's effect of the amortization of one of the Company's generating units, Generating Unit No. 6, and two months amortization of Charlestown Units No. 1 and No. 2. The increase of \$422,572 (244%) in 1978 was due to the commencement of amortization of Unit No. 6.

ALLOWANCE FOR OTHER AND BORROWED FUNDS USED DURING CONSTRUCTION has generally increased since 1976 due to the Company's continued investment in jointly-owned electric generating facilities under construction. In addition, the increase in interest rates has had a significant impact on these amounts.

FEDERAL INCOME AND STATE FRANCHISE TAX fluctuations are due primarily to changes in taxable income. Federal income tax in 1979 reflects a reduction in the Federal tax rates. Deferred income taxes increased considerably in 1979 from 1978 principally due to the book abandonment of the proposed nuclear generating plants, Charlestown Units No. 1 and No. 2, and the major repair of the Company's gas turbine. In 1980, deferred taxes decreased because the amortization of deferred taxes provided on previously abandoned units exceeded that deferred on current abandonments (Montague Units No. 1 and No. 2) and the reversal of the timing difference arising from the use of different book and tax methods in providing for uncollectible accounts.

LOCAL PROPERTY TAXES IN 1980 increased by \$263,703 (19%) over 1979 principally due to the increased property tax levy of over 20% in the City of Fitchburg and due to tax classification, which shifts the property tax burden to the industrial and commercial property owners from the residential property owners. The 1979 decrease of \$331,393 (20%) from 1978 is principally due to a property tax settlement agreed to by the City in October 1979. The Company in 1979 received abatements with a value of \$733,634, of which \$244,076 pertained to the 1978 period. These abatements increased 1979 net income by \$376,478 or \$.83 of earnings per common share. The Company anticipates that future levels of property tax expense will continue to reflect the lower assessed valuation resulting from this settlement. The 1978 increase of \$165,142 (11%) over 1977 was due to the acquisition of the electric facilities purchased on June 1, 1977 from New England Power Company.

NON-OPERATING INCOME, OTHER increased by \$49,134 (178%) in 1980 over 1979 due to higher interest income from receivables and due to a lower loss sustained by the Company's subsidiary. The decrease in 1979 from 1978 of \$111,023 (133%) is due to a loss sustained by the Company's subsidiary and to the reduced interest income on commercial and industrial accounts receivable.

OTHER INTEREST CHARGES increased by \$219,186 (67%) in 1980 and by \$91,737 (39%) in 1979 due to increased interest expenses related to short-term borrowings required to finance the Company's construction program and to a higher level of average daily short-term borrowings. Average daily bank borrowings were \$3,066,700, \$2,441,400 and \$1,491,700 for the years 1980, 1979 and 1978, respectively. Average daily interest rates on these borrowings on an annual basis were 14.4%, 13.0% and 8.6% for each of the years 1980, 1979 and 1978, respectively.

Financial Condition

Capital Expenditures in 1980 were up by 17% over 1979 primarily due to the gas conversion program and the continued investment in jointly-owned generating plants.

On October 30, 1980, the Company received approval from the Department of Public Utilities to purchase additional shares in the nuclear generating plants, Seabrook Units No. 1 and No. 2, bringing the Company's portion thereof to approximately 20 MW or .86519%.

Because of our commitment to the Seabrook Units No. 1 and No. 2 and other jointly-owned nuclear generating plants, the Company has forecasted a cash construction budget of \$14,782,500 for 1981 of which \$11,639,000 is our investment in the jointly-owned nuclear plants (see Note 9 to the Consolidated Financial Statements for further details). Our total cash commitment toward these units is estimated to be approximately \$30,000,000, excluding AFUDC.

The payment at maturity of \$3,011,000 of the Company's 4 $\frac{3}{8}$ % long-term Note will be made in 1984. This is the only major long-term Note redemption coming due during the next five years. Redemptions of other long-term Notes will be made to satisfy several annual sinking fund requirements during this period.

When internally generated funds are not available, the Company follows a policy of borrowing on a short-term basis to meet its capital requirements, and at the appropriate time, converts its short-term indebtedness into senior capital. The size and timing of such financings will depend on developments in the security markets and the ability to meet financing covenants.

In 1980, the Company successfully issued 100,000 shares of Common Stock on June 4, 1980 at a price of \$23.00 per share and issued 3,002 shares in connection with the Company's Employee Stock Ownership Plan on November 12, 1980 at \$22.375 per share. The Company also privately placed on October 30, 1980 \$5,000,000 of 15 $\frac{3}{4}$ % twenty year notes due 2000. The Company's previous financing was in September 1976 when it issued \$3,000,000 of 10% Notes due 1996. The Company's new service center, costing approximately \$2,700,000, is being funded through a sale and leaseback arrangement for an initial term of 22 years. The Company has a 25 year lease on a combustion turbine and liquefied natural gas storage facility, which commenced in 1973. The Company leases other equipment including its new computer system.

It is vital to the interests of both the Company's shareholders and customers that income from operations be adequate to generate and finance the capital expenditures necessary to meet its service requirements. To achieve a satisfactory level of earnings, the Company is monitoring its financial situation very closely to determine the timing and the amount of any future rate changes.

Selected Financial Data

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Statements of Earnings (000's)	1980	1979	1978	1977	1976
Operating Revenues:					
Electric	\$28,525	\$24,475	\$21,157	\$19,061	\$16,601
Gas	13,785	9,786	7,920	6,861	5,698
Total Operating Revenues	42,310	34,261	29,078	25,922	22,299
Operating Expenses:					
Operation, other and maintenance	6,602	6,066	5,568	5,326	4,861
Electricity purchased for resale	13,516	10,470	8,538	8,240	6,390
Fuel used in electric generation	4,917	3,402	2,159	2,083	1,869
Gas purchased for resale	9,172	5,851	4,335	3,709	2,986
Depreciation	1,331	1,237	1,182	1,094	953
Amortization of cost of abandoned properties	824	657	596	173	176
Federal income tax	535	958	1,216	562	762
Deferred income taxes	565	781	371	470	258
Amortization of investment tax credit	(85)	(89)	(62)	(52)	(49)
State franchise tax	61	112	81	84	106
Local property tax — current	1,626	1,362	1,694	1,529	1,384
— abatement of prior year	—	(244)	—	—	—
Other taxes	199	194	167	160	145
Total Operating Expenses	39,263	30,757	25,845	23,378	19,841
Operating Income	3,047	3,504	3,233	2,544	2,458
Non-operating Income:					
Allowance for funds used during construction	—	—	—	—	135
Allowance for other funds used during construction	135	116	118	36	—
Other (net of income taxes)	21	(27)	83	76	63
Total Non-operating Income	156	89	201	112	198
Gross Income	3,203	3,593	3,434	2,656	2,656
Income Deductions (Net)	1,500	1,332	1,474	1,456	1,573
Net Income	1,703	2,261	1,960	1,200	1,083
Preferred Stock Dividend Requirements	274	282	288	290	291
Net Income Available for Common Stock	\$1,429	\$1,979	\$1,672	\$ 910	\$ 792

Common Stock Data

Shares of Common Stock:					
Year end (000's)	558	455	455	455	455
Average (000's)	513	455	455	455	455
Earnings per Average Common Share Outstanding	\$2.78	\$4.34	\$3.67	\$2.00	\$1.74
Dividends Declared per Common Share	\$2.60	\$1.90	\$1.50	\$1.44	\$1.065

Balance Sheet Data (000's)	1980	1979	1978	1977	1976
Utility Plant (at cost)	\$51,220	\$47,144	\$44,461	\$44,100	\$39,829
Accumulated Depreciation	\$10,899	\$ 9,850	\$ 9,194	\$ 9,020	\$ 7,125
Total Assets	\$55,520	\$50,813	\$44,225	\$42,435	\$39,271
Capitalization and Short-term Notes:					
Common stock equity	\$14,754	\$12,545	\$11,430	\$10,440	\$10,185
Redeemable preferred stock equity	\$ 3,954	\$ 4,071	\$ 4,188	\$ 4,230	\$ 4,272
Long-term debt	\$21,573	\$16,780	\$16,978	\$17,176	\$17,294
Short-term notes payable	\$ 1,700	\$ 5,420	\$ 970	\$ 2,500	\$ 300

Other Financial Data

Long-term Debt and Redeemable Preferred Stock (000's)	\$25,527	\$20,851	\$21,166	\$21,406	\$21,566
Ratio of Earnings to Fixed Charges (SEC Method)	2.15	2.93	2.82	2.22	2.25

Electric Statistics

Sales — Thousands of KWH	370,946	392,691	398,544	349,549	309,257
Electric Customers — Year End	22,339	21,744	21,508	21,272	21,023
Average Annual KWH Sales per Residential Customer	4,844	5,033	5,073	5,049	5,140
Average Revenue per Hundred KWH — Residential	\$9.07	\$7.78	\$6.91	\$6.60	\$6.45

Gas Statistics

Sales — Thousands of MCF	2,894	2,343	2,062	2,044	1,970
Gas Customers — Year End	14,280	13,693	13,069	12,927	12,832
Average Annual Cubic Feet Sales per Residential Customer	97,013	86,431	92,076	87,253	91,253
Average Revenue per MCF — Residential	\$5.25	\$4.62	\$4.03	\$3.56	\$3.08

Quarterly Financial Data

Summarized quarterly financial data for 1980 and 1979 is as follows:

	Three Months Ended							
	March 31		June 30		Sept. 30		Dec. 31	
	1980	1979	1980	1979	1980	1979	1980	1979
Total operating revenues	\$13,540,390	\$9,262,880	\$8,883,483	\$7,903,958	\$8,560,833	\$7,790,297	\$11,325,323	\$9,304,346
Operating income	\$ 1,100,570	\$ 942,984	\$ 629,386	\$ 689,517	\$ 515,532	\$ 667,486	\$ 801,692	\$1,204,131
Net Income	\$ 737,456	\$ 654,713	\$ 277,931	\$ 424,545	\$ 269,015	\$ 319,478	\$ 418,788	\$ 861,970
Earnings per share	\$1.47	\$1.28	\$.43	\$.78	\$.36	\$.55	\$.63	\$1.75

Net income for the quarter ended December 31, 1979 has been increased by \$376,478 or \$.83 of earnings per common share resulting from abatements of real estate taxes.

Board of Directors

†*Philip H. Bradley
Resident Manager, Northeast, of IBM Corporation, Waltham, Mass.

Richard L. Brickley
Lawyer; partner in the law firm of Brickley, Sears & Cole, Boston, Mass.; Director of subsidiary.

Howard W. Evirs, Jr.
President of the Company; Director and President of subsidiary.

*John Grado, Jr.
Vice President of Litton Industries, Inc., Fitchburg, Mass. (a diversified industry), and Chief Executive of its Paper, Printing and Forms Group.

Thomas W. Sherman
Director, Executive Vice President and Treasurer of Bay State Gas Company, Canton, Mass.; Director of subsidiary.

†Robert V. Shupe
President of R. L. Gourley Co., Inc., Wellesley, Mass. (distributors of heating, air conditioning and water heating equipment).

*Charles H. Tenney II
Chairman of the Board of Directors and Chief Executive Officer of the Company; Director, Chairman of the Board of Directors and Chief Executive Officer of subsidiary; Director, Chairman of the Board of Directors and Chief Executive Officer of Bay State Gas Company, Canton, Mass., Concord Electric Company, Concord, N.H., and Exeter & Hampton Electric Company, Exeter, N.H.

†Robert L. Ware
Lawyer; partner in the law firm of Ware & Ware, Fitchburg, Mass.

Officers

Charles H. Tenney II
*Chairman of the Board of Directors and Chief Executive Officer of the Company.***

Howard W. Evirs, Jr.
*President of the Company.***

Frank L. Childs
Vice President and Treasurer of the Company; Vice President and Treasurer of subsidiary; Vice President and Treasurer of Concord Electric Company, Concord, N.H., and Exeter & Hampton Electric Company, Exeter, N.H.

Charles T. Ellis
Vice President of the Company; Director and Vice President of subsidiary; Senior Vice President of Bay State Gas Company, Canton, Mass.

David K. Foote
Vice President of the Company; Vice President of subsidiary.

Edward D. McKenzie
Assistant Treasurer of the Company; Assistant Treasurer of subsidiary; Assistant Treasurer of Concord Electric Company, Concord, N.H., and Exeter & Hampton Electric Company, Exeter, N.H.

Angela P. Carlson
Clerk of the Company; Secretary of subsidiary; Clerk of Bay State Gas Company, Canton, Mass.; Secretary of the Board of Directors of Concord Electric Company, Concord, N.H., and Exeter & Hampton Electric Company, Exeter, N.H.

William D. MacGillivray
Assistant Clerk of the Company; Assistant Secretary of subsidiary; Assistant Clerk of Bay State Gas Company, Canton, Mass.

Annual Meeting

The annual meeting of common shareholders is scheduled to be held at The First National Bank of Boston, 100 Federal Street, Boston, Massachusetts, in the Auditorium on the First Floor, on Tuesday, March 24, 1981, at 10:30 A.M.

Transfer of Stock

The Company's Transfer Agent is The First National Bank of Boston, P.O. Box 644, Boston, Massachusetts 02102.

Trustee

The First National Bank of Boston, P.O. Box 1897, Boston, Massachusetts 02105, is Trustee under indentures covering the Company's Notes due March 1, 1995 and May 1, 1999, respectively.

This report, including the financial statements contained herein, is submitted for the general information of the shareholders of the Company as such, and is not intended to induce, or for use in connection with, any sale or purchase of any securities.

† Member of Audit Committee.

* Member of Compensation Committee.

** See Director listing for other principal occupations.

Subsidiary: Fitchburg Energy Development Company.





SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Fiscal Year Ended December 31, 1980 Commission File Number 1-7536

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction of
incorporation or organization)

04-1328660
(I.R.S. Employer
Identification No.)

120 Royall Street, Canton, Massachusetts
(Address of principal executive offices)

02021
(Zip Code)

Registrant's telephone number, including area code 617-828-8660

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class
Common Stock, \$10 Par Value

Name of Each Exchange on
Which Registered
American Stock Exchange
Boston Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Not Applicable
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

State the aggregate market value of the voting stock held by non-affiliates of the registrant as of March 19, 1981.

Common Stock, \$10 Par Value -- \$11,169,540

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the close of the period covered by this report.

Common Stock, \$10 Par Value -- 558,477

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the shareholders' annual report for the year ended December 31, 1980 are incorporated by reference into Parts I and II.

Portions of the annual meeting proxy statement dated February 25, 1981 are incorporated by reference into Part III.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Fiscal Year Ended December 31, 1980 Commission File Number 1-7536

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(Exact name of registrant as specified in its charter)

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Identification No.)

120 Royall Street, Canton, Massachusetts
(Address of principal executive offices)

02021
(Zip Code)

Registrant's telephone number, including area code 617-828-8660

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class

Name of Each Exchange on
Which Registered

Common Stock, \$10 Par Value

American Stock Exchange

Boston Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Not Applicable
(Title of Class)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

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Portions of the annual meeting proxy statement dated February 25, 1981 are incorporated by reference into Part III.

PART I

Item 1. BUSINESS

Fitchburg Gas and Electric Light Company (the Company), a Massachusetts corporation organized in 1852, is an operating public utility providing electric and natural gas service to the communities of Fitchburg, Ashby, Lunenburg and Townsend and natural gas service only to the communities of Gardner and Westminster. The estimated population of the Company's service area is 80,000. Details of operating revenues and operating income before income taxes attributable to the sale of electricity and gas for the years 1978 through 1980 are given in Note 10 of the Consolidated Financial Statements. The service area encompasses approximately 170 square miles in north central Massachusetts. The Company's main office is located at 285 John Fitch Highway, Fitchburg, Massachusetts 01420, and its principal executive office is at 120 Royall Street, Canton, Massachusetts 02021 (Telephone Number (617) 828-8660).

Electric service is supplied by the Company to approximately 22,300 customers in the communities of Fitchburg, Ashby, Townsend and Lunenburg. For the twelve months ended December 31, 1980, 53.7% of the electric operating revenues was derived from industrial sales, 31.0% from residential, 11.5% from commercial, 2.8% from public authorities and 1.0% from other sources. The Company's sales to its largest industrial customer represented approximately 8% of electric operating revenues for 1980, while sales to the Company's ten largest industrial customers represented, in the aggregate, approximately 31% of electric operating revenues. As of December 31, 1980, approximately 40% of industrial revenues was accounted for by paper manufacturing and allied products companies. An aggregate of 25% of industrial revenues was distributed among rubber and plastic manufacturers, fabricated metals products and non-transportation equipment, non-electrical machinery, chemical products and primary metals industries. The remaining 35% of industrial revenues was accounted for by miscellaneous manufacturers, including producers of textile mill products, apparel and other finished products made from fabrics, and by printing, publishing and allied industries.

For the twelve months ended December 31, 1980, average revenues per Kilowatt-hour (KWH) sold to industrial, residential and commercial customers were 6.69 cents, 9.07 cents and 9.61 cents, respectively.

Gas service is supplied by the Company to approximately 14,300 customers in the communities of Fitchburg, Lunenburg, Townsend, Ashby, Gardner and Westminster. For the twelve months ended December 31, 1980, 49.0% of the gas operating revenues was derived from residential sales 13.2% from interruptible sales to industrial customers (which are sales to customers who possess alternative energy sources and who use gas on an as-available basis), 16.0% from non-interruptible sales to industrial customers, 14.8% from commercial sales and 7.0% from other sources. As of December 31, 1980 revenues from interruptible sales made up approximately 45% of total industrial revenues. Approximately 15% of total industrial revenues was derived from non-interruptible sales to paper manufacturing and allied products companies. The remaining 40% of total industrial revenues was derived from non-interruptible sales to fabricated metal products manufacturers, rubber and plastics manufacturers, primary iron manufacturers and miscellaneous industries.

For the twelve months ended December 31, 1980, average revenues per Thousand Cubic Feet (MCF) sold to residential, interruptible, non-interruptible industrial and commercial customers were 524.72 cents, 306.57 cents, 527.17 cents and 489.06 cents, respectively.

Item 1. BUSINESS (continued)

Because of the substantial portion of both gas and electric operating revenues derived by the Company from sales to industrial customers, a substantial decline in the national economy affecting such customers has had an adverse effect on the Company's earnings.

Competition

While franchise rights of the Company are non-exclusive, statutes restrict competition from other companies without approval of the Department of Public Utilities (DPU). Under the laws of Massachusetts, a municipality by appropriate vote may enter the gas or electric business and purchase the facilities of the utility serving such municipality. No municipality has taken any such action in Massachusetts in recent years. However, on or about March 25, 1981, the Mayor's Office of the City of Fitchburg announced the City had received a \$47,000 federal grant, which was part of a federal grant received by the Franklin County Community Action Corporation of Greenfield, Massachusetts from the federal Community Services Administration, to undertake a two-year study of the feasibility of owning and operating a local utility system. The Company cannot presently predict what impact the proposed study may have on the Company or its operations.

Regulation and Rates

The Company is subject to regulation by the DPU with respect to retail rates, adequacy of service, issuance of securities, accounting and other matters. The Company is also subject to regulation by the Federal Energy Regulatory Commission (FERC) with respect to certain matters, including New England Power Pool (NEPOOL) interchanges and other wholesale sales of electricity. As part of such regulation, representatives of the FERC conduct regular audits of the Company relating to the Company's overall compliance with the accounting and reporting requirements of the FERC.

The Company's retail electric and gas sales are made pursuant to rate schedules on file with the DPU at rates which call for lower unit prices as monthly usage increases.

Until 1972 the Company had not requested a general rate increase in 52 years and during that period had made several voluntary rate reductions. During recent years the Company has sought rate relief designed to cover the impact of increased costs. The amounts of rate relief granted by the DPU are set forth below:

<u>Effective Date</u>	<u>Department</u>	<u>Type of Increase</u>	<u>Amount Requested</u>	<u>Amount Granted</u>
July 20, 1972	Gas	Permanent	\$ 270,000	\$ 228,500
August 15, 1972	Electric	Permanent	480,000	357,000
March 28, 1973	Gas	Permanent	27,400	27,400(1)
April 21, 1974	Electric	Interim	1,000,000	767,500
October 15, 1974	Electric	Permanent	2,300,000	2,096,000(2)
January 12, 1976	Gas	Permanent	663,000	349,451
January 12, 1976	Electric	Permanent	793,000	793,000
September 15, 1977	Gas	Permanent	838,000	553,734
October 5, 1978	Electric	Permanent	2,795,000	1,804,180(3)

(1) Granted to Gardner Gas, Fuel and Light Company, a former affiliate of the Company which supplied gas to the communities of Gardner and Westminster and which was merged into the Company in May, 1973.

Item 1. BUSINESS (Continued)

Regulation and Rates (continued)

(2) Includes the \$1,000,000 requested and the \$767,500 interim electric rate relief granted effective April 21, 1974.

(3) \$1,062,109 was granted effective September 19, 1977.

The electric rate schedules of the Company for all retail sales are subject to a cost of fuel adjustment by which rates are modified to reflect changes in the cost of fuel used for generation and the cost of purchased energy. With the approval of the DPU, the current cost of fuel adjustment schedule has been in effect since September 27, 1974. The Company's total fuel costs are determined on an estimated quarterly basis, subject to review and approval by the DPU. Toward the end of each quarter the Company compares actual fuel expenses incurred with the actual fuel adjustment revenues collected and adds or subtracts the resulting difference from the estimated fuel costs for the next quarter.

The gas rate schedules of the Company for all retail sales (except interruptible sales) are subject to a cost of gas adjustment by which the rates are modified to reflect changes in the cost of purchased pipeline natural gas and supplemental gas. The current cost of gas adjustment schedule, which was approved by the DPU, has been in effect since January 1, 1974. Changes in the cost of pipeline natural gas are reflected in the cost of gas adjustment after FERC has approved the increase to our pipeline suppliers. On October 16, 1980, the DPU issued guidelines for a new standard cost of gas adjustment to become effective on a company by company basis. The guidelines of the new cost of gas adjustment has been substantially met by the present clause.

Time-of-day rates, a pricing system that reflects the varying costs of providing electric energy at different times of the day and/or during different seasons of the year, were filed with the DPU in early 1979. The intent of time-of-day rates is to shift demand energy use from on-peak to off-peak periods thereby reducing the amount of new generating capacity required to serve peak loads. The rates filed by the Company are applicable to residential and commercial customers on an optional basis. In addition, the Company made available in mid-1980 an optional limited senior citizen rate which provides reduced rates to certain of the Company's residential customers. The Company does not anticipate that any of these optional rates will have a significant impact on the Company's financial condition.

Purchase of Energy RequirementNew England Power Pool

A NEPOOL Agreement, to which the major investor-owned electric utilities in New England, including the Company, and certain municipal and cooperative utilities are parties, has been in effect since 1971. The objectives of NEPOOL are: (a) to assure that the bulk power supply of New England and any adjoining areas served conforms to proper standards of reliability, (b) to attain maximum practicable economy consistent with such proper standards of reliability and (c) to provide for equitable sharing of the resulting benefits and costs. These objectives are achieved through joint planning, central dispatching, cooperation in environmental matters, coordinated construction, operation and maintenance of electric generation and transmission facilities

Item 1. BUSINESS (continued)

Purchase of Energy Requirement (continued)

and coordination with other power pools and utilities situated in the United States and Canada. Substantially all planning, operation and dispatching of electric generating capacity for New England is done on a regional basis under NEPOOL. At the time of the 1979-1980 NEPOOL winter peak, the NEPOOL members had approximately 21,587 megawatts of installed capacity to meet the New England peak load of about 15,169 MW.

The NEPOOL Agreement imposes generating capacity reserve obligations and provides for the use of major transmission and distribution facilities and payments associated therewith. The Company's capability responsibility under NEPOOL involves carrying an allocated share of a New England capacity requirement which is determined for each six-month period based on certain regional reliability criteria.

Electric Operations and Energy Supply

The Company has a 4.5% interest (20,115 KW) in an oil-fired generating plant in New Haven, Connecticut, which is operated by The United Illuminating Company as the majority owner. The Company also has a 0.1822% interest (1,120 KW) in an oil-fired generating plant in Yarmouth, Maine, which is operated by Central Maine Power Company as the majority owner. In addition, the Company operates under a long-term financing lease an oil-fired combustion turbine electric peaking generator with a current capability of 27,910 KW.

In addition, the Company has two long-term contracts to purchase power from nearby utilities. The first contract is with Boston Edison Company, expiring in 1986, for the purchase of 40,000 KW. The supply of energy under this contract is dependent on the operating capability of the following four Boston Edison units at 10,000 KW each: Pilgrim Unit No. 1, New Boston Unit No. 1, New Boston Unit No. 2, and Mystic Unit No. 7; the first being a nuclear unit, the latter three being oil-fired units. The contract provides that, in the event of a reduction in power supplied, the Company will be entitled to a ratable share of the supplier's NEPOOL entitlement associated with the supplying unit. The second contract is with the Maine Electric Power Company, Inc. (MEPCO) and provides for the purchase of 3,080 KW through October, 1985 with provisions for earlier termination. MEPCO purchases its power, under a long-term contract, from the New Brunswick Electric Power Commission (a Canadian governmental entity). As part of the Company's arrangement to purchase power from MEPCO, the Company is obligated to make certain support and other payments in accordance with the MEPCO agreement. The two purchase power contracts require the Company to pay monthly demand and transmission charges regardless of whether or not it purchases any energy and to pay an energy charge for each KWH of electricity it does purchase.

Also, the Company has one short-term contract and one verbal agreement to purchase power from nearby utilities. The contract is with Green Mountain Power Company, weekly swapping 14,910 KW of off-peak power (when available) for 14,910 KW of the Company's combustion turbine. The expiration of this contract is subject to a notice of 30 days. The agreement is with Northeast Utilities and provides for the exchange of 13,000 KW from the Northfield Mountain Pump Storage Hydro-generating plant for 13,000 KW of the Company's combustion turbine. This is a weekly agreement and can be ended by mutual agreement.

Item 1. BUSINESS (Continued)

Electric Operations and Energy Supply (continued)

The three oil-fired plants, together with the three purchase power contracts, and the purchase power agreement, provide the Company with an approximate net capability of 92,225 KW. The maximum one-hour demand for the Company, exclusive of sales to other utilities, occurred on August 16, 1978 and was 75,330 KW. The Company's current operational capability is in excess of its customers' present requirements. Based on the Company's current expectation that load requirements will grow at approximately two percent per year, the Company will be able to provide, its projected capability responsibility to NEPOOL through the 1985-86 power year (which capability responsibility will equal approximately 94,300 KW, including a reserve beyond the Company's load requirements of approximately 17,000 KW, during that power year). In order to avoid the necessity of reactivating the Company's stand-by capability and the necessity of entering into such short-term purchase power contracts, to minimize the Company's dependence on fossil fuels and to provide long-term base load capability at the lowest possible cost, the Company has entered into agreements for the partial ownership of four nuclear facilities, and is currently exploring the possibility of utilizing hydro-electric and other power from renewable resources. If the two nuclear units under construction in Seabrook, New Hampshire (Seabrook Units) go into service in 1983 and 1985, respectively, the Company believes it will be able to meet its projected NEPOOL capability responsibility through the 1985-86 power year, without utilizing its deactivated stand-by capability.

The ability of the Company to meet its NEPOOL capability responsibility will depend on many complex factors, including (1) the state of the economy as it affects load growth, (2) when the nuclear facilities in which the Company has an ownership interest, especially the Seabrook Units, become operational, (3) whether the Company requests and is granted DPU permission to reactivate its stand-by capability, (4) the continuing availability of purchase power contracts to meet short-term deficiencies in NEPOOL capability responsibility, and (5) the results of the Company's current examination of the possibility of obtaining power from renewable resources, including cogeneration and hydro-electric generation sources. Accordingly, the ability of the Company to meet such NEPOOL capability responsibility at any time cannot be assured.

Joint Projects and Other Plans

The Company has entered into agreements for the partial ownership of four nuclear facilities which are expected to commence commercial operation at various times from 1983 through 1987. As an associate participant in each project, the Company is a tenant in common and is severally obligated for all liabilities of each project in proportion to its ownership share. The Company

Item 1. BUSINESS (Continued)

Joint Projects and Other Plans (continued)

has also agreed to abide by the decisions of the lead participant on all significant matters. The Company's combined share of the output of the four nuclear units is expected to be approximately 24,600 KW including the two additional ownership interests in each of the two Seabrook Units discussed below.

The Company had also entered into two additional contracts with respect to the partial ownership of the proposed Charlestown Units No. 1 and 2 nuclear generating facilities. On October 9, 1979 the lead participant, New England Electric System, through its subsidiary New England Power Company, announced the indefinite deferral of the in-service dates of these two Units, and subsequently exercised its right under the Charlestown ownership agreement to terminate the project. On November 27, 1979 the DPU approved the Company's request to amortize approximately \$653,000, representing the Company's gross expenditures in the Charlestown Units prior to termination of the project, over a 36 month period. In the opinion of the management of the Company, this form of rate treatment is adequate to insulate the Company's earnings from any significant effects of these expenditures. The Company will request DPU permission to apply similar treatment to any additional costs resulting from its association with these Units.

The Company had also entered into a contract with respect to the partial ownership of the proposed Montague Units No. 1 and 2 nuclear generating facilities. On December 31, 1980, the lead participant, Northeast Utilities, exercised its right under the Montague ownership agreement to terminate the project. The Company has requested permission of the DPU to amortize approximately \$207,000, representing the Company's gross expenditure less previously deferred income taxes and related tax savings in the Montague Units prior to termination of the project, over a 60 month period. In the opinion of the management of the Company, this form of rate treatment is adequate to insulate the Company's earnings from any significant effects of these expenditures. The Company is unable to estimate with certainty the amount of additional charges, or possible cost recovery, which may result from the cancellation of these two Units. The Company expects to, however, request DPU permission to apply similar treatment to any additional costs resulting from its association with these Units.

The Company has acquired additional ownership interests in each of the two Seabrook Units from two sources: The Connecticut Light and Power Company (CL&P) and Public Service Company of New Hampshire (PSNH). On January 26, 1979, the common shareholders approved the acquisition of an additional 0.43332% ownership interest in each of the Seabrook Units from CL&P. On March 25, 1980, the common shareholders approved the purchase of up to an additional 0.26087% ownership interest in each of the Seabrook Units from PSNH.

The Company received approval from the DPU to purchase both additional interests on October 30, 1980. The transfer of the portion from CL&P took place on January 30, 1981. The portion from PSNH is being transferred to the Company beginning February, 1981.

Item 1. BUSINESS (Continued)

Joint Projects and Other Plans (continued)

The Seabrook Units will each have an expected net capability of approximately 1,150 MW. With the acquisition of the additional ownership interests, the Company will be entitled to 0.86519% of each Unit's output, which entitlements are estimated to be a total of 19,900 KW. It is anticipated that the additional interests in the Seabrook Units will partially replace capacity covered by existing purchase power contracts which will be expiring in the mid 1980's.

The most recent estimate received, in 1980, from PSNH, the lead participant, indicates that the Seabrook Units will be constructed at a total cost, including at least an initial nuclear core, of approximately \$2,398,900,000 (excluding Allowance for Funds Used During Construction (AFUDC)). All approvals and permits from state and federal regulatory bodies required for construction of the Units have been obtained and construction is in progress. The obtaining of these approvals and permits has been opposed by a number of intervening groups and demonstrators at the Seabrook site and has been time consuming, resulting in significantly increased costs for the project. Several court appeals from the federal regulatory approvals are pending. In addition, PSNH announced on March 20, 1980 that, as a result of instability in the capital markets and delays in obtaining regulatory approvals necessary to consummate sales of a portion of PSNH's share of the Seabrook project, PSNH had reduced its on-site personnel by approximately one-half. This reduction caused a further delay of the in-service date of the Seabrook Unit, the extent of which is unknown at this time.

Fuel Supply

Oil. Substantially all the Company's electric power is purchased from other utilities in the New England area. These New England electric utilities make greater use of fuel oil for generation of power than those in other regions of the country. Most fuel oil supplies of the New England utilities are derived from foreign sources and are subject to interference by foreign governments and price increases.

The combustion turbine leased by the Company currently operates exclusively on oil and is primarily used for peak-load operation. The Company has no long-term contracts for oil supply. Should it be necessary for the Company to reactivate currently deactivated fossil-fueled capacity, the Company would attempt to insure a supply of oil by entering, to the extent possible, into long-term contracts and bulk fuel purchases, for which the Company has adequate storage facilities.

While the Company intends to make substantial replacements of power derived from oil with power derived from nuclear and renewable sources, the Company cannot predict with certainty whether or when such replacements will be effected.

Nuclear. The Company has been advised by the companies planning or constructing the nuclear generating Units in which the Company has an interest that such Units have contracted for certain segments of the nuclear fuel production cycle through various dates. This cycle includes, among other things, mining, enrichment and disposal or reprocessing of used fuel. The Company believes that each nuclear project in which it has an interest has contracted for at least an initial core of enriched radioactive material

Item 1. BUSINESS (Continued)

Fuel Supply (continued)

necessary for fuel assembly. Contracts for various segments of the fuel cycle will be required in the future, and their availability, prices and terms cannot now be predicted.

The Company is not aware of any contractual arrangements for reprocessing of spent fuel and there are no reprocessing facilities currently operating in the United States. Former President Carter had stated the position of his Administration to be that the United States should indefinitely defer commercial reprocessing and recycling of spent nuclear fuel. If such services are not available when required for the Units in which the Company has an interest, the spent fuel can be stored pending reprocessing or disposal. The cost of long-term storage of nuclear wastes is not known at the present time. The Company cannot predict at this time what difficulties will be encountered regarding disposal of nuclear waste. The federal Nuclear Regulatory Commission (NRC), along with other federal agencies, is in the process of developing regulations and guidelines in this area. The Company expects that the Units in which it has an interest will develop plans for the disposal of nuclear wastes after promulgation of these regulations and guidelines; such plans will be subject to regulatory approvals.

Gas Operations and Supply

Gas is distributed to the area served by the Company through approximately 289 miles of steel and cast iron mains. The maximum sendout in 1980 occurred on December 25, 1980 when a new record of 17,722 MCF was achieved. The maximum sendout to date occurred on January 4, 1981 when a new record of 19,721 MCF was achieved.

The Company purchases natural gas from the Tennessee Gas Pipeline Company (Tennessee) under a firm contract which provides that the Company may take up to 7,506 MCF of gas daily. This contract expires on November 1, 2000, but will continue beyond this expiration date until terminated by either party on twelve months' written notice.

Beginning in January, 1974, Tennessee began to curtail deliveries of gas due to increased overall demand in excess of pipeline capacity. All of Tennessee's curtailments are currently being made pursuant to a curtailment plan filed with the FERC on September 28, 1973, approved by the FERC on March 14, 1977, and modified from time to time thereafter with FERC approval. The maximum annual quantity which the Company can purchase under this plan (volumetric purchase limitation) is 2,734,215 MCF.

Curtailments of gas deliveries to the Company for the period from November 1, 1980 through March 31, 1981 were 0% below the winter volumetric purchase limitation. No curtailments below the summer volumetric purchase limitation are anticipated for the period from April 1, 1981 through October 31, 1981. Tennessee's most recent supply forecast filed with the FERC indicates that no curtailments below the winter volumetric purchase limitation are anticipated during the period from November 1, 1981 through March 31, 1982. The possibility and extent of any future curtailments, however, cannot be predicted at this time; under governing FERC opinions Tennessee has the right to increase such curtailments. Previous curtailments by Tennessee have caused the Company to reduce interruptible sales. To the extent necessary, the Company intends to continue to make such interruptions. The Company is seeking to obtain additional gas supplies in order to minimize the effects of any future curtailments.

Item 1. BUSINESS (Continued)

Gas Operations and Supply (continued)

though the Company can continue to provide an adequate supply of gas to its firm customers by reducing interruptible sales when necessary, such reductions have an adverse impact on the Company's earnings.

The Company has an underground storage contract with Consolidated Gas Supply Corporation (Consolidated) by which Consolidated will provide, on a firm basis, approximately 50,000 MCF of underground storage to the Company for a twenty-year period beginning August 1, 1980. The Company has also executed a precedent agreement with Penn-York Corporation, formerly National Fuel Gas Storage Corporation, by which Penn-York will provide approximately 300,000 MCF of underground storage to the Company. The agreement provides for shipment of 250,000 MCF's on a firm basis and 50,000 MCF on a best-efforts method and will expire on April 1, 2000. The Company has also executed a precedent agreement with Tennessee to transport all the gas which is intended to be stored by Consolidated and Penn-York. The necessary applications to provide each of these services have been filed with and noticed by the FERC, and it is anticipated that the requisite approvals will be forthcoming.

As a supplement to natural gas, the Company has a propane air gas plant with a daily production capacity of 7,200 MCF and a storage capacity of 29,725 MCF. The Company also has a leased liquefied natural gas (LNG) storage and vaporization facility with a daily production capacity of 7,200 MCF and a storage capacity of 4,167 MCF. These plants are used principally during peakload periods to augment the supply of natural gas.

The Company has a contract to purchase liquid propane from C.M. Dining, Incorporated, which will terminate March 31, 1985. This contract permits the Company to purchase up to 133,028 MCF equivalent each winter season.

The Company also has a contract to purchase liquid propane from Petrolane-Northeast Gas Service, Inc., which expires on March 31, 1985. This contract permits the Company to purchase an annual quantity of up to 50,459 MCF equivalent.

The Company also has a contract to purchase gas from Bay State Gas Company, which expires on March 31, 1988, but will continue beyond this expiration date until terminated by either party on twelve months written notice. This contract permits the Company to purchase an annual quantity of up to 165,000 MCF.

If curtailments by Tennessee of pipeline deliveries of natural gas do not increase significantly beyond presently indicated levels, and if LNG and liquid propane continue to be available from market sources, the capacities of the Company's LNG and propane facilities, together with the natural gas available under the contract with Tennessee, are expected to provide adequate gas supplies to fulfill the requirements of all existing firm customers served by the Company. There can be no assurance, however, that limitations on interruptible service will not continue to increase or that future restrictions will not be imposed on firm customers.

Item 1. BUSINESS (Continued)

Environmental Matters

The combustion turbine operated by the Company, the fossil-fueled and nuclear joint projects in which the Company has an ownership interest and the electric generating units from which the Company purchases power under long-term contracts are all subject to regulation with regard to air and water quality and other environmental factors by governmental authorities, federal, state and local.

The Company believes that it is in material compliance with all applicable environmental regulations. The Company further believes that no significant expenditures will be required to maintain such compliance in the case of the combustion turbine operated by the Company. The Company may, however, incur increased construction or operating expenditures as a result of environmental requirements applicable to those units over which it does not have supervisory control, but in which it has an ownership share.

In complying with existing environmental regulations and further developments in these and other areas of regulation, the Company as a joint participant in the units in which it has an ownership interest has incurred, and expects to continue to incur, substantial capital expenditures for equipment modifications and additions, monitoring equipment, recording devices and general operating expenses. The total amount of these expenditures is not now determinable. The requirements in these areas may also cause substantial delays in the completion of new facilities, including the four nuclear generating units in which the Company has an ownership interest.

Nuclear Licensing

Nuclear plants require various construction and operating permits from state regulatory authorities, including the DPU and the Nuclear Regulatory Commission (NRC). These regulatory authorities extensively investigate all proposed nuclear plants in relation to safety, financial viability, and other factors.

In addition to the individual safety reviews of each nuclear generating unit which are conducted by the NRC in connection with construction permit and operating license applications, the NRC may require modifications in units which already have a construction permit or operating license, or in the fuel for such units, to take account of new standards or technological developments. Where such modifications are required, it may be necessary to reduce or cease operations of a particular unit, either on a permanent basis or until the modifications can be effected.

The expanding development of nuclear power plants in the United States continues to be a subject of public controversy. Various groups have published articles and reports, filed lawsuits and participated in administrative proceedings such as those described above, claiming that the proliferation of nuclear power plants under the present state of nuclear technology presents unacceptable risks to public health and safety and to the environment. In addition, certain of these groups have proposed restrictive legislation in Massachusetts, Connecticut and New Hampshire, and others have participated in demonstrations, including demonstrations at the Seabrook Units, and raised questions in public hearings regarding the ultimate cost of energy produced

Item 1. BUSINESS (Continued)

Nuclear Licensing (continued)

by nuclear plants as opposed to other fuels. Since the events at Three Mile Island (TMI), these efforts have substantially intensified. It is possible that some of the claims made by such groups, if they should prevail, or the existence of the controversy itself, will cause delays in, or prevention of, the construction of nuclear plants presently planned or under construction, or substantial modifications to or extended shutdowns of plants presently in operation, any of which could have an adverse impact on the results of operations of the Company.

Employee Relations

As of December 31, 1980, the Company had 164 employees, of which 84 were represented by the Brotherhood of Utility Workers of New England, Incorporated. The current two-year collective bargaining agreement terminates on April 30, 1981. The Company has pension plans for employees and also pays for employees' costs of a group insurance plan including life, sickness, accident and hospitalization benefits. (See Note 9 of Notes to Consolidated Financial Statements.)

Fitchburg Energy Development Company

The Company continues to pursue the development of domestic oil and gas supplies in an attempt to insure an adequate long-term supply of fossil fuels through its exploration and development subsidiary, Fitchburg Energy Development Company (FEDCO), which is a partner in Minuteman Exploration Company (Minuteman). FEDCO is not expected to realize income in the near-term, and the Company cannot predict whether or when FEDCO's operations will become profitable. The Company's investments in FEDCO, which are not included in its construction expenditures, are made from the general funds of the Company and are being borne by the Company's common shareholders. A joint venture program through Minuteman has involved the drilling of a number of wells in Morgan County, Ohio, since exploration was started in July, 1978. While most of these wells are currently producing oil and gas, the Company is unable to predict at this time what amounts, if any, will be transported back to its customers. As of December 31, 1980, the Company had an investment of \$20,000 in FEDCO, representing 100% of FEDCO's outstanding common stock. In addition, as of December 31, 1980, FEDCO had received capital contributions from the Company amounting to \$666,000, but a DPU order currently limits the Company's capital contributions to FEDCO to \$1,000,000. The Company anticipates petitioning the DPU for the right to invest further funds in FEDCO. Hearings, if required, are expected to be held in the latter part of 1981.

Item 2. PROPERTIES

The Company owns a propane gas plant and leases an LNG plant, all of which are located on land owned by it in fee. The Company has entered into agreements for joint ownership in four nuclear and two fossil fuel generating facilities. At December 31, 1980 the electric properties of the Company consisted principally of 67 miles of transmission lines, 21 transmission and distribution substations with a capacity of 293,300 KVA and 403 miles of distribution lines. Electric transmission facilities (including substations) and steel and cast iron gas mains owned by the Company are, with minor exceptions, located on land owned by the Company in fee or occupied pursuant to perpetual easements. The Company leases its service building and a combustion turbine electric peaking generator. For further details see Business - Electric Operations and Energy Supply and Gas Operations and Supply above for additional information regarding the Company's plants, facilities and gas mains and services.

Item 3. LEGAL PROCEEDINGS

There are no material pending legal proceedings, other than ordinary routine litigation incidental to its business, to which the Company or its subsidiary is the subject, except as noted in Note 8 to the Consolidated Financial Statements. There are no material legal proceedings to which any director, officer or affiliate of the Company or any associate of any such person, is a party, or has a material interest, adverse to the Company. There are no material proceedings arising under environmental quality and civil rights statutes pending or known to be contemplated by government agencies to which the Company or its subsidiary are a party.

Item 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

(a) As of February 17, 1981, the voting securities of the Company consisted of 558,477 shares of Common Stock, \$10 par value. As of that date, no person held of record and, to the knowledge of the Company, no person owned beneficially more than 5% of such securities.

(b) The information shown below pertains to the direct and indirect beneficial ownership of the Company's equity securities by each of the Company's Directors and by all Directors and officers as a group as of February 17, 1981.

<u>Name of Individual or Number of Persons in Group</u>	<u>Amount and Nature of Beneficial Ownership of Common Stock</u>	<u>Percent</u>
Philip H. Bradley	—	---
Richard L. Brickley	25(a)	.00%
Howard W. Evirs, Jr.	1,320(a)	.24%
	410(b)	.07%
John Grado, Jr.	500(a)	.09%
Thomas W. Sherman	125(a)	.02%
	56(b)	.01%
Robert V. Shupe	100(a)	.02%
Charles H. Tenney II	250(a)	.04%
	165(b)	.03%
	9,532(c)	1.71%
Robert L. Ware	137(a)	.02%
14 Directors and officers	2,647(a)	.48%
as a group including	10,568(d)	1.89%
above-named persons		

(a) Shares directly owned; individuals have voting and investment power with respect to these shares.

(b) Shares held in trust under terms of Company's Employee Stock Ownership Plan (ESOP); individual has voting power only with respect to shares credited to his account.

(c) Mr. Tenney has a 1/6 beneficial interest in one of the trusts which own these shares and a 1/9 beneficial interest in the other; he is Co-trustee of both trusts with shared voting and investment power. He disclaims any beneficial ownership of such shares other than such 1/6 and 1/9 beneficial interests.

Item 4. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT
(continued)

- (d) In addition to the 10,163 shares (1.82%) shown and footnoted above as owned other than directly, the officers of the Company who are not Directors have a total of 299 shares (.05%) held in the ESOP trust (see (b) above) and one of such officers lists 106 shares (.02%) which are owned by a family member; said officer has no voting or investment power with respect to, and no beneficial interest in, such shares.

No Director or officer of the Company has direct or indirect beneficial ownership of any shares of either of the outstanding series of the Company's Cumulative Preferred Stock, \$100 par value.

- (c) The Registrant knows of no arrangement, including any pledge of securities of the Registrant, the operation of which may at a subsequent date result in a change in control of the Registrant.

PART IIItem 5. MARKET FOR THE REGISTRANT'S COMMON STOCK AND RELATED SECURITY
HOLDER MATTERS

Common Stock Market Prices and Dividends on page 4 of the shareholders' annual report for the year ended December 31, 1980 is incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA

Selected Financial Data on pages 26 and 27 of the shareholders' annual report for the year ended December 31, 1980 is incorporated herein by reference.

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND
RESULTS OF OPERATIONS

Management's Discussion and Analysis of Financial Condition and Results of Operations on pages 24, and 25 of the shareholders' annual report for the year ended December 31, 1980 is incorporated herein by reference.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following financial statements of the registrant, included on the following pages in the shareholders' annual report for the year ended December 31, 1980, are incorporated herein by reference:

	Page No.
Consolidated Balance Sheets - December 31, 1980 and 1979	12-13
Consolidated Statements of Earnings - for the years ended December 31, 1980, 1979, and 1978	14
Consolidated Statements of Changes in Financial Position - for the years ended December 31, 1980, 1979 and 1978	15
Consolidated Statements of Retained Earnings - for the years ended December 31, 1980, 1979 and 1978	16
Notes to Consolidated Financial Statements	16-22
Report of Independent Certified Public Accountants	23

PART III

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information pertaining to Directors of the registrant on pages 2 and 3 of the proxy statement for 1981 annual meeting is incorporated herein by reference.

Item 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT (continued)

The names, ages and positions of all of the executive officers of the Company as of March 25, 1981 are listed below along with their business experience during the past five years. All officers are elected or appointed annually by the Board of Directors at the Directors' first meeting following the annual meeting which is held on the fourth Tuesday in March. There are no family relationships among these officers, nor is there any arrangement or understanding between any officer and any other person pursuant to which the officer was selected.

<u>Name, Age and Position</u>	<u>Business Experience During Past 5 Years</u>
Charles H. Tenney II, 62 Chairman of the Board of Directors and Chief Executive Officer	Director, Chairman of the Board of Directors and Chief Executive Officer of the Company; Director, Chairman of the Board of Directors and Chief Executive Officer of the Company's subsidiary; Director, Chairman of the Board of Directors and Chief Executive Officer of Bay State Gas Company, Concord Electric Company and Exeter & Hampton Electric Company.
Howard W. Evirs, Jr., 55 President	Director and President of the Company; Director and President of the Company's subsidiary.
Frank L. Childs, 36 Vice President and Treasurer	Vice President since 1979 and Treasurer since 1980 of the Company (Assistant Treasurer 1979-1980; in Financial Department prior thereto); Director, since 3/24/81, Vice President and Treasurer of the Company's subsidiary; Director since 3/11/81 and Vice President and Treasurer since 1980 of Concord Electric Company and Vice President and Treasurer since 1980 of Exeter & Hampton Electric Company (formerly Assistant Treasurer of each 1979-1980; in Financial Department of each and of Bay State Gas Company prior thereto).
David K. Foote, 33 Vice President	Vice President since 1980 of the Company (Assistant Vice President 1978-1980; Manager, Energy Production prior thereto); Director, since 3/24/81, and Vice President of the Company's subsidiary.
Edward D. McKenzie, 56 Assistant Treasurer	Assistant Treasurer since 1979 of the Company; Assistant Treasurer of the Company's subsidiary; Assistant Treasurer since 1979 of Concord Electric Company and Exeter & Hampton Electric Company (Assistant Treasurer 1978-1979 of Bay State Gas Company; Controller thereof prior thereto)

Angela P. Carlson, 43
Clerk

Clerk of the Company; Secretary of the Company's subsidiary; Clerk of Bay State Gas Company; Secretary of the Board of Directors of Concord Electric and Exeter & Hampton Electric Company.

William D. MacGillivray, 37
Assistant Clerk

Assistant Clerk since 1979 of the Company; Assistant Secretary of the Company's subsidiary; Assistant Clerk since 1979 of Bay State Gas Company (Manager, Tax Services of Bay State Gas Company since 1977; with Alexander Grant & Company prior thereto).

Edward R. Harriman, 51
Controller

Controller since 3/24/81 of the Company (also Assistant Vice President since 1972); Controller of the Company's subsidiary.

Item 10. MANAGEMENT REMUNERATION AND TRANSACTIONS

Information pertaining to remuneration of the registrant on pages 4 and 5 of the proxy statement is incorporated herein by reference.

PART IV

Item 11. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(a) (1) and (2) - The response to this portion submitted as a separate section of this report.

(3) Exhibits

<u>Exhibit No.</u>	<u>Description of Exhibits</u>	<u>Reference *</u>
3.1	Articles of Organization, as supplemented	Exhibit 2.1 to registration statement 2-67343
3.2	By-laws	Exhibit 3 to Form 10-K for 1979
4.1	4 7/8% Purchase Agreement dated February 2, 1959 due February 1, 1984	**
4.2	9 3/8% Indenture dated March 1, 1970 due March 1, 1995	Exhibit 4.1 to Registration statement 2-35954

<u>Exhibit No.</u>	<u>Description of Exhibits</u>	<u>Reference *</u>
4.3	First Supplemental Indenture dated September 11, 1974, relating to the 9 3/8% Indenture dated March 1, 1970, due March 1, 1995.	Filed herewith
4.4	10% Indenture dated September 15, 1976 due September 1, 1996.	**
4.5	10 1/4% Indenture dated May 1, 1974 due May 1, 1999.	**
4.6	15 3/4% Indenture dated October 15, 1980 due September 1, 2000	Filed herewith
10.1	Waiver of the Company's right to purchase all or any part of Millstone Unit No. 3 offered by Montaup Electric Company dated December 23, 1980	Filed herewith
10.2	Agreement dated February 18, 1980 between the Company and Consolidated Gas Supply Corporation (Consolidated) to provide natural gas storage service; and between the Company and Tennessee Gas Pipeline Company (Tennessee) to provide a natural gas transportation service through April 1, 2000	Exhibit 21 to 10K for 1979
10.3	Agreement dated October 1, 1980 between the Company and C.M. Dining, Incorporated (Dining) for the purchase of 1,450,000 gallons of propane per year for the next five years.	Filed herewith
10.4	Agreement dated August 26, 1980 between the Company and Petrolane Northeast Gas Service (Petrolane), a five year contract for the purchase of 550,000 gallons of propane per year.	Filed herewith
10.5	Third Amendment dated June 30, 1980 relating to Pilgrim Unit No. 2 between the Company, Boston Edison Company and other participants	Filed herewith

<u>Exhibit No.</u>	<u>Description of Exhibits</u>	<u>Reference *</u>
10.6	Agreement dated July 1, 1980 between the Company and Green Mountain Power Corporation (GMP) providing for the weekly exchange of GMP's system capacity and associated energy for capacity in the Company's combustion turbine.	Filed herewith
10.7	Agreement dated March 18, 1980 between the Company and Bamerilease Capital Corporation (Bamerilease) and Burroughs Corporation transferring the Company's right, title and interest in a Burrough's Model 1855 computer system and terminals to Bamerilease and the subsequent leasing of said equipment.	Filed herewith
10.8	Precedent Agreement dated February 10, 1981 between the Company and National Fuel Gas Supply Corporation (National Gas) to provide to Penn-York the volume of base gas needed in conjunction with development of underground storage facilities.	Filed herewith
10.9	Precedent Agreement dated October 1, 1980 between the Company and Penn-York Energy Corporation (formerly National Gas Storage Corporation) providing for the development of underground storage facilities.	Filed herewith
10.10	Precedent Agreement dated October 21, 1980 between the Company and Tennessee providing for firm natural gas transportation service of gas stored by Consolidated.	Filed herewith
10.11	Sixth Extension Agreement dated November 12, 1980 between the Company and The Connecticut Light and Power Company to transfer ownership share in each of the Seabrook Units to March 31, 1981.	Filed herewith

<u>Exhibit No.</u>	<u>Description of Exhibits</u>	<u>Reference *</u>
10.12	Extension Agreements between the Company and the Connecticut Light and Power Company to transfer ownership share in each of the Seabrook Units.	Exhibit 15 to 10K for 1979
10.13	Twelfth and thirteenth Amendment to Agreement For Joint Ownership, Construction and Operation of New Hampshire Nuclear Units dated June 16, 1980 and December 31, 1980 between the Company and Public Service Company of New Hampshire.	Filed herewith
10.14	Master Lease dated December 9, 1980 between the Company and Security Pacific Commercial Leasing, Inc. providing for the lease of all the modular furniture; chairs, partitions, tables and desk tops, located in the new service center.	Filed herewith
10.15	Lease Agreement dated August 6, 1980 between the Company and Fitchburg Associates providing for the sale and lease back of the new service center.	Filed herewith
10.16	Agreement dated December 11, 1979 relating to the purchase of B1855 Data Processing System between the Company and Burroughs Corporation.	Exhibit 11 to 10K for 1979
10.17	Amendment No. 2 to Pension Plan dated January 16, 1979 (pertaining to union and nonunion employees).	Exhibit 5 and 6 to 10K for 1979
10.18	Labor Agreement, effective May 1, 1979 between the Company and the Brotherhood of Utility Workers of New England, Inc. Local No. 340.	Exhibit 8 to 10K for 1979
10.19	Letter agreement dated May 30, 1979, amending the Boston Edison Company contract.	Exhibit 12 to 10K for 1979
10.20	Amendments to Escrow Agreement dated April 30, 1979, relating to the New Hampshire Nuclear Units between the Company and Central Maine Power Company and other participants.	Exhibit 14 to 10-K for 1979

<u>Exhibit No.</u>	<u>Description of Exhibits</u>	<u>Reference *</u>
10.21	Contract dated February 18, 1980, between the Company and Consolidated Gas Supply Corporation	Exhibit 21 to 10K for 1979
10.22	Precedent agreement dated February 25, 1980, between the Company and National Fuel Gas Supply Corporation.	Exhibit 22 to 10K for 1979
10.23	Joint Ownership Agreement, dated October 13, 1972, relating to Pilgrim Unit No. 2 between the Company, Boston Edison Company and other participants.	Exhibit 24 to Form 12K for 1972
10.24	Agreement for Joint Ownership Construction and Operation of New Hampshire Nuclear Units, dated May 1, 1973, between the Company, Public Service Company of New Hampshire and other participants.	Exhibit 13.9 to Registration Statement 250466
10.25	William F. Wyman Unit No. 4 Agreement for Joint Ownership, Construction and Operation, dated November 1, 1974, between the Company, Central Maine Power Company and other New England utilities.	Exhibit 2.1 to Form 12K for 1974
10.26	Agreement for Joint Ownership, Planning and Operations of New Haven Harbor Station Unit No. 1, dated August 1, 1975, between the Company, The United Illuminating Company and other participants.	Exhibit 2.11 to Form 12K for 1975
10.27	Joint Ownership Agreement, dated September 1, 1977, relating to Millstone Unit No. 3 between the Company, subsidiaries of North east Utilities and other participants.	Exhibit 2.20 to 10K for 1977
11.1	Statement re. computation in Support of Earnings Per Share	Filed herewith
12.1	Statement re. computation in Support of Ratio of Earnings to Fixed Charges.	Filed herewith

<u>Exhibit No.</u>	<u>Description of Exhibits</u>	<u>Reference *</u>
13.1	Annual Report to Shareholders	Filed herewith
22.1	Statement re. Subsidiaries of Registrant	Filed herewith

* The exhibits referred to in this column by specific designations and dates have heretofore been filed with the Securities and Exchange Commission under such designations as are hereby incorporated by reference.

** Copies of those debt instruments will be furnished to the Securities and Exchange Commission upon request.

(b) Report on Form 8-K

No reports on Form 8-K were filed during the fourth quarter of the year ended December 31, 1980.

(d) Financial Statement Schedule

The response to this portion of Item 11 is submitted as a separate section of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, the Registrant has caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

March 27, 1981

By Frank L. Childs
Frank L. Childs
 (Vice President and Treasurer)

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons in the capacities on the dates indicated

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
<u>Charles H. Tenney II (Chairman of the Board of Directors)</u>	* Principal Executive Officer; Director	March , 1981
<u>Frank L. Childs</u> Frank L. Childs (Vice President and Treasurer)	Principal Financial Officer	March 27, 1981
<u>Edward R. Harriman (Controller)</u>	* Principal Accounting Officer	March , 1981
<u>Howard W. Evirs, Jr. (President)</u>	* Director	March , 1981
<u>Philip H. Bradley</u>	* Director	March , 1981
<u>Richard L. Brickley</u>	* Director	March , 1981
<u>John Grado, Jr.</u>	Director	March , 1981
<u>Thomas W. Sherman</u>	* Director	March , 1981
<u>Robert V. Shupe</u>	* Director	March , 1981
<u>Robert L. Ware</u>	* Director	March , 1981

* By Frank L. Childs
Frank L. Childs
 (Attorney-in-Fact)

March 27, 1981

ANNUAL REPORT ON FORM 10-K

ITEM 11(a)(1) and (2) and ITEM 11(d)

LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

FINANCIAL STATEMENT SCHEDULES

YEAR ENDED DECEMBER 31, 1980

WITH REPORT OF INDEPENDENT CERTIFIED

PUBLIC ACCOUNTANTS

Prepared for filing as part of
Annual Report (Form 10-K)
To the Securities and Exchange Commission

Fitchburg Gas and Electric Light Company

LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The following financial statements of Fitchburg Gas and Electric Light Company and subsidiary, included in the annual report of the registrant to its shareholders for the year ended December 31, 1980, are incorporated by reference in Item 8:

	<u>Page No.</u>
Consolidated Balance Sheets - December 31, 1980 and 1979	12-13
Consolidated Statements of Earnings - for the years ended December 31, 1980, 1979 and 1978	14
Consolidated Statements of Changes in Financial Position - for the years ended December 31, 1980, 1979 and 1978	15
Consolidated Statements of Retained Earnings - for the years ended December 31, 1980, 1979 and 1978	16
Notes to Consolidated Financial Statements	16-22
Report of Independent Certified Public Accountants	23

The following consolidated financial statement schedules of Fitchburg Gas and Electric Light Company and subsidiary are included in 11(d):

	<u>Page No.</u>
Report of Independent Certified Public Accountants	25
For the three years ended December 31, 1980, 1979 and 1978:	
Schedule V Property, Plant and Equipment	26-28
Schedule VI Accumulated Depreciation, Depletion and Amortization of Property, Plant and Equipment	29-31
Schedule VIII Valuation and Qualifying Accounts	32
Schedule IX Short-term Borrowings	33
Schedule X Supplementary Income Statement Information	34

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable, and therefore have been omitted.

Separate financial statements and supplemental schedules of the Company are omitted since the Company is primarily an operating company and its subsidiary, included in the consolidated financial statements being filed, does not have a minority equity interest or indebtedness to any person other than the Company in an amount which exceeds five percent of the total assets as shown by the consolidated financial statements as filed herein.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

TO THE SHAREHOLDERS OF
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

In connection with our examination of the consolidated financial statements of Fitchburg Gas and Electric Light Company and Subsidiary referred to in our report dated February 5, 1981, which is incorporated by reference to the 1980 Annual Report to Shareholders, we have also examined the schedules listed in the Index at Item 11(a)(2). In our opinion, these schedules present fairly the information required to be set forth therein.

We also consent to the incorporation by reference of our aforementioned report dated February 5, 1981, constituting part of the Fitchburg Gas and Electric Light Company Employee Stock Ownership Plan's Registration Statement on Form S-8.

Alexander Grant & Company

Boston, Massachusetts
February 5, 1981

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 1980

	<u>COLUMN A</u>	<u>COLUMN B</u>	<u>COLUMN C</u>	<u>COLUMN D</u>	<u>COLUMN E</u>	<u>COLUMN F</u>
	<u>Classification</u>	<u>Balance at</u> <u>Beginning of</u> <u>Period</u>	<u>Additions</u> <u>at Cost</u>	<u>Retirements</u> <u>or Sales</u>	<u>Other Changes</u> <u>Debit and/or</u> <u>(Credit)</u>	<u>Balance</u> <u>at End of</u> <u>Period</u>
ELECTRIC:	Production Plant	\$ 7,565,103	\$ 60,499	\$ --	\$ --	\$7,625,602
	Transmission Plant	7,546,700	(61,203)	7,257	--	7,478,240
	Distribution Plant	14,117,689	753,054	144,705	--	14,726,038
	General Plant	559,463	47,578	9,941	--	597,100
	Unfinished Construction	5,003,122	1,544,867	--	(294,309)(A)	6,253,680
	Property Held for Future Use	--	26,750	--	--	26,750
GAS:	Intangible Plant	36,387	--	--	--	36,387
	Production and Storage Plants	814,164	66,436	--	--	880,600
	Distribution Plant	9,719,041	2,006,236	69,995	--	11,655,282
	General Plant	193,644	30,233	--	--	223,877
	Unfinished Construction	182,017	117,923	--	--	299,940
COMMON:	Production Plant	9,225	--	--	--	9,225
	General Plant	1,386,325	31,862	22,231	--	1,395,956
	Unfinished Construction	11,252	(132)	--	--	11,120
	Total	<u>\$47,144,132</u>	<u>\$4,624,103</u>	<u>\$ 254,129</u>	<u>\$(294,309)</u>	<u>\$51,219,797</u>
OTHER PHYSICAL PROPERTY:		<u>\$ 26,005</u>				<u>\$ 26,005</u>

(A) Abandonment of Montague Units 1 and 2 (Note 2).

(B) The annual provisions for depreciation have been computed principally in accordance with the following range of rates:

<u>Type of Plant</u>	<u>Electric</u>	<u>Gas</u>	<u>Common</u>
Production Plant and Storage Plant	3.095-3.572%	2.008-4.061%	--
Transmission Plant	1.589-2.483%	--	--
Distribution Plant	1.856-8.385%	1.897-7.672%	--
Equipment	3.504%	10.496%	4.929%
General Plant	1.798-4.529%	1.837-5.738%	2.739-5.292%

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 1979

	<u>COLUMN A</u>	<u>COLUMN B</u>	<u>COLUMN C</u>	<u>COLUMN D</u>	<u>COLUMN E</u>	<u>COLUMN F</u>
	<u>Classification</u>	<u>Balance at</u> <u>Beginning of</u> <u>Period</u>	<u>Additions</u> <u>at Cost</u>	<u>Retirements</u> <u>or Sales</u>	<u>Other Changes</u> <u>Debit and/or</u> <u>(Credit)</u>	<u>Balance</u> <u>at End</u> <u>Period</u>
ELECTRIC:	Production Plant	\$ 7,454,740	\$ 111,704	\$ 1,341	\$	\$ 7,565,103
	Transmission Plant	7,324,571	223,604	1,475	--	7,546,700
	Distribution Plant	13,873,619	403,971	159,901		14,117,689
	General Plant	494,481	106,282	41,300		559,463
	Unfinished Construction	4,046,581	1,609,078	--	(652,537) (A)	5,003,122
GAS:	Intangible Plant	36,387	--	--	--	36,387
	Production and					
	Storage Plants	1,032,516	140	202,939	(15,553)	814,164
	Distribution Plant	8,486,877	1,322,640	90,476	--	9,719,041
	General Plant	163,887	42,756	12,999	--	193,644
	Unfinished Construction	107,612	58,852	--	15,553	182,017
COMMON:	Production Plant	9,225	--	--	--	9,225
	General Plant	1,421,343	18,476	53,494	--	1,386,325
	Unfinished Construction	9,456	1,796	--	--	11,252
	Total	<u>\$44,461,295</u>	<u>\$3,899,299</u>	<u>\$ 563,925</u>	<u>\$ (652,537)</u>	<u>\$47,144,132</u>
OTHER PHYSICAL PROPERTY:		<u>\$ 26,005</u>				<u>\$ 26,005</u>

(A) Abandonment of Charlestown Units 1 and 2 (Note 2).

(B) The annual provisions for depreciation have been computed principally in accordance with the following range of rates:

<u>Type of Plant</u>	<u>Electric</u>	<u>Gas</u>	<u>Common</u>
Production Plant	3.095-3.572%	2.008-4.061%	--
Storage Plant	--	4.751 %	--
Transmission Plant	1.589-2.983%	--	--
Distribution Plant	1.856-8.885%	1.897-7.672%	--
Equipment	8.504 %	10.496 %	10.065%
General Plant	1.798-4.529%	1.887-5.738%	2.739-4.968%

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 1978

	<u>COLUMN A</u>	<u>COLUMN B</u>	<u>COLUMN C</u>	<u>COLUMN D</u>	<u>COLUMN E</u>	<u>COLUMN F</u>
	<u>Classification</u>	<u>Balance at</u> <u>Beginning of</u> <u>Period</u>	<u>Additions</u> <u>at Cost</u>	<u>Retirements</u> <u>or Sales</u>	<u>Other Changes</u> <u>Debit and/or</u> <u>(Credit)</u>	<u>Balance</u> <u>at End</u> <u>Period</u>
ELECTRIC:	Production Plant	\$11,159,403	\$ 374,798	\$2,910,002	\$(1,169,459) (A)	\$ 7,454,740
	Transmission Plant	6,483,861	844,429	3,719	--	7,324,571
	Distribution Plant	12,420,373	703,485	123,466	873,227 (A)	13,873,619
	General Plant	491,811	7,940	5,270	--	494,481
	Unfinished Construction	3,240,144	806,437	--	--	4,046,581
GAS:	Intangible Plant	36,387	--	--	--	36,387
	Production and					
	Storage Plants	1,037,340	1,026	5,850	--	1,032,516
	Distribution Plant	7,724,411	807,358	44,892	--	8,486,877
	General Plant	147,521	20,551	4,185	--	163,887
	Unfinished Construction	181,540	(73,928)	--	--	107,612
COMMON:	Production Plant	9,225	--	--	--	9,225
	General Plant	1,154,183	27,650	56,722	296,232 (A)	1,421,343
	Unfinished Construction	13,989	(4,533)	--	--	9,456
	Total	<u>\$44,100,188</u>	<u>\$3,515,213</u>	<u>\$3,154,106</u>	<u>\$ -0-</u>	<u>\$44,461,295</u>
OTHER PHYSICAL PROPERTY:		<u>\$ 26,005</u>				<u>\$ 26,005</u>

- (A) Transfer of assets previously used in conjunction with abandoned Unit #6 now used for other purposes.
 (B) The annual provisions for depreciation have been computed principally in accordance with the following range of rates:

<u>Type of Plant</u>	<u>Electric</u>	<u>Gas</u>	<u>Common</u>
Production Plant	3.095-3.572%	2.008-4.061%	--
Storage Plant	--	4.751 %	--
Transmission Plant	1.589-2.983%	--	--
Distribution Plant	1.856-8.885%	1.897-7.672%	--
Transportation Equipment	8.504 %	10.496 %	10.065 %
General Plant	1.798-4.529%	1.887-5.738%	2.739-4.968%

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION

OF PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 1980

<u>COLUMN A</u>	<u>COLUMN B</u>	<u>COLUMN C</u>	<u>COLUMN D</u>	<u>COLUMN E</u>	<u>COLUMN F</u>
<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Additions Charged to Costs and Expenses</u>	<u>Retirements</u>	<u>Other Changes - Add (Deduct) - Describe</u>	<u>Balance at End of Period</u>
Gas Plant	\$1,786,706	\$ 331,886	\$ 69,995	\$ (30,987)(A)	\$ 2,017,610
Electric Plant	7,609,839	936,433	161,903	(36,751)(B)	8,347,618
Common Plant	429,465	43,800	22,231	18,457 (C)	469,491
Amortization of Leasehold Improvements	17,432	8,716	—	—	26,148
Amortization of Organizational Expenses	6,368	909	—	—	7,277
Amortization of Gas Turbine Improvements	—	6,890	—	298	7,188
Amortization of LNG Plant Improvements	—	2,355	—	21,484	23,839
Total	<u>\$9,849,810</u>	<u>\$1,330,989</u>	<u>\$254,129</u>	<u>\$ (27,499)</u>	<u>\$10,899,171</u>

(A) Capitalized depreciation of \$7,357 on heavy duty equipment used in plant construction, net cost of removal (\$16,860), and depreciation transferred to the reserve for the amortization of LNG Plant Improvements of (\$21,484).

(B) Capitalized depreciation of \$12,344 on heavy duty equipment used in plant construction, net cost of removal (\$30,002) and depreciation transferred to Common Plant (\$19,094).

(C) Net cost of removal of (\$637) and depreciation transferred from Electric Plant \$19,094.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION

OF PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 1979

<u>COLUMN A</u>	<u>COLUMN B</u>	<u>COLUMN C</u>	<u>COLUMN D</u>	<u>COLUMN E</u>	<u>COLUMN F</u>
<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Additions Charged to Costs and Expenses</u>	<u>Retirements</u>	<u>Other Changes - Add (Deduct) - Describe</u>	<u>Balance at End of Period</u>
Gas Plant	\$1,855,987	\$ 264,677	\$292,129	\$ (41,829)(A)	\$1,786,706
Electric Plant	6,909,244	916,865	204,017	(12,253)(B)	7,609,839
Common Plant	414,676	45,226	53,494	23,057 (C)	429,465
Amortization of Leasehold Improvements	8,716	8,716	--	--	17,432
Amortization of Organizational Expenses	5,458	910	--	--	6,368
Total	<u>\$9,194,081</u>	<u>\$1,236,394</u>	<u>\$549,640</u>	<u>\$ (31,025)</u>	<u>\$9,849,810</u>

(A) Capitalized depreciation of \$9,065 on heavy duty equipment used in plant construction and net cost of removal (\$50,894).

(B) Capitalized depreciation of \$9,863 on heavy duty equipment used in plant construction and net cost of removal (\$22,116).

(C) Insurance Proceeds Received.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

ACCUMULATED DEPRECIATION, DEPLETION AND AMORTIZATION

OF PROPERTY, PLANT AND EQUIPMENT

FOR THE YEAR ENDED DECEMBER 31, 1978

<u>COLUMN A</u>	<u>COLUMN B</u>	<u>COLUMN C</u>	<u>COLUMN D</u>	<u>COLUMN E</u>	<u>COLUMN F</u>
<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Additions Charged to Costs and Expenses</u>	<u>Retirements</u>	<u>Other Changes - Add (Deduct) - Describe</u>	<u>Balance at End of Period</u>
Gas Plant	\$1,689,967	\$ 230,370	\$ 73,815	\$ 9,465(C)	\$1,855,987
Electric Plant	7,065,813	898,102	3,037,384	1,982,713(A)(B)(C)	6,909,244
Common Plant	259,273	43,689	49,662	161,376(A)(B)	414,676
Acquisition Cost	--	8,716(D)	--	--	8,716
Organization Expenses	<u>4,548</u>	<u>910</u>	<u>--</u>	<u>--</u>	<u>5,458</u>
Total	<u>\$9,019,601</u>	<u>\$1,181,787</u>	<u>\$3,160,861</u>	<u>\$2,153,554</u>	<u>\$9,194,081</u>

(A) Depreciation transfer of \$160,640 between primary accounts.

(B) Depreciation reserve adjustments on abandoned property of \$2,137,318.

(C) Capitalized depreciation of \$16,236 on heavy duty equipment used in plant construction.

(D) Additional costs incurred in connection with NEPCO facilities purchase.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

VALUATION AND QUALIFYING ACCOUNTS AND RESERVES

<u>COLUMN A</u>	<u>COLUMN B</u>	<u>COLUMN C</u>		<u>COLUMN D</u>	<u>COLUMN E</u>
<u>Description</u>	<u>Balance at Beginning of Period</u>	<u>Charged to Costs and Expenses</u>	<u>Additions</u> <u>Charged to Other Accounts</u>	<u>Deductions from Reserves</u>	<u>Balance at End of Period</u>
For Year ended December 31, 1980					
Reserves Deducted from Accounts Receivable					
Electric	\$129,080	\$223,175	\$ 46,977(A)	\$166,232(B)	\$233,000
Gas	47,825	140,606	4,384(A)	105,815(B)	126,000
Other	675	32,572	13,496(A)	44,243(B)	2,500
	<u>\$177,580</u>	<u>\$396,353</u>	<u>\$103,857</u>	<u>\$316,290</u>	<u>\$361,500</u>
For Year ended December 31, 1979					
Reserves Deducted from Accounts Receivable					
Electric	\$145,244	\$277,912	\$ 27,409(A)	\$321,485(B)	\$129,080
Gas	51,031	98,681	23,077(A)	124,964(B)	47,825
Other	24,205	20,432	3,544(A)	47,506(B)	675
	<u>\$220,480</u>	<u>\$397,025</u>	<u>\$ 54,030</u>	<u>\$493,955</u>	<u>\$177,580</u>
For Year ended December 31, 1978					
Reserves Deducted from Accounts Receivable					
Electric	\$ 81,268	\$276,599	\$21,216(A)	\$233,839(B)	\$145,244
Gas	23,954	79,661	18,949(A)	71,533(B)	51,031
Other	4,092	37,315	7,067(A)	24,269(B)	24,205
	<u>\$109,314</u>	<u>\$393,575</u>	<u>\$47,232</u>	<u>\$329,641</u>	<u>\$220,480</u>

(A) Collections on Accounts previously charged off.

(B) Bad Debts charged off.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

SHORT-TERM BORROWINGS

<u>COLUMN A</u>	<u>COLUMN B</u>	<u>COLUMN C</u>	<u>COLUMN D</u>	<u>COLUMN E</u>	<u>COLUMN F</u>
Category of Aggregate Short-Term Borrowings	Balance At End of Period	Weighted Average Interest Rate	Maximum Amount Outstanding During the Period	Average Amount Outstanding During the Period (B)	Weighted Average Interest Rate During the Period (C)
Year Ended December 31, 1980 Notes Payable (A)	\$1,700,000	21.50%	\$6,950,000	\$3,066,721	14.43%
Year Ended December 31, 1979 Notes Payable (A)	\$5,420,000	15.33%	\$5,610,000	\$2,441,400	13.01%
Year Ended December 31, 1978 Notes Payable (A)	\$ 970,000	11.52%	\$2,700,000	\$1,491,700	8.61%

(A) Borrowing terms are outlined in Note 6 of Notes to Consolidated Financial Statements.

(B) The average amount outstanding during the period was computed by dividing the total of daily outstanding principal balances by the number of days within a year.

(C) The weighted average interest rate during the period was computed by dividing the actual interest expense by average short-term debt outstanding.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

SUPPLEMENTARY INCOME STATEMENT INFORMATION

<u>COLUMN A</u> Item (A)	<u>COLUMN B</u> <u>Charged to Costs and Expenses</u>		
	<u>For the Years Ended December 31,</u>		
	1980	1979	1978
Taxes Other Than Federal Income Taxes:			
Charged directly to operating expenses:			
Other Taxes			
Miscellaneous Federal taxes	\$ 152,859	\$ 147,890	\$ 120,210
Miscellaneous state taxes	46,520	45,779	46,649
	<u>199,379</u>	<u>193,669</u>	<u>166,859</u>
State gross earnings (franchise) tax	117,693	178,641	113,990
Municipal property taxes	1,626,214	1,118,435	1,693,904
	<u>\$1,943,286</u>	<u>\$1,490,745</u>	<u>\$1,974,753</u>
Charged to other accounts:			
Taxes capitalized to plant	50,105	33,046	31,705
State gross earnings (franchise) tax			
charged to non-operating income and			
jobbing	501	1,530	1,086
Miscellaneous taxes charged to other			
accounts	2,201	2,638	3,083
	<u>52,807</u>	<u>37,214</u>	<u>35,874</u>
	<u>\$1,996,093</u>	<u>\$1,527,959</u>	<u>\$2,010,627</u>
Rents Charged to Operations	<u>\$ 443,913</u>	<u>\$ 430,309</u>	<u>\$ 428,289</u>

(A) Amounts recorded for maintenance and repairs and depreciation are set forth separately in the Statement of Earnings. There were no fees or royalties.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

COMPUTATION IN SUPPORT OF EARNINGS PER SHARE

	Year Ended December 31,		
	1980	1979	1978
	(000's Omitted)		
Net Income	\$1,703	\$2,261	\$1,960
Less: Dividend Requirement on Preferred Stock	274	282	288
Income Applicable to Common Stock	<u>\$1,429</u>	<u>\$1,979</u>	<u>\$1,672</u>
Average Number of Common Shares Outstanding	<u>513,384</u>	<u>455,475</u>	<u>455,475</u>
Earnings per Average Common Share Outstanding	<u>\$2.78</u>	<u>\$4.34</u>	<u>\$3.67</u>

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

Computation in Support of Ratio of Earnings to Fixed Charges

	Year Ended December 31,				
	<u>1980</u>	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>
	(000's Omitted)				
Earnings:					
Net Income, per Consolidated Statement of Earnings	\$1,703	\$2,261	\$1,960	\$1,200	\$1,083
Income Taxes	563	948	1,220	645	891
Deferred Income Taxes	540	826	439	470)	258
Amortization of Investment Tax Credit	(85)	(89)	(62)	(52)	(49)
Interest on Long-term Debt	1,611	1,499	1,515	1,527	1,316
Amortization of Debt Discount and Expense	18	20	16	17	16
Rents (annual interest component)	194	200	192	187	193
Other Interest	544	326	234	123	226
Total	<u>\$5,088</u>	<u>\$5,991</u>	<u>\$5,514</u>	<u>\$4,117</u>	<u>\$3,934</u>
Fixed Charges:					
Interest on Long-term Debt	\$1,611	\$1,499	\$1,515	\$1,527	\$1,316
Amortization of Debt Discount and Expense	18	20	16	17	16
Rents (annual interest component)	194	200	192	187	193
Other Interest	544	326	234	123	226
Total	<u>\$2,367</u>	<u>\$2,045</u>	<u>\$1,957</u>	<u>\$1,854</u>	<u>\$1,751</u>
Ratio of Earnings to Fixed Charges	<u>2.15</u>	<u>2.93</u>	<u>2.82</u>	<u>2.22</u>	<u>2.25</u>

Subsidiaries of Registrant

The Company has one wholly-owned subsidiary, Fitchburg Energy Development Company (FEDCO), a corporation organized under the laws of the State of Delaware. FEDCO has invested in oil and gas grilling projects, which investments have been recorded on the equity. The financial statements of this subsidiary are included in the Company's consolidated financial statements.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

NOTICE OF ANNUAL MEETING OF COMMON SHAREHOLDERS

Canton, Massachusetts
February 25, 1981

To the Common Shareholders:

You are hereby notified that the annual meeting of common shareholders of Fitchburg Gas and Electric Light Company will be held at The First National Bank of Boston, 100 Federal Street, Boston, Massachusetts, in the Auditorium on the First Floor, on Tuesday, March 24, 1981, at 10:30 A.M., for the following purposes:

1. To elect two Directors.
2. To amend the Articles of Organization of the Company to increase the authorized capital stock by \$5,911,000, consisting of 59,110 additional shares of Cumulative Preferred Stock, \$100 par value.
3. To further amend the Articles of Organization of the Company to give the Board of Directors the authority to make, amend or repeal the Company's By-Laws to the extent permitted by the Massachusetts General Laws, as amended, and amend Article XVI of the By-Laws to reflect the same.
4. To act on such other matters as may properly come before the meeting or any adjournments thereof.

The enclosed form of proxy has been prepared at the direction of the Board of Directors of the Company and is sent to you at its request. The persons named in said proxy have been designated by the Board of Directors.

IF YOU DO NOT EXPECT TO BE PRESENT PERSONALLY AND YOU WISH YOUR STOCK VOTED AT THE MEETING, PLEASE SIGN, DATE AND RETURN THE PROXY BY MAIL IN THE POSTAGE-PAID ENVELOPE SENT YOU HERewith FOR THAT PURPOSE. IF YOU LATER FIND THAT YOU CAN BE PRESENT OR FOR ANY OTHER REASON DESIRE TO REVOKE OR CHANGE YOUR PROXY, YOU MAY DO SO AT ANY TIME BEFORE IT IS VOTED.

The Board of Directors fixed February 17, 1981 as the record date for the determination of those shareholders entitled to notice of and to vote at this meeting and all persons who were holders of record of Common Stock on such date and no others are entitled to notice of and to vote at this meeting and any adjournments thereof.

By Order of the Board of Directors,

CHARLES H. TENNEY II
Chairman of the Board of Directors

ANGELA P. CARLSON
Clerk

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

120 ROYALL STREET
CANTON, MASSACHUSETTS 02021

February 25, 1981

PROXY STATEMENT

ANNUAL MEETING OF COMMON SHAREHOLDERS, MARCH 24, 1981

This proxy statement is furnished in connection with the solicitation on behalf of the Board of Directors of proxies in the accompanying form for use at the 1981 annual meeting of common shareholders of Fitchburg Gas and Electric Light Company (the "Company"). Each proxy can be revoked at any time before it is voted. Every properly signed proxy will be voted unless previously revoked.

The annual report of the Company for the year 1980 is enclosed herewith and includes financial statements which are incorporated herein by reference.

The voting securities of the Company issued and outstanding on February 17, 1981 consisted of 558,477 shares of Common Stock, \$10 par value per share, entitling the holders thereof one vote per share. Holders of Common Stock of record on such date are entitled to notice of and to vote at the annual meeting and any adjournments thereof. A majority of the outstanding shares of Common Stock constitutes a quorum.

No person holds of record and, to the knowledge of management, no person owns beneficially more than five (5) per cent of the Common Stock of the Company which may be voted at the annual meeting and any adjournments thereof.

The 14 Directors and officers of the Company as a group have beneficial ownership of 13,215 shares (2.37%) of Common Stock of the Company, of which they have direct beneficial ownership of 2,510 shares (.45%) and indirect beneficial ownership of 10,568 shares (1.89%). To the knowledge of management, each of said Directors and officers has voting and investment power with respect to the shares directly owned. With regards to certain of the indirect beneficial ownership by said group, see the footnotes on page 3 of this proxy statement. No Director or officer of the Company has direct or indirect beneficial ownership of any shares of either of the outstanding series of the Company's Cumulative Preferred Stock, \$100 par value.

Assuming a quorum is present, the favorable vote of a majority of the shares of Common Stock represented and voting will be required for the election of Directors and for approval of any other matters which may come before the meeting, with the exception of the amendment of the Articles of Organization increasing the authorized capital stock described in Item 2 hereof which requires the favorable vote of a majority of the outstanding shares of Common Stock entitled to vote at this meeting for approval and the second amendment of the Articles of Organization relating to authorizing the Directors to make, amend or repeal the By-Laws described in Item 3 hereof which requires the favorable vote of two-thirds of the outstanding shares of Common Stock entitled to vote at this meeting for approval.

1. AS TO THE ELECTION OF DIRECTORS

The By-Laws of the Company provide for a Board of eight Directors divided into five classes, three classes of two Directors each and two classes of one Director each, with their respective tenures so arranged that the term of office of one class expires in each year at which time a corresponding number of Directors is elected for a term of five years. At this meeting, two Directors are to be elected to hold office for the ensuing five years.

INFORMATION ABOUT NOMINEES FOR DIRECTORS

Each nominee has been a member of the Board of Directors since the date indicated and has been previously elected by the common shareholders. Management intends to vote the proxies for the persons whose names are set forth below unless instructed otherwise. If either nominee shall be unable to serve, the proxies will be voted for such persons as may be designated by management to replace such nominee. Management has no reason to believe that either of the nominees is not available or will not serve if elected. Unless otherwise indicated all shares shown represent sole voting and investment power.

	First Elected	Securities Owned Beneficially on January 15, 1981 (a)	
		Shares	Percent
Thomas W. Sherman, Age 40 Director, Executive Vice President and Treasurer of Bay State Gas Company, Canton, Mass. Mr. Sherman is also a Director of the Company's subsidiary and a Director of Concord Electric Company, Concord, N.H., and Exeter & Hampton Electric Company, Exeter, N.H. (He was also Vice President and Treasurer of the Company, its subsidiary, Concord and Exeter until March, 1980.)	1975	181 C(b)	.03%
Robert V. Shupe, Age 46 President of R. L. Gourley Co., Inc., Wellesley, Mass. (distributors of heating, air conditioning and water heating equipment). Mr. Shupe is also a Director of Concord Electric Company, Concord, N.H., and Exeter & Hampton Electric Company, Exeter, N.H.	1972	100 C	.02%

INFORMATION ABOUT DIRECTORS WHOSE TERMS OF OFFICE CONTINUE

	First Elected	Term Expires	Securities Owned Beneficially on January 15, 1981 (a)	
			Shares	Percent
Philip H. Bradley, Age 64 Resident Manager, Northeast, IBM Corporation, Waltham, Mass. (manufacture, sales and service of computers and other business machines).	1975	1983	—	—
Richard L. Brickley, Age 63 Lawyer; partner in the law firm of Brickley, Sears & Cole, Boston, Mass. (c). Mr. Brickley is also a Director of the Company's subsidiary and a Director of Bay State Gas Company, Canton, Mass., Concord Electric Company, Concord, N.H., Exeter & Hampton Electric Company, Exeter, N.H., and Orange and Rockland Utilities, Inc., Pearl River, N.Y.	1954	1982	25 C	.00%
Howard W. Evirs, Jr., Age 55 President of the Company; Director and President of the Company's subsidiary. Mr. Evirs is also a Director of Concord Electric Company, Concord, N.H.	1969	1985	1,730 C(d)	.31%

	First Elected	Term Expires	Securities Owned Beneficially on January 15, 1981 (a)	
			Shares	Percent
John Grado, Jr. Age 53 Vice President of Litton Industries Inc., Fitchburg, Mass. (a diversified industry), and chief executive of its Paper, Printing and Forms Group.	1976	1985	500 C	.09%
Charles H. Tenney II, Age 62 Chairman of the Board of Directors and chief executive officer of the Company; Director, Chairman of the Board of Directors and chief executive officer of the Company's sub- sidiary; Director, Chairman of the Board of Directors and chief executive officer of Bay State Gas Company, Canton, Mass., Concord Electric Company, Concord, N.H., and Exeter & Hampton Electric Company, Exeter, N.H.	1946	1982	9,947 C(e)	1.78%
Robert L. Ware Age 52 Lawyer; partner in the law firm of Ware & Ware, Fitchburg, Mass. (f). Mr. Ware is also a Director of Vermont and Massachusetts Railroad Company, Boston, Mass.	1967	1984	137 C	.02%

Notes:

- (a) Based on information furnished to the Company by the nominees and continuing Directors. Shares of Common Stock are indicated by C and the percent shown is the percent of the total outstanding shares of Common Stock.
- (b) Included are 125 shares (.02%) held jointly with his wife with whom he shares voting and investment power. Also included are 56 shares (.01%) held in trust under the terms of the Company's Employee Stock Ownership Plan ("ESOP"); Mr. Sherman has voting power only with respect to the shares which are credited to his account (g).
- (c) The firm of Brickley, Sears & Cole has acted as legal counsel for the Company on various matters for many years and it is expected that such firm will be retained by the Company in this capacity in the future. In 1980 the Company paid \$49,209 to Brickley, Sears & Cole for legal services.
- (d) Included are 410 shares (.07%) held in trust under the terms of ESOP; Mr. Evirs has voting power only with respect to the shares which are credited to his account (g).
- (e) Included are 9,532 shares (1.71%) owned by two trusts of which Mr. Tenney is Co-Trustee with shared voting and investment power; he has a 1/6 beneficial interest in one of such trusts and a 1/9 beneficial interest in the other and disclaims any beneficial ownership of such shares other than such 1/6 and 1/9 beneficial interests. Also included are 165 shares (.03%) held in trust under the terms of ESOP; Mr. Tenney has voting power only with respect to the shares which are credited to his account (g).
- (f) The firm of Ware & Ware has acted as legal counsel for the Company on franchise matters for many years and it is expected that such firm will be retained by the Company in this capacity in the future. In 1980 the Company paid \$1,410 to Ware & Ware for legal services.
- (g) For further information regarding ESOP, see footnote ** on page 5 hereof.

The Board of Directors of the Company met six times in 1980. Messrs. Bradley, Brickley, Evirs, Sherman, Tenney and Ware were present at all meetings, Mr. Shupe at five and Mr. Grado at four.

COMMITTEES OF THE BOARD OF DIRECTORS

The Audit Committee of the Board of Directors, which held two meetings in 1980, consists of Philip H. Bradley (Chairman), Robert V. Shupe and Robert L. Ware, each of whom attended both meetings. The duties of this Committee encompass making recommendations on the selection of the Company's independent auditors; conferring with such auditors regarding, among other things, the scope of their examination, with particular emphasis on areas where special attention should be directed; reviewing the accounting principles and practices being followed by the Company as they relate to those prevailing in the utility industry; assessing the adequacy of the Company's interim and annual financial statements; reviewing the Company's internal audit controls; performing such other duties as are appropriate to monitor the accounting and auditing policies and procedures of the Company; and reporting to the full Board from time to time.

The Compensation Committee of the Board of Directors, which held one meeting in 1980, consists of Philip H. Bradley (Chairman), John Grado, Jr. and Charles H. Tenney II, each of whom was present at the meeting. The duties of this Committee include studying and making recommendations to the Board with respect to salaries and other benefits to be paid to the officers of the Company.

The Company does not have a nominating committee of the Board of Directors.

REMUNERATION OF DIRECTORS AND OFFICERS

Members of the Board of Directors who are not salaried officers of the Company receive an annual retainer fee of \$700 payable semi-annually on January 1 and July 1 of each year. All members of the Board are entitled to receive \$200 for attendance at each meeting of the Board plus reimbursement of expenses incurred in connection with such attendance.

Members of the Audit Committee of the Board of Directors receive an annual Audit Committee fee of \$500 payable semi-annually on January 1 and July 1 of each year and are entitled to receive \$200 for attendance at each meeting thereof plus reimbursement of expenses incurred in connection with such attendance.

Members of the Compensation Committee of the Board of Directors who are not salaried officers of the Company are entitled to receive \$100 for attendance at each meeting thereof. All members of said Committee are entitled to reimbursement of expenses incurred in connection with attendance at such meetings.

The tabulation below shows the aggregate cash or cash-equivalent forms of remuneration received from the Company during the year 1980 by each Director and each of the five highest paid executive officers of the Company whose total remuneration exceeded \$50,000, and to all Directors and officers as a group, and the aggregate of contingent forms of remuneration payable to the persons named and to said group.

Name of Individual or Number of Persons in Group	Capacities in which Remuneration was Received	Salaries, Fees, etc.*	Aggregate of Contingent Forms of Remuneration**
Howard W. Evirs, Jr.	President and Director of the Company	\$ 75,600	\$2,904
14 Directors and officers of the Company as a group, including the above-named person		\$205,773	\$6,843

Notes:

*No Director or officer received from the Company any cash or cash-equivalent forms of remuneration other than salaries, fees, etc. during 1980.

**The Company has in effect an Employee Stock Ownership Plan ("ESOP") for eligible employees. Each year the Company contributes to a trust for the benefit of participants an amount equal to the additional investment tax credit claimed on its corporate income tax return. The ESOP has been amended so as to permit the Company to claim up to an additional ½% investment tax credit (above the 1% investment tax credit otherwise allowable for the ESOP) for amounts contributed by the Company to the ESOP which are matched by voluntary contributions by participants. The Trustee then invests the amount contributed in shares of the Company's Common Stock. During 1980, the Company contributed \$6,356 to the ESOP which is equivalent to the additional ½% investment tax credit for the tax year 1978 and, for the tax year 1979, \$44,059 to the ESOP which is equivalent to the 1½% investment tax credit allowable for the ESOP. The shares acquired by the Trustee during 1980 have been proportionately credited to each participant's account and are held, together with any previously credited shares, in the trust pursuant to the ESOP. The price of the shares purchased with the Company's contribution and credited during 1980 to the accounts of each of the officers of the Company who are participants in the ESOP is included in the above table. Directors who are not salaried officers of the Company are not eligible to participate in the ESOP; however, any Director who was a salaried officer at any time since January 1, 1976, if eligible, was a participant in the ESOP for the period of time he was an officer.

The Company has in effect funded Pension Plans and related Trust Agreements, which Plans provide retirement annuities for all participating employees. The Company bears the full cost of the Plans and its contribution for 1980 was \$533,945. No amounts were set aside or accrued for the benefit of any above-named person under any pension or retirement plan except for unidentified amounts paid into the Trust Fund pursuant to the Plans. Directors who are not and have not been officers of the Company do not participate in the Plans.

The following table sets forth the estimated annual benefits (exclusive of Social Security payments) payable to participants in the specified remuneration and years of service classifications, assuming continued active service until retirement at normal retirement age under the Plan covering management and certain clerical employees of the Company and that the present Plan is in effect at such time.

Average Annual Earnings Used for Computing Pension	ANNUAL PENSION			
	15 Years of Service	20 Years of Service	25 Years of Service	30 Years of Service
\$ 15,000	\$ 2,609	\$ 4,109	\$ 4,859	\$ 5,609
25,000	5,474	7,974	9,224	10,474
50,000	12,969	17,969	20,469	22,969
75,000	20,469	27,969	31,719	35,469
100,000	27,969	37,969	42,969	47,969

The formula for determining annual benefits under the life annuity option of such Plan is (a) 2% of average annual earnings (average annual earnings during the five consecutive years out of the last fifteen years of employment that are the highest average earnings) for each of the first twenty years of benefit service, plus (b) 1% of average annual earnings for each of the next ten years of benefit service and (c) ½% of average annual earnings for each year of benefit service in excess of thirty, minus (d) 25% of age 65 annual Social Security benefit (as defined in said Plan) and (e) any affiliated plan benefit. Based on the assumption of no change in salary and continued service until normal retirement age and assuming the present Plan is in effect at such time as the officer named above retires, Mr. Evirs' annual pension benefit will be \$40,370.

2. AS TO THE AMENDMENT OF THE ARTICLES OF ORGANIZATION INCREASING THE AUTHORIZED CAPITAL STOCK

As a result of certain amendments to the Massachusetts General Laws governing the capital stock of gas and electric companies, the Company may now have authorized but unissued shares of stock. Management is, therefore, recommending that the common shareholders approve an amendment to the Company's Articles of Organization to increase the authorized capital stock of the Company by \$5,911,000, consisting of 59,110 additional shares of Cumulative Preferred Stock, \$100 par value per share, thereby increasing the number of authorized shares of Cumulative Preferred Stock to 100,000 shares.

If the amendment is adopted and the number of authorized shares of Cumulative Preferred Stock is increased, there will be 60,280 authorized shares of such Stock available for future issuance. These shares would be issued and sold from time to time upon vote of the Board of Directors without further action by the shareholders, but only if the Massachusetts Department of Public Utilities ("DPU") has authorized each issue and sale thereof after finding that the terms and price proposed for each such issue and sale are consistent with the public good.

Management has no definite plans for the issuance of any of the 60,280 additional shares; however, it is probable that a portion thereof will be issued and sold through a private placement in the latter part of 1981. The Company has had no discussions and has not undertaken any negotiations in connection with this possible sale. The proceeds from such sale would be applied to the reduction of the Company's short-term indebtedness outstanding at that time, which indebtedness will have been incurred in connection with the Company's construction program.

DESCRIPTION OF THE CUMULATIVE PREFERRED STOCK, \$100 PAR VALUE

General Characteristics

All shares of Cumulative Preferred Stock, \$100 par value, irrespective of series, shall constitute one and the same class of stock; may be issued, as the Board of Directors may determine, in series; are of equal rank; and are identical in all respects except that the shares of different series may vary as to the number of shares which may be issued, the dividend rate, redemption and liquidation prices, sinking or purchase funds and any conversion or other special rights or restrictions. Dividends and distributions of assets must be pro rata in proportion to the respective rates and amounts fixed for each series.

Dividends

Holders of Cumulative Preferred Stock are entitled to receive, but only when and as declared by the Board of Directors out of funds legally available therefor, cumulative dividends at the rate fixed for the particular series, and no more, payable quarterly on the first day of March, June, September and December in each year, before any dividends are declared or paid on Common Stock. After provision for payment in full of all dividends accrued on Cumulative Preferred Stock, dividends on Common Stock may be declared and paid as the Board of Directors may determine.

Redemption Provisions

If there are any dividend arrearages on the Cumulative Preferred Stock, no part less than all of the Cumulative Preferred Stock of all series may be purchased or redeemed by the Company.

Each series of the Cumulative Preferred Stock is redeemable in whole or in part at the Company's option on at least thirty days' notice at the applicable redemption price for each series plus an amount equal to accrued and unpaid dividends.

Liquidation Rights

In the event of any liquidation, dissolution or winding up of the affairs of the Company, or in the event of any distribution to holders of, or any purchase or acquisition of, shares of Common Stock or other stock ranking junior to the Cumulative Preferred Stock in respect of the distribution of assets, other than out of the Company's capital or capital surplus, the holders of Cumulative Preferred Stock are entitled to receive the full distributive amounts fixed for their particular series, plus accrued dividends to the date of distribution, before any distribution shall be made to holders of Common Stock or other junior stock.

Voting Rights

Holders of the Company's Common Stock have general voting rights, but holders of Cumulative Preferred Stock, except as otherwise required by law, have only the voting rights set forth below.

Whenever dividends on the Cumulative Preferred Stock shall have accrued and remain unpaid in an amount equal to or in excess of six quarterly dividends on any series, holders of Cumulative Preferred Stock, voting as a single class, have the right to elect a majority of the Directors until all dividends in default thereon have been paid. When the holders of Cumulative Preferred Stock have the right to elect Directors, such holders shall, if there do not exist sufficient vacancies so as to permit such holders to elect a majority of the Directors, have the exclusive right to increase the number of Directors from eight to such number as will permit them to elect a majority of the total number of Directors. Such right may be exercised only at a special meeting of shareholders held between annual meetings and, at the next annual meeting of shareholders, the number of Directors shall be reduced to eight, with the holders of Cumulative Preferred Stock having the right to elect a majority thereof. When the holders of Cumulative Preferred Stock have the right to elect Directors, Directors will not be divided into classes and all Directors will be elected annually for a term of one year.

Without the affirmative vote of the holders of at least two-thirds of the outstanding shares of Cumulative Preferred Stock, voting as a single class, the Company shall not:

- (a) make any changes in the provisions of the Cumulative Preferred Stock which would be substantially prejudicial to the holders thereof, except that, if such change is substantially prejudicial to less than all series thereof, only the affirmative vote of holders of two-thirds of the series so affected shall be required; or
- (b) create any class of stock ranking prior to or on a parity with the Cumulative Preferred Stock in respect of either the payment of dividends or the distribution of assets.

Without the affirmative vote of the holders of at least a majority of the outstanding shares of Cumulative Preferred Stock, voting as a single class, the Company shall not:

- (a) issue any additional shares of Cumulative Preferred Stock unless, after giving effect thereto,
 - (i) net income of the Company for any period of twelve months within the next preceding fifteen months shall have been at least equal to two times the sum of the annual dividend requirements on all shares of the Cumulative Preferred Stock (and on any class of stock ranking prior to or on a parity with the Cumulative Preferred Stock in respect of dividends or assets), which are to be outstanding after such issue; and
 - (ii) net income of the Company for any period of twelve months within the next preceding fifteen months (after adding back interest charges on funded debt of the Company deducted in the computation) shall have been at least equal to one and one-half times the sum of the annual interest charges on funded debt of the Company to be outstanding at the date of such issue, plus the annual dividend requirements on all shares of the Cumulative

Preferred Stock (and on any class of stock ranking prior to or on a parity with the Cumulative Preferred Stock in respect to dividends or assets), which are to be outstanding after such issue; and

(iii) the aggregate amount of capital represented by the Common Stock and any other junior stock, plus the sum of the capital surplus, earned surplus and premiums paid on capital stock of all classes of the Company, would be at least equal to the aggregate amount payable upon involuntary liquidation, dissolution or winding up of the affairs of the Company on all shares of the Cumulative Preferred Stock (and on all shares of stock ranking prior to or on a parity with the Cumulative Preferred Stock in respect of assets), which are to be outstanding after such issue; or

(b) merge into or consolidate with any other corporation unless the same shall have been approved by the DPU or other regulatory authority having jurisdiction, and unless the Company itself be the successor corporation; or

(c) sell or transfer its assets as, or substantially as, an entirety. The term "sell or transfer" includes a lease or exchange but does not include a mortgage or pledge.

Preemptive Rights

The holders of Cumulative Preferred Stock have no preemptive rights.

Other Provisions

The outstanding shares of Cumulative Preferred Stock are, and any shares of Cumulative Preferred Stock issued in the future will be, fully paid and nonassessable.

The affirmative vote of a majority of the outstanding shares of Common Stock entitled to vote at this meeting is required in order to effect this amendment.

The Board of Directors recommends that the common shareholders adopt Item 2.

3. AS TO THE AMENDMENT OF THE ARTICLES OF ORGANIZATION GIVING THE DIRECTOR AUTHORITY TO MAKE, AMEND OR REPEAL BY-LAWS AND THE AMENDMENT OF THE BY-LAWS TO REFLECT THE SAME

As stated in Item 2 hereof, the Board of Directors of the Company has the authority to vote to issue additional series of the Company's Cumulative Preferred Stock without further action by the shareholders. The Articles of Organization and By-Laws—both of which contain the terms and provisions applicable to the Company's capital stock—also give the Directors the right to determine the provisions of the particular series of the Cumulative Preferred Stock. The By-Laws of the Company, however, as presently in effect, can only be amended by vote of the shareholders whereas the Articles can be amended, in this instance, by vote of the Directors. Therefore, even though no vote of the shareholders would be required to determine the provisions applicable to a particular series of the Cumulative Preferred Stock, it would be necessary for the Company to incur the expense of calling a special meeting of shareholders each time the Company was to issue a new series of Cumulative Preferred Stock for the sole purpose of amending the By-Laws to insert the terms of such series which would have been fixed by the Directors prior thereto.

Management is recommending that the Articles of Organization be amended to give the Directors the authority to make, amend or repeal By-Laws to the extent permitted by the provisions of Chapter 156B, Section 17, of the Massachusetts General Laws, as amended. Section 17 provides that the

power to make, amend or repeal a company's by-laws is in the shareholders unless the articles of organization authorize the directors to make, amend or repeal them except with respect to any provision thereof which requires action by the shareholders. The Section also requires a company to notify its shareholders of any by-law change made by the directors. Any such change so made by the directors may be amended or repealed by the shareholders.

If this Item is adopted, Article XVI of the By-Laws of the Company will be amended to read as follows (the added language appears in italics):

"These By-Laws may, upon notice, be altered, amended or repealed at any meeting of the stockholders by vote of the holders of a majority of the stock represented and entitled to vote at the meeting. *Notwithstanding the foregoing, as provided in the Articles of Organization, a majority of the Directors may make, amend or repeal these By-Laws in whole or in part, except with respect to any provision thereof which by law or by the Articles of Organization requires action by the stockholders.*"

Management does not anticipate that the Directors will amend the By-Laws in the near future except to insert the terms of a new series of Cumulative Preferred Stock later this year as stated above.

The affirmative vote of two-thirds of the outstanding shares of Common Stock entitled to vote at this meeting is required in order to effect this amendment to the Articles.

The Board of Directors recommends that the common shareholders adopt Item 3.

4. AS TO OTHER MATTERS TO COME BEFORE THE MEETING

The management does not intend to bring before the meeting any matters other than those referred to above and knows of no other matters which may come before the meeting. If any other matters or motions come before the meeting, it is the intention of the persons named in the accompanying form of proxy to vote such proxy in accordance with their judgment on such matters or motions, including any matters dealing with the conduct of the meeting.

AUDITORS

Upon the recommendation of its Audit Committee, the Board of Directors has selected and employed the firm of Alexander Grant & Company as the Company's independent certified public accountants to audit the Company's financial statements for the fiscal year 1981. This firm has acted in this capacity for many years. A representative of Alexander Grant & Company will be present at the annual meeting and will be available to respond to appropriate questions. It is not anticipated that such representative will make a prepared statement at the meeting; however, he will be free to do so if he so chooses.

During the fiscal year ended December 31, 1980, Alexander Grant & Company rendered auditing service relating to the financial statements of the Company and its subsidiary for the years ended December 31, 1979 and 1980, reviewed quarterly and annual reports filed with the Securities and Exchange Commission, advised the Company concerning accounting and disclosure matters, examined statutory filings for the Company's employee benefit plans and issued compliance letters to note-holders. During this period, no nonaudit services were performed.

MISCELLANEOUS

The solicitation is by the management of the Company on behalf of its Board of Directors and the expense of the solicitation will be borne by the Company. Such expense will also include reimbursement for postage and clerical expenses to brokerage houses and other custodians, nominees or fiduciaries for forwarding documents to beneficial owners of stock held in their names. In addition, Directors, officers or employees of the Company may solicit proxies by telephone or in person, the cost of which will be nominal.

Any proposal submitted by a shareholder of the Company for inclusion in the proxy material for the 1982 annual meeting must be received by the Company at its office in Canton, Massachusetts, not later than 90 days prior to February 23, 1982, the proposed mailing date for such proxy material.

By Order of the Board of Directors,

CHARLES H. TENNEY II
Chairman of the Board of Directors

THE COMPANY WILL FURNISH WITHOUT CHARGE TO ANY SHAREHOLDER ENTITLED TO VOTE AT THE ANNUAL MEETING OF COMMON SHAREHOLDERS TO BE HELD MARCH 24, 1981 A COPY OF ITS ANNUAL REPORT ON FORM 10-K, INCLUDING FINANCIAL STATEMENTS AND SCHEDULES THERETO, REQUIRED TO BE FILED WITH THE SECURITIES AND EXCHANGE COMMISSION FOR THE FISCAL YEAR 1980 UPON WRITTEN REQUEST TO FRANK L. CHILDS, VICE PRESIDENT AND TREASURER, FITCHBURG GAS AND ELECTRIC LIGHT COMPANY, 285 JOHN FITCH HIGHWAY, FITCHBURG, MASSACHUSETTS 01420.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

PROXY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned, revoking all previous proxies, hereby appoints CHARLES H. TENNEY II, HOWARD W. EVIRS, JR. and FRANK L. CHILDS, and each of them, proxies with power of substitution to each, to vote and act at the annual meeting of common shareholders of FITCHBURG GAS AND ELECTRIC LIGHT COMPANY to be held at The First National Bank of Boston, 100 Federal Street, Boston, Massachusetts, on Tuesday, March 24, 1981, at 10:30 A.M., and at any adjournments thereof, on and with respect to the Common Stock of the undersigned, or on and with respect to which the undersigned is entitled to vote or act, upon the following matters:

1. To elect two Directors. (*INSTRUCTION: To withhold authority to vote for an individual nominee, strike a line through the nominee's name shown below.)
T. W. Sherman R. V. Shupe
2. To amend the Articles of Organization to increase the authorized capital stock by \$5,911,000 of Preferred Stock.
3. To amend the Articles of Organization to give the Directors authority to make, amend or repeal By-Laws and amend the By-Laws to reflect the same.
4. To act on such other matters as may properly come before the meeting or any adjournments thereof.

TO ACT ON THE ABOVE ITEMS, PLEASE SEE REVERSE SIDE. THIS PROXY WHEN PROPERLY SIGNED WILL BE VOTED IN THE MANNER DIRECTED. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR ITEMS 1, 2 AND 3.

(To be marked, signed and dated on reverse side)

1. To elect two Directors. (For both nominees except as marked to the contrary on the reverse side.*)

FOR WITHHOLD AUTHORITY

☐ ☐

2. To amend the Articles of Organization to increase authorized capital stock.

FOR AGAINST ABSTAIN

☐ ☐ ☐

3. To amend the Articles of Organization and By-Laws authorizing Directors to change By-Laws.

FOR AGAINST ABSTAIN

☐ ☐ ☐

Date: _____, 1981

.....
Signature(s) should agree with name(s) appearing hereon. Fiduciaries and corporate officers should indicate their title.

PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY.

SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

Form 10-Q

QUARTERLY REPORT UNDER SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For Quarter Ended March 31, 1981 Commission File Number 1-7536

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction of
incorporation or Organization)

04-1328660
(I.R.S. Employer
Identification No.)

120 Royall Street, Canton, Massachusetts
(Address of principal executive offices)

02021
(Zip Code)

Registrant's telephone number, including area code 617-828-8660

None

Former name, former address and former fiscal year, if changed since last report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class
Common Stock, \$10 par value

Outstanding at May 11, 1981
558,477 Shares

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

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Part I. FINANCIAL INFORMATION

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY
CONSOLIDATED CONDENSED STATEMENTS OF EARNINGS
 (UNAUDITED)

	Three Months Ended March 31,	
	1981	1980
Operating Revenues:		
Electric	\$ 8,658,533	\$ 8,412,000
Gas	5,983,681	5,128,390
Total Operating Revenues	<u>14,642,214</u>	<u>13,540,390</u>
Operating Expenses:		
Operating expenses, other	1,695,182	1,396,189
Electricity purchased for resale	2,858,783	4,046,706
Fuel used in electric generation	1,944,206	1,792,442
Gas purchased for resale	4,204,526	3,497,461
Maintenance	248,492	201,926
Depreciation	342,817	324,491
Amortization of cost of abandoned properties	177,826	209,577
Provisions for taxes:		
Federal income tax on net operating income	(227,665)	138,953
State franchise	(19,969)	17,921
Deferred taxes	683,852	428,510
Amortization of investment tax credit	(21,600)	(20,700)
Local Property tax	477,721	341,783
Other	68,500	64,561
Total Operating Expenses	<u>13,432,671</u>	<u>12,439,820</u>
Operating Income	<u>1,209,543</u>	<u>1,100,570</u>
Non-operating Income:		
Allowance for other funds used during construction	74,708	8,618
Other (net of income taxes)	41,693	4,413
Total Non-operating Income	<u>116,401</u>	<u>13,031</u>
Gross Income	<u>1,325,944</u>	<u>1,113,601</u>
Income Deductions:		
Interest on long-term debt	564,001	371,823
Other interest charges	263,926	147,423
Amortization of debt expense	5,698	4,971
Other	(18,452)	(17,438)
Gross Income Deductions	<u>815,173</u>	<u>506,779</u>
Allowance for borrowed funds used during construction	(246,110)	(130,634)
Net Income Deductions	<u>569,063</u>	<u>376,145</u>
Net Income	<u>756,881</u>	<u>737,456</u>
Dividend Requirements on Preferred Stock	67,551	69,588
Net Income Applicable to Common Stock	<u>\$ 689,330</u>	<u>\$ 667,868</u>
Average Number of Common Shares Outstanding	558,477	455,475
Earnings per Average Common Share Outstanding	\$1.23	\$1.47
Dividends Declared per share of Common Stock	\$1.30	\$1.30

(The accompanying notes are an integral part of these statements.)

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

CONSOLIDATED CONDENSED BALANCE SHEETS

(UNAUDITED)

	<u>March 31,</u>		<u>December 31</u>
	<u>1981</u>	<u>1980</u>	<u>1980</u>
ASSETS			
Utility Plant (at cost):			
Electric	\$30,455,995	\$29,756,037	\$30,453,730
Gas	12,790,339	10,776,870	12,796,146
Common	1,405,181	1,398,687	1,405,181
Construction Work in Progress	13,525,909	5,943,039	6,564,740
Gross Utility Plant	58,177,424	47,874,633	51,219,797
Less: Accumulated Depreciation	11,239,262	10,155,338	10,899,171
Net Utility Plant	<u>46,938,162</u>	<u>37,719,295</u>	<u>40,320,626</u>
Miscellaneous Physical Property (at cost)	<u>26,005</u>	<u>26,005</u>	<u>26,005</u>
Investments	<u>425,433</u>	<u>394,122</u>	<u>369,519</u>
Current Assets:			
Cash	1,391,229	1,117,312	1,096,992
Accounts receivable - less allowance for doubtful accounts of \$426,737, \$202,176 and \$361,500	10,275,688	7,396,613	8,456,121
Refundable income taxes	656,362	54,990	397,636
Materials and supplies (at average cost)	1,102,288	940,506	829,146
Prepayments	184,327	261,728	389,132
Property tax refunds	554,601	462,821	554,601
Total Current Assets	<u>14,164,495</u>	<u>10,233,970</u>	<u>11,724,228</u>
Deferred Debits:			
Unamortized debt expense (amortized over term of securities)	379,143	270,961	385,046
Unamortized cost of abandoned properties (being amortized through 1995)	1,938,388	2,735,980	2,116,214
Other	718,164	827,212	578,089
Total Deferred Debits	<u>3,035,695</u>	<u>3,834,153</u>	<u>3,079,349</u>
TOTAL	<u>\$64,589,790</u>	<u>\$52,207,545</u>	<u>\$55,519,727</u>

(The accompanying notes are an integral part of these statements.)

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

CONSOLIDATED CONDENSED BALANCE SHEETS
(UNAUDITED)

	<u>March 31,</u>		<u>December 31</u>
	<u>1981</u>	<u>1980</u>	<u>1980</u>
LIABILITIES			
Capitalization:			
Common Stock Equity:			
Common stock, \$10 par value	\$ 5,584,770	\$ 4,554,750	\$ 5,584,770
(Authorized - 1,000,000 shares)			
(Outstanding - 558,477, 455,475			
and 558,477 shares)			
Premium on common stock	3,091,508	1,754,358	3,091,508
Capital stock expense	(454,805)	(181,737)	(454,805)
Retained earnings	6,428,429	6,423,848	6,532,518
Total Common Stock Equity	<u>14,649,902</u>	<u>12,551,219</u>	<u>14,753,991</u>
Redeemable Preferred Stock:			
Cumulative preferred stock,			
\$10 par value:	1,604,000	1,646,000	1,604,000
Authorized - 40,710 shares			
5-1/8% Series			
Outstanding - 16,040, 16,460 and			
16,040 shares			
8% Series	2,350,000	2,425,000	2,350,000
Outstanding - 23,500, 24,250 and			
23,500 shares			
Total Redeemable Preferred Stock	<u>3,954,000</u>	<u>4,071,000</u>	<u>3,954,000</u>
Long-Term Debt: (Note 1)	21,462,000	16,662,000	21,573,000
Total Capitalization	<u>40,065,902</u>	<u>33,284,219</u>	<u>40,280,991</u>
Current Liabilities:			
Long-term debt due within one year	123,000	124,000	123,000
Notes payable to banks	9,430,000	4,040,000	1,700,000
Accounts payable	6,367,307	7,134,912	5,421,359
Customers' deposits and refunds	370,233	262,350	531,062
Taxes accrued	425,442	589,828	103,642
Deferred income taxes	1,108,713	486,486	488,842
Interest accrued	369,069	312,769	575,718
Total Current Liabilities	<u>18,193,764</u>	<u>12,950,345</u>	<u>8,943,623</u>
Deferred Credits:			
Unamortized investment tax credit	1,851,523	1,665,501	1,873,123
Other	52,726	60,533	53,301
Total Deferred Credits	<u>1,904,249</u>	<u>1,726,034</u>	<u>1,926,424</u>
Deferred Income Taxes	4,363,775	4,195,647	4,309,289
Reserves - Other	62,100	51,300	59,400
Commitments			
TOTAL	<u>\$64,589,790</u>	<u>\$52,207,545</u>	<u>\$55,519,727</u>

(The accompanying notes are an integral part of these statements.)

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

CONSOLIDATED CONDENSED STATEMENTS OF CHANGES IN FINANCIAL POSITION

(UNAUDITED)

	Three Months Ended March 31,	
	<u>1981</u>	<u>1980</u>
<u>Funds Provided By:</u>		
Operations:		
Net Income	\$ 756,881	\$ 737,456
Principal Non-cash Charges (Credits) to Income:		
Depreciation	345,025	324,491
Deferred income taxes	63,981	73,290
Amortization of investment tax credit	(21,600)	(20,700)
Property tax abatement	-	(122,973)
Allowance for other and borrowed funds used during construction	(320,818)	(139,252)
Amortization of deferred debits	194,405	265,052
Funds Provided by Operations	<u>1,017,874</u>	<u>1,117,364</u>
Increase (Decrease) in Short-term Debt	7,730,000	(1,380,000)
Total Funds Provided	<u>\$ 8,747,874</u>	<u>\$ (262,636)</u>

Funds Applied To:

Additions to Plant	\$ 595,746	\$ 749,276
Purchase of additional interest in Seabrook Units	6,049,958	-
Investments in Non-utility Operations	60,000	64,290
Common Stock Dividends	725,867	591,959
Preferred Stock Dividends	135,103	139,179
Funds Used for Reduction of Long-term Debt	111,000	117,000
Other applications (sources) - Net	150,074	(175,406)
Increase (Decrease) in Working Capital		
Excluding Short-term Debt	920,126	(1,748,934)
Total Funds Applied	<u>\$ 8,747,874</u>	<u>\$ (262,636)</u>

Increase (Decrease) in Components of Working
Capital, Excluding Short-term Debt:

Cash	\$ 294,237	\$ (610,587)
Accounts Receivable - Net	1,819,567	2,314,041
Refundable Income Taxes	258,726	(210,000)
Materials and Supplies	272,542	62,785
Prepayments	(204,805)	(568,147)
Accounts Payable	(945,948)	(2,139,344)
Customer Deposits and refunds	160,829	(3,675)
Taxes accrued	(321,800)	(421,968)
Deferred Income Taxes	(619,871)	(355,220)
Interest Accrued	206,649	183,181
Increase (Decrease) in Working Capital, Excluding Short-term Debt	<u>\$ 920,126</u>	<u>\$ (1,748,934)</u>

(The accompanying notes are an integral part of these statements.)

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY
NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(UNAUDITED)

Note 1

Long-term Debt:

Details of long-term debt at March 31, 1981, March 31, 1980 and December 31, 1980 are shown below:

	March 31,		December 31,
	1981	1980	1980
4-7/8% Notes due February 1, 1984	\$ 3,097,000	\$ 3,140,000	\$ 3,140,000
9-3/8% Notes due March 1, 1995	6,748,000	6,826,000	6,816,000
10% Notes due September 1, 1996	3,000,000	3,000,000	3,000,000
10-1/4% Notes due May 1, 1999	3,740,000	3,820,000	3,740,000
15-3/4% Notes due September 1, 2000	5,000,000	-	5,000,000
Total	\$21,585,000	\$16,786,000	\$21,696,000
Less: Installments due within one year	123,000	124,000	123,000
Total Long-Term Debt	\$21,462,000	\$16,662,000	\$21,573,000

Note 2

Regulatory Matters:

Revenue Adjustments - The Company's method of billing and accounting for revenue under its fuel adjustment clause in effect January 1, 1974 through September 26, 1974 has been challenged before The Massachusetts Department of Public Utilities (DPU) by the Attorney General of The Commonwealth of Massachusetts. The required monthly fuel adjustment schedule theretofore filed with the DPU had not been disputed by the regulatory authority. The portion of such fuel adjustment clause revenues recorded by the Company and challenged by The Attorney General aggregates approximately \$724,000. The Company has vigorously defended its procedures in proceedings before the DPU, the outcome of which is uncertain. No provision for any liability that may result has been made in the consolidated financial statements.

The Company's billing and accounting for revenues under the fuel adjustments based on costs incurred after September 26, 1974 are being made under a new fuel adjustment clause which took effect on September 27, 1974 and are not being challenged.

Note 3

Subsequent Event:

The Company is proceeding with plans to sell 125,000 shares of Common Stock in an underwritten public offering. The selling price of the shares will be determined immediately prior to the offering on the basis of the then current market price. The sale of the Common Stock is subject to the approval of the Department of Public Utilities of the Commonwealth of Massachusetts.

Note 4

Commitments:

On January 26, 1979, the common shareholders approved the acquisition of an additional 0.4332% ownership interest in each of the Seabrook Units from The Connecticut Light and Power Company ("CL&P"). On March 25, 1980, the common shareholders approved the acquisition of an additional 0.26087% ownership in each of the Seabrook Units from Public Service Company of New Hampshire ("PSNH"). The purchase of both additional interests, representing an additional 16 megawatts, was approved by the DPU on October 30, 1980 and has been excluded from the information presented herein. The purchase from CL&P increasing the Company's ownership interest in the Seabrook Units was consummated on January 30, 1981. The purchase from PSNH increasing the Company's ownership interest in the Seabrook Units is being placed in over the twelve-month period, February, 1981 through January, 1982.

Note 5

In the opinion of the Company, the accompanying unaudited condensed financial statements contain all adjustments (consisting of only normal recurring accruals) necessary to present fairly financial position as of March 31, 1981 and 1980 and the results of operations for the three months ended March 31, 1981 and 1980 and changes in financial position for the three months ended March 31, 1981 and 1980.

The results of operations for the three months periods ended March 31, 1981 and 1980 are not necessarily indicative of the results to be expected for the full year.

Management's Discussion and Analysis of Results of Operations and Financial Condition

Operating Results

Earnings per average common share for the first quarter of 1981 amounted to \$1.23, on a larger number of shares outstanding, compared with \$1.47 for the first quarter of 1980. Net income for the three months ended March 31, 1981 reflects an increase in the allowance for funds used during construction resulting from the purchases of increased interests in the Seabrook Units, a significant increase in interest expense due to higher balances of long-term and short-term debt outstanding used to finance the Seabrook purchases and the Company's ongoing construction program and a 10.5% MCF decrease in gas sales and an 8.4% KWH decrease in electric sales. Despite the declines in unit sales, both gas and electric operating revenues increased during the first quarter of 1981, compared to the same period last year, primarily as a result of passing increased energy costs through the adjustment clauses.

Operating expenses have risen over the comparable period of 1980 primarily because of higher property local taxes resulting from the City of Fitchburg's adoption of tax classification, legal fees associated with a suit challenging property tax classification, higher anticipated losses from bad debts and general increases due to inflation.

Financial Condition

Capital expenditures for the first quarter of 1981 amounted to \$6,645,700 of which \$6,049,958 represented the purchases of additional interests in Seabrook discussed above.

The unbilled revenue for the first quarter of 1981 has increased by \$1,272,835 from the December 31, 1980 balance. This increase has occurred primarily due to the higher cost of purchased power and fuel used in generation and to lower KWH sales than estimated, despite a significant increase in firm MCF sales.

The Company funded, through a sale and leaseback arrangement, a new service center costing approximately \$2,700,000 for an initial term of 22 years.

When internally generated funds are not available, the Company follows a policy of borrowing on a short-term basis to meet its capital requirements, and at the appropriate time, converts its short-term indebtedness into senior capital. The size and timing of such financings will depend on developments in the security markets and the ability to meet financing covenants. The Company is planning to file with the Securities and Exchange Commission, a preliminary prospectus for the issuance of 125,000 shares of Common Stock.

The Company is monitoring its financial situation very closely to determine the timing and the amount of any future rate filing.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARYComputation in Support of Earnings per Share

(UNAUDITED)

	Three Months Ended March 31,	
	1981	1980
Net Income	\$ 756,881	\$ 737,456
Less: Dividend Requirements on Preferred Stock	67,551	69,588
Net Income Applicable to Common Stock	\$ 689,330	\$ 667,868
Average Number of Common Shares Outstanding	558,477	455,475
Earnings per Average Common Share Outstanding	\$1.23	\$1.47

PART II -- OTHER INFORMATION

Item 4. Submission of Matters to a Vote of Security Holders.

- (a) Date of the Meeting and whether it was an annual or special meeting.

Annual shareholders' meeting held March 24, 1981

- (b) 1. Directors elected at the meeting:

Thomas W. Sherman
Robert V. Shupe

2. Other Directors continued in office:

Philip H. Bradley
Richard L. Brickley
Howard W. Evis, Jr.
John Grado, Jr.
Charles H. Tenney II
Robert L. Ware

- (c) 1. That the Articles of Organization of the Company be amended to increase the authorized capital stock of the Company by \$5,911,000, consisting of 59,110 shares of Cumulative Preferred Stock, \$100 par value; and further

That, in order to accomplish the foregoing, the President or any Vice President and the Clerk or any Assistant Clerk of the Company be and they are hereby authorized to execute appropriate Articles of Amendment of the Articles of Organization of the Company under Chapter 164, Section 8B, of the General Laws of The Commonwealth of Massachusetts and cause the same to be filed with The Secretary of The Commonwealth and with The Massachusetts Department of Public Utilities.

There were 316,019 affirmative votes, 34,665 negative votes and 57,281 abstaining votes cast on this matter.

2. That the Articles of Organization of the Company be amended to give the Board of Directors of the Company the authority to make, amend or repeal the Company's By-Laws to the extent permitted by the provisions of the Massachusetts General Laws, as amended; and further

That, in order to accomplish the foregoing, the President or any Vice President and the Clerk or any Assistant Clerk of the Company be and they are hereby authorized to execute appropriate Articles of Amendment of the Articles of Organization of the Company under Chapter 164, Section 8B, of the General Laws of The Commonwealth of Massachusetts and cause the same to be filed with The Secretary of The Commonwealth; and further

That, effective when the aforementioned articles of Amendment of the Company's Articles of Organization are filed with The Secretary of The Commonwealth, Article XVI of the By-Laws of the Company as presently in effect be and hereby is amended to read as follows:

"These By-Laws may, upon notice, be altered, amended or repealed at any meeting of the stockholders by vote of the holders of a majority of the stock represented and entitled to vote at the meeting. Notwithstanding the foregoing, as provided in the Articles of Organization, a majority of the Directors may make, amend or repeal these By-Laws in whole or in part, except with respect to any provision thereof which by law or by the Articles of Organization requires action by the stockholders."

There were 315,539 affirmative votes and 36,533 negative votes cast on this matter. However, the amendment was not approved since the vote on this matter lacked the required two-thirds of the outstanding shares of Common Stock entitled to vote at this meeting.

Item 6. Exhibits and Reports on Form 8-K

(a) Part I Exhibit

1. Computation of Earnings per Share

- (b) The Company did not file any reports on Form 8K for any of the three months ended March 31, 1981.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
(Registrant)

Date May 11, 1981

Frank L. Childs
Frank L. Childs (Vice President and
Treasurer) (Principal Financial Officer)

Date May 11, 1981

Edward D. McKenzie
Edward D. McKenzie (Assistant Treasurer)

PROSPECTUS

125,000 Shares

Fitchburg Gas and Electric Light Company

Common Stock

(\$10 Par Value)

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION NOR HAS THE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

	Price to Public	Underwriting Discount(1)	Proceeds to Company(2)
Per Share	\$19.00	\$1.03	\$17.97
Total	\$2,375,000	\$128,750	\$2,246,250

- (1) The Company has agreed to indemnify the several Underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933.
- (2) Before deduction of expenses payable by the Company estimated at \$180,000.

The Common Stock is offered, subject to prior sale, when, as and if issued by the Company and accepted by the Underwriters, and subject to approval of certain legal matters by their counsel, and by counsel for the Company. The Underwriters reserve the right to withdraw, cancel or modify such offer and to reject orders in whole or in part. It is expected that delivery of the Common Stock will be made in New York, New York, on or about June 23, 1981.

Merrill Lynch White Weld Capital Markets Group

Merrill Lynch, Pierce, Fenner & Smith Incorporated

The date of this Prospectus is June 16, 1981

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE AMERICAN STOCK EXCHANGE, THE BOSTON STOCK EXCHANGE OR OTHERWISE. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

AVAILABLE INFORMATION

Fitchburg Gas and Electric Light Company (the "Company") is subject to the informational requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports and other information with the Securities and Exchange Commission (the "Commission"). Certain information, as of particular dates, concerning its directors and officers, their remuneration and certain other benefits, its principal holders of securities and any material interest of such persons in transactions with the Company is disclosed in proxy statements distributed to common shareholders of the Company and filed with the Commission. Such proxy statements, reports and other information may be inspected and copied at the public reference facilities maintained by the Commission at Room 6101, 1100 L Street, N.W., Washington, D.C.; at Room 1204, Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Illinois; at Room 1100, Federal Building, 26 Federal Plaza, New York, New York; and at Suite 1710, Tishman Building, 10960 Wilshire Boulevard, Los Angeles, California, and copies of such material can be obtained from the Public Reference Section of the Commission at 500 North Capitol Street, Washington, D.C. 20549 at prescribed rates.

No dealer, salesman or any other person has been authorized to give any information or to make any representations, other than those contained in this Prospectus, in connection with the offer made by this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or the Underwriters. This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, in any jurisdiction in which such offer or solicitation may not be lawfully made.

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THE ISSUE IN BRIEF

The following material is qualified in its entirety by the detailed information and the financial statements and notes appearing elsewhere in this Prospectus.

The Offering

Company	Fitchburg Gas and Electric Light Company
Common Stock Offered	125,000 shares
Number of Common Shares to be Outstanding after the Offering	683,477
Use of Proceeds	To reduce short-term debt (incurred for construction program)
Common Stock Listed	American and Boston Stock Exchanges (symbol FGE)
1980-1981 Price Range (through June 15, 1981)	26¼-17¾
Closing Price as of June 15, 1981	19

The Company

Business	Generation, transmission, purchase, distribution and sale of electric energy; purchase, distribution and sale of gas
Service Area (see Map of Service Area)	Approximately 170 square miles in north central Massachusetts
Service Area Population	Approximately 80,000
Customers (March 31, 1981)	Approximately 22,411 (electric); 14,422 (gas)
Operating Revenue Distribution (twelve months ended March 31, 1981)	Electric — 63%; Gas — 37%

Summary Financial Information

	Twelve Months Ended March 31, 1981 (Unaudited)	Year Ended December 31,	
		1980	1979
Statements of Earnings (in thousands, except per share amounts):			
Operating Revenues	\$43,412	\$42,310	\$34,261
Net Income	\$ 1,723	\$ 1,703	\$ 2,261
Net Income Applicable to Common Stock	\$ 1,451	\$ 1,429	\$ 1,979
Average Number of Common Shares Outstanding	539	513	455
Earnings per Average Common Share Outstanding	\$2.69	\$2.78	\$4.34
Dividends per Common Share	\$2.60	\$2.60	\$1.90
		As of March 31, 1981	
		(Unaudited)	Percent of
	Actual	As Adjusted*	Adjusted Capitalization*
Capitalization (in thousands):			
Long-term Debt (including current maturities)	\$21,585	\$21,585	50.9%
Redeemable Cumulative Preferred Stock	3,954	3,954	9.3%
Common Stock Equity	14,650	16,900	39.8%
Total Capitalization	\$40,189	\$42,439	100.0%

* As adjusted for estimated net proceeds from the sale of additional Common Stock being offered hereby.

THE COMPANY

The Company, a Massachusetts corporation incorporated in 1852, is an operating public utility providing electric and gas service to the communities of Fitchburg, Ashby, Lunenburg and Townsend and gas service only to the communities of Gardner and Westminster. The service area encompasses approximately 170 square miles in north central Massachusetts. The Company's main office is located at 285 John Fitch Highway, Fitchburg, Massachusetts 01420, and its principal executive office is at 120 Royall Street, Canton, Massachusetts 02021; telephone number (617) 828-8660.

Problems of the Utility Industry and the Company

The Company, as well as the electric and gas utility industries in general, continues to experience significant problems in a number of areas including (a) attracting capital on reasonable terms (see "Financing Requirements"), (b) an uncertain rate of growth of electric energy sales due to changing economic conditions, energy conservation measures by customers and proposed governmental energy conservation programs (see "Business — Electric Operations and Energy Supply"), (c) current and prospective limitations on gas supply (see "Business — Gas Operations and Supply"), (d) increased fuel costs and diminished availability of certain fuels (see "Business — Fuel Supply"), (e) licensing, regulatory and other delays affecting the construction of new facilities, including controversies related to the use of nuclear power (see "Construction Program" and "Business — Nuclear Licensing") and (f) the necessity for large scale construction during an inflationary period (see "Construction Program" and "Business — Joint Projects and Other Plans").

The Company has an arrangement to purchase electricity produced by a nuclear generating plant. The Company also has participating interests in other nuclear generating plants in New England which are either under construction or planned (see "Business — Joint Projects and Other Plans"). The events at the Three Mile Island nuclear generating facility in Pennsylvania ("TMI") have prompted a rigorous reexamination of safety related equipment and operating procedures in all nuclear facilities and have generated a multiplicity of legislative proposals in Congress and various state legislatures. The ultimate effect of these reexaminations and proposals cannot be predicted at the present time. Cancellation of the projects in which the Company has participating interests could result in substantial cancellation charges against the Company and might, in the absence of adequate rate treatment, have a material adverse impact on the Company's financial condition and future earnings. (See "Construction Program" and "Business — Nuclear Licensing".)

Because of the substantial portion of electric operating revenues derived by the Company from sales to industrial customers, a decline in the national economy affecting such customers has had an adverse effect upon electric kilowatt-hour ("WH") sales and the Company's earnings.

In addition to the factors discussed above, the Company's gas business, as well as the gas utility industry in general, faces several potential problems, particularly: (a) competition from other energy sources, (b) delivery of gas by suppliers on a timely basis, (c) curtailments of gas supply, and (d) government deregulation of the well head price of natural gas.

Many gas utility companies, including the Company, rely upon supplemental gases, such as liquefied natural gas ("LNG") and propane, to augment their pipeline supplies during the winter months. During the 1980-1981 heating season, a delay in the delivery of Algerian LNG caused by adverse weather conditions in January, 1981, coupled with one of New England's coldest December-January periods in many years, drastically reduced the supply of supplemental gas to many gas utilities in New England. The Governor of Massachusetts mandated that all residential customers turn down their thermostats to 63° and all commercial and industrial customers turn down their thermostats to 55°, and further requested those customers with dual fuel capability to switch to the other source of fuel. These measures provided sufficient gas supplies for utilities in the New England region, including the Company, until additional deliveries could be made.

Gas utilities are subject to curtailments of pipeline gas by their suppliers. The Company has not experienced any large curtailment of gas since the winter of 1979 and does not expect that curtailments will be a serious problem in the near future.

USE OF PROCEEDS

The net proceeds to the Company from the sale of the additional Common Stock being offered hereby (the "Additional Common Stock"), estimated at \$2,250,000 will be applied to the reduction of short-term bank borrowings incurred in connection with the Company's construction program (see "Construction Program", "Financing Requirements" and "Business—Joint Projects and Other Plans"). Short-term borrowings at March 31, 1981 were \$9,430,000 and such borrowings are anticipated to approximate \$10,500,000 immediately prior to the delivery of the Additional Common Stock, at which time the Company will have expended approximately 65% of its 1981 construction program budget. The Company believes it has the ability to finance the remainder of its 1981 construction program through internally generated funds.

CONSTRUCTION PROGRAM

During the period from January 1, 1976 through December 31, 1980, the Company made gross additions to and normal retirements from plant, including an allowance for funds used during construction ("AFUDC") (see Note 1 to the Consolidated Financial Statements) of approximately \$18,800,000 and \$1,659,000, respectively. The Company estimates that its construction program will require expenditures of approximately \$54,687,000 (including AFUDC of approximately \$17,524,000) during the five years from 1981 through 1985, of which approximately \$16,016,000 is expected to be incurred in 1981, \$9,972,000 in 1982, \$11,280,000 in 1983, \$8,391,000 in 1984 and \$9,028,000 in 1985. These estimates include (i) the cost of facilities being constructed by the Company, (ii) the Company's share of construction costs related to the four jointly-owned nuclear projects in which the Company has an ownership interest, and (iii) expenditures for at least an initial nuclear core for each such project.

The following table sets forth information as of April 30, 1981 with respect to the four nuclear generating facilities now planned or under construction in which the Company has joint ownership interests:

Joint Ownership Units	Location	Estimated In-Service Date(2)(3)	Company's Share(1)					
			Proportionate Share of Total Ownership	Amount Expended through 12/31/80	Estimated Expendi- tures for the Next 5 Years(3)	Total Estimated Cost of Construc- tion(3)	Estimated Construc- tion Cost per KW(3)	
%	KW	(In thousands)						
Seabrook Units #1 & #2	New Hampshire	#1: 2/84; #2: 5/86	0.865	19,900	\$2,883	\$35,373	\$39,565(4)(5)	\$1,988(4)(5)
Millstone Unit #3	Connecticut	5/86	0.217	2,500	2,317	5,892	8,741(5)	3,496(5)
Pilgrim Unit #2	Massachusetts	12/85 (6)	0.19	2,200	996	2,853	6,168	2,804
					\$6,196	\$44,118	\$54,474	

(1) A substantial portion of these expenditures consists of AFUDC. These expenditures also include at least an initial nuclear core for each Unit.

(2) These estimates are based in each case upon the most recent official estimate of the utility supervising construction of the particular Unit. Certain of these Units have not yet been granted all approvals, permits and licenses necessary for construction by the relevant state and Federal authorities. There is no assurance that the approvals, permits and licenses will be obtained, or that, if obtained, they will not be modified or revoked. In addition, the completion of certain of these Units has been intermittently deferred and additional deferrals may occur in the future due to licensing delays, economic conditions and other factors.

(3) Estimates of construction expenditures relating to the projects shown above are based upon the most recent information furnished by the utility supervising the construction of the Unit. The Company has been advised by the supervising participant for each project that construction budgets are continually updated in light of increased costs due to deferrals, delays and other factors. These estimated construction expenditures, as so updated, may be predicated upon different in-service dates than those specified above. In particular, the estimated costs of the Seabrook Units give effect to the recent annual overall review of the construction budget of the Units and the reduced level of Seabrook construction (see "Business — Joint Projects and Other Plans").

(4) These amounts are lower than previous estimates made by the Company. Public Service Company of New Hampshire ("PSNH"), the lead participant in the Seabrook Units, informed the Company in April, 1981 that it had revised the estimated in-service dates for these Units to February, 1984 and May, 1986, respectively. Previous estimates of the amounts in the table were based on December, 1984 and December, 1986 estimated in-service dates, respectively. If the Company had used such dates in the table, these amounts would be approximately \$43,868,000 and \$2,204, respectively.

(5) On June 5 and June 10, 1981, respectively, the Company received revised estimated costs of construction from PSNH with respect to the Seabrook Units and from Northeast Utilities, the parent company of the lead participants in Millstone Unit No. 3, with respect to such Unit. As a result of these revised estimates, the Company's total estimated costs of construction have increased since April 30, 1981 (the date as of which such amounts are set forth in the table) by less than \$1,000,000 (2.6%) for the Seabrook Units and less than \$100,000 (1.2%) for Millstone Unit No. 3.

(6) Boston Edison Company ("Boston Edison"), the supervising participant in Pilgrim Unit No. 2, has released information to the effect that the December, 1985 in-service date cannot be met because Boston Edison has been unable to obtain a construction permit from the Nuclear Regulatory Commission ("NRC") and the NRC has not announced a definite schedule for the granting of such a permit. Boston Edison has announced that it is continuing to review the feasibility of the project on an ongoing basis and, when a more definitive schedule is determined for the granting of a construction permit, it will be able to develop revised cost estimates and financing plans. At that time it will decide whether to cancel or continue construction of the Unit. In addition, the Department of Public Utilities of The Commonwealth of Massachusetts (the "DPU") has deferred action relating to approvals necessary before the construction of Pilgrim Unit No. 2 can be commenced. The December, 1985 in-service date is based on Boston Edison's most recent formal notification; however, because Boston Edison has been using a November, 1987 date for planning purposes, the dollar amounts in the table reflect such date.

The complexity of present-day electric utility technology and the time required for the construction of generating facilities and completion of licensing and other regulatory proceedings relating thereto, have compelled the Company, as well as other electric utilities, to make substantial investments in nuclear facilities prior to the completion of licensing and regulatory proceedings. Cancellation of any of the four nuclear generating projects for any reason, including the inability to obtain necessary permits or sufficient financing, could result in substantial and possibly unrecoverable charges against the Company's income. These charges could include the amounts incurred by the Company prior to cancellation, cancellation penalties and other charges. The scheduling of each of these Units, and the right to cancel the Unit, are the responsibility of the particular New England utility which is supervising construction of the Unit; the determination to cancel a Unit can be made without the consent of the other participating utilities, including the Company.

In particular, on December 31, 1980, Northeast Utilities, the parent company of the lead participants in Montague Units No. 1 and No. 2 (two additional nuclear facilities in which the Company was to participate), cancelled the construction of these two Units because the capacity was no longer required by Northeast Utilities. The Company's total expenditures on Montague Units No. 1 and No. 2 through the date of such cancellation were approximately \$207,000 after giving effect to tax savings and deferred taxes of approximately \$87,000.

In the event that any other Unit identified in the table above is ultimately cancelled, the Company would request DPU permission to amortize its gross expenditures relating to such cancelled Unit over a suitable period and thereby achieve, in the opinion of the management of the Company, adequate rate treatment. A similar request relating to the Company's participation in the now cancelled Charlestown Units No. 1 and No. 2 was granted by the DPU (see "Business — Joint Projects and Other Plans"). In addition, a similar request relating to the Company's participation in the now cancelled Montague Units No. 1 and No. 2 was granted by the DPU (see "Business — Joint Projects and Other Plans"). In the event any of the Units identified in the table is ultimately cancelled, the magnitude of the Company's final costs, and the extent to which rate relief would permit recovery of these costs, cannot be determined at this time.

Assuming completion of construction and the ongoing operation of all the nuclear generating Units described above, approximately 25% of the Company's New England Power Pool ("NEPOOL") obligation (see "Business — New England Power Pool") at the date of completion of the last Unit sometime in the late 1980's would be provided by nuclear power.

FINANCING REQUIREMENTS

A portion of the Company's cash requirements for its 1981 construction program will be provided through internally generated funds and short-term borrowings. Other than the issuance of the Additional Common Stock, the Company's plans for permanent financing for the remainder of 1981 have not yet been definitively formulated. The Company presently contemplates a financing program during the years 1982 through 1985 that will include the sale of additional securities, the amounts and types of which have not been determined. Following are summaries of certain provisions of the Company's note agreements, indentures, Articles of Organization, and By-Laws (all of which are qualified in their entirety by reference thereto) which can affect the Company's ability to issue additional securities.

Under the agreements and indentures pursuant to which the Company's long-term notes are outstanding, additional Funded Debt (as defined in such agreements and indentures) may not be issued if (i) the Funded Debt of the Company outstanding immediately thereafter shall exceed 55% of the Company's Capital Account (as defined) computed immediately thereafter and (ii) Earnings Available for Interest (as defined) shall not have been equal, for at least twelve consecutive calendar months out of the fifteen months next preceding the creation of such Funded Debt, to at least 200% of all amounts of interest for which the Company will annually thereafter be obligated on account of all Debt (as defined) to be outstanding immediately thereafter. Earnings Available for Interest (as defined in such agreements and indentures) includes AFUDC. Pro Forma Earnings Available for Interest amounted to 145% of such interest for the year ended March 31, 1981, and Funded Debt represented 50.9% of the Company's Pro Forma Capital Account at March 31, 1981, after giving effect to the issuance of the Additional Common Stock and the reduction of the Company's short-term debt from the estimated net proceeds thereof. Accordingly, no long-term debt could have been issued at such date under the more restrictive test specified in (ii) above.

Under the terms of the Company's Articles of Organization, the Company has authority to issue 99,820 shares of Cumulative Preferred Stock, \$100 par value, of which 39,540 shares were issued and outstanding on March 31, 1981. The Board of Directors of the Company fixes the terms and price proposed for each series thereof, which are subsequently submitted to the DPU for approval. Thereafter, prior to the issuance of any additional shares of such Stock, action by the common shareholders is required to amend the By-Laws of the Company in order to insert therein the terms of the series to be issued. The terms of the Cumulative Preferred Stock also provide that the approval of a majority of the holders of all outstanding series of such Stock is required for the issuance of additional shares thereof unless the following "coverage" requirements are satisfied: (i) net income of the Company for any period of twelve months within the next preceding fifteen months shall have been at least equal to two times the sum of the annual dividend requirements on the Cumulative Preferred Stock and on all shares of stock ranking prior to, or on a parity with the Cumulative Preferred Stock as to dividends or

distribution of assets then to be outstanding; (ii) net income of the Company for a similar period (after adding back interest charges on Funded Debt of the Company deducted in the computation) shall have been at least equal to one and one-half times the sum of the annual interest charges on Funded Debt of the Company to be outstanding at the date of such issue plus the annual dividend requirements on the Cumulative Preferred Stock and on all shares of stock ranking prior to, or on a parity with, the Cumulative Preferred Stock as to dividends or distribution of assets, then to be outstanding; and (iii) the aggregate amount of capital represented by the Common Stock and any other stock ranking junior to the Cumulative Preferred Stock in respect of the distribution of assets plus the sum of capital surplus, earned surplus and premium on capital stock of all classes of the Company (see Note 3 to "Capitalization") would be at least equal to the aggregate amount payable upon involuntary liquidation, dissolution or winding up of the affairs of the Company on the Cumulative Preferred Stock and all shares of stock ranking prior to or on a parity with the Cumulative Preferred Stock then to be outstanding. At March 31, 1981, the Company could not have issued any additional Cumulative Preferred Stock without approval of a majority of the holders of the outstanding Cumulative Preferred Stock voting as a class.

COMMON STOCK DIVIDENDS

The Company has paid regular dividends on its Common Stock since 1859. Such dividends on an annual basis increased from \$1.41 in 1976 to \$1.44 in 1977, to \$1.50 in 1978, to \$1.90 in 1979, and to \$2.60 in 1980. A quarterly dividend of \$.65 per share (\$2.60 annual rate) was declared by the Board of Directors at its March 24, 1981 meeting payable May 15, 1981 to holders of record of Common Stock on May 1, 1981.

It is the intention of the Board of Directors to continue to pay cash dividends on its Common Stock on a quarterly basis. However, future dividends will necessarily be dependent upon the Company's earnings, its financial condition and other factors (see "Management's Discussion and Analysis of Results of Operations and Financial Condition"). See "Description of Common Stock" regarding certain restrictions upon the payment of dividends.

PRICE RANGE OF COMMON STOCK

The Common Stock of the Company is listed on the American and Boston Stock Exchanges. The high and low per share sales prices of the Common Stock, reported by The Wall Street Journal as American Stock Exchange transactions through January 23, 1976, and as composite transactions thereafter, were as follows:

	<u>High</u>	<u>Low</u>		<u>High</u>	<u>Low</u>
1976	16 $\frac{7}{8}$	13 $\frac{1}{2}$	1980		
1977	17 $\frac{3}{4}$	15 $\frac{1}{8}$	1st Quarter	23 $\frac{1}{2}$	18 $\frac{5}{8}$
1978	19	15 $\frac{1}{8}$	2nd Quarter	23 $\frac{3}{4}$	19 $\frac{3}{8}$
1979			3rd Quarter	26 $\frac{1}{4}$	22 $\frac{5}{8}$
1st Quarter	19	16	4th Quarter	23	20 $\frac{1}{8}$
2nd Quarter	18 $\frac{1}{2}$	17	1981		
3rd Quarter	21 $\frac{1}{8}$	17 $\frac{3}{4}$	1st Quarter	21 $\frac{5}{8}$	18 $\frac{1}{4}$
4th Quarter	19 $\frac{5}{8}$	17 $\frac{3}{4}$	2nd Quarter		
			(through June 15, 1981)	19 $\frac{7}{8}$	17 $\frac{3}{4}$

The last reported sale price of the Common Stock on June 15, 1981 on the American Stock Exchange was \$19.00 per share.

The Additional Common Stock to be offered hereby is to be sold at a price per share to the Company which is less than the book value per share of its Common Stock at March 31, 1981 which was \$26.25. Such book value, as adjusted to give effect as of that date to the issuance of the Additional Common Stock (assuming net proceeds to the Company of \$18 per share), would be \$24.73 per share. Any future sales of Common Stock at a price which is less than the book value per share will result in further dilution of such book value.

CAPITALIZATION

The capitalization of the Company as of March 31, 1981, and as adjusted for the issuance of 125,000 shares of the Additional Common Stock, is as follows:

	March 31, 1981	Adjusted(1)	
	Amount	Amount	Percent
	(In thousands)		
Long-term Debt (including current maturities)	\$21,585	\$21,585	50.9%
Redeemable Cumulative Preferred Stock, \$100 Par Value			
Authorized, 40,710 shares			
5½% Series:			
Outstanding, 16,040 Shares	1,604	1,604	
8% Series:			
Outstanding, 23,500 Shares	2,350	2,350	
Total Redeemable Cumulative Preferred Stock	3,954	3,954	9.3%
Common Stock Equity			
Common Stock, \$10 par value			
Authorized, 1,000,000 shares			
Outstanding, 558,477 shares(2); ad- justed 683,477 shares	5,585	6,835	
Premium on Common Stock(3)	3,091	4,341	
Capital Stock Expense	(455)	(705)	
Retained Earnings	6,429	6,429	
Total Common Stock Equity	14,650	16,900	39.8%
Total Capitalization	\$40,189	\$42,439	100.0%

(1) Assumes net proceeds of approximately \$2,250,000 from the sale of the Additional Common Stock.

(2) Not reflected herein are an additional 6,998 shares of Common Stock authorized to be issued from time to time in connection with the Company's Tax Reduction Act Employee Stock Ownership Plan.

(3) "Premium on Common Stock" is sometimes referred to as "Additional Paid-in Capital".

On March 31, 1981, outstanding short-term indebtedness totaled \$9,430,000, approximately \$2,250,000 of which is to be repaid from proceeds of the sale of the Additional Common Stock.

SELECTED FINANCIAL DATA

The following is a summary of certain financial information of the Company and its consolidated subsidiary. The information presented for the years 1976 through 1980 has been selected by management from financial statements which have been examined by Alexander Grant & Company, independent certified public accountants, whose report thereon, which contains a qualification of opinion as is stated therein, appears elsewhere in this Prospectus. The information presented for the twelve months ended March 31, 1981 has been selected by management from the unaudited financial statements for the twelve months ended March 31, 1981 appearing elsewhere in this Prospectus. In the opinion of management, all adjustments (consisting only of normal recurring accruals) necessary for fair presentation of the consolidated financial position and results of operations for such twelve-month period have been included. Results for the twelve months ended March 31, 1981 are not necessarily indicative of the results for the year ending December 31, 1981. For further information see the consolidated financial statements and related footnotes.

Results of Operations (In thousands, except per share amounts)	Twelve Months	Year Ended December 31,				
	Ended	1980	1979	1978	1977	1976
	March 31, 1981					
(Unaudited)						
Operating Revenues:						
Electric	\$28,772	\$28,525	\$24,475	\$21,158	\$19,061	\$16,601
Gas	14,640	13,785	9,786	7,920	6,861	5,698
Total Operating Revenues	\$43,412	\$42,310	\$34,261	\$29,078	\$25,922	\$22,299
Electricity Purchased for Resale	\$13,328	\$13,516	\$10,470	\$ 8,538	\$ 8,240	\$ 6,390
Fuel Used in Electric Generation	\$ 5,069	\$ 4,917	\$ 3,402	\$ 2,159	\$ 2,083	\$ 1,869
Gas Purchased for Resale	\$ 9,879	\$ 9,172	\$ 5,851	\$ 4,335	\$ 3,709	\$ 2,986
Local Property Tax	\$ 1,762	\$ 1,626	\$ 1,118	\$ 1,694	\$ 1,529	\$ 1,384
AFUDC: Borrowed and Other Funds	\$ 973	\$ 792	\$ 629	\$ 416	\$ 248	\$ 135
Net Income	\$ 1,723	\$ 1,703	\$ 2,261	\$ 1,960	\$ 1,200	\$ 1,083
Dividend Requirements on Preferred Stock	272	274	282	288	290	291
Net Income Applicable to Common Stock	\$ 1,451	\$1,429	\$ 1,979	\$ 1,672	\$ 910	\$ 792
Average Number of Common Shares Outstanding	539	513	455	455	455	455
Earnings per Average Common Share Outstanding	\$2.69	\$2.78	\$4.34	\$3.67	\$2.00	\$1.74
Dividends Declared per Common Share	\$2.60	\$2.60	\$1.90	\$1.50	\$1.44	\$1.065
Balance Sheet Data (In thousands)						
Utility Plant (at cost)	\$58,177	\$51,221	\$47,144	\$44,461	\$44,100	\$39,829
Accumulated Depreciation	\$11,239	\$10,899	\$ 9,850	\$ 9,194	\$ 9,020	\$ 7,125
Total Assets	\$64,590	\$55,520	\$50,813	\$44,225	\$42,435	\$39,271
Capitalization and Short-term Notes:						
Common stock equity	\$14,650	\$14,754	\$12,545	\$11,430	\$10,440	\$10,185
Redeemable preferred stock	\$ 3,954	\$ 3,954	\$ 4,071	\$ 4,188	\$ 4,230	\$ 4,272
Long-term debt	\$21,462	\$21,573	\$16,780	\$16,978	\$17,176	\$17,294
Short-term notes payable	\$ 9,430	\$ 1,700	\$ 5,420	\$ 970	\$ 2,500	\$ 300

MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

Operating Results

Net Income declined during 1980 by approximately \$558,000 (25%). Earnings per average common share for 1980 were \$2.78, on a larger number of shares outstanding, as compared to \$4.34 in 1979. This decrease is primarily due to reduced firm sales caused by the economic recession, higher interest costs and a large increase in property taxes. 1979 earnings per share increased by 18% over the 1978 level primarily due to the abatement of property taxes.

Electric Operating Revenues increased approximately \$4,050,000 (17%) in 1980, despite a decrease (6%) in KWH sales. The net effect on revenues was primarily attributable to an increase of approximately \$4,463,000 in fuel costs for generation and energy costs of purchased power, which are passed on to customers through the operation of a cost of fuel adjustment clause; and a decrease in industrial sales amounting to approximately \$409,000 due to the effects of the recession. Electric Operating Revenues increased \$3,317,000 (16%) in 1979, despite a slight decrease in KWH sales. This increase in revenues was primarily attributable to an increase of approximately \$3,021,000 in fuel costs for generation and energy costs of purchased power, which are passed on to customers through the operation of the above-mentioned clause and to the net effect of two factors: the full year effect of the rate increase approved by the DPU on October 5, 1978 resulting in an increase of approximately \$213,000 and a strike that halted production by one of the Company's major industrial customers thereby lowering the Company's revenues by approximately \$50,000. Gas Operating Revenues increased approximately \$3,999,000 (41%) in 1980, primarily due to the effect of four factors: an increase of approximately \$2,313,000 in the cost of purchased gas which is passed on to customers through the operation of a cost of gas adjustment clause; an increase of approximately \$618,000 in off-system sales; an increase of 191,331 thousand cubic feet ("MCF") of gas through interruptible sales, resulting in an approximate increase of \$517,000; and higher firm gas sales, due to the Company's marketing program, of 216,920 MCF, resulting in an increase of about \$460,000. Gas Operating Revenues increased approximately \$1,866,000 (24%) in 1979 primarily due to the net effect of three factors: an increase of 391,289 MCF in interruptible sales, resulting in an increase of approximately \$1,279,000; the increased cost of purchased gas which is passed on to customers through the operation of the above-mentioned clause, resulting in an increase of approximately \$903,000; and a decrease in off-system sales of approximately \$410,000.

Electricity Purchased for Resale increased approximately \$3,043,000 (29%) in 1980 over 1979, and approximately \$1,932,000 (23%) in 1979 over 1978. The 1980 and 1979 increases reflect an increase in the per unit energy cost of approximately 1.1¢ (33%) and .7¢ (27%), respectively. 1978 expenses had increased primarily due to a greater reliance on electricity purchased from other utilities. Fuel Used in Electric Generation increased approximately \$1,515,000 (45%) in 1980 due to the escalation in the costs of fuel used to generate a level of KWH slightly lower than that of 1979. Costs in 1979 rose by approximately \$1,243,000 (58%) due to the same reasons as in 1980. Gas Purchased for Resale increased by approximately \$3,321,000 (57%) in 1980 over 1979 and by approximately \$1,516,000 (35%) in 1979 due to (i) higher prices charged by the Company's pipeline supplier, (ii) the increasing unit cost of the Company's supplemental gases and (iii) an increase of 550,745 (24%) in MCF sales in 1980 and an increase of 280,725 (14%) in MCF sales in 1979.

Operating Expenses, Other increased by approximately \$441,000 (9%) in 1980 over 1979 principally due to an accounting adjustment, required by the Federal Energy Regulatory Commission (the "FERC"), higher tree trimming costs, and operating expenses associated with the continuation of the gas conversion program (see "Business — Gas Operations and Supply"). Increases in 1979 of approximately \$299,000 (6%) are associated with lease obligations, hourly wage rates, increased pension and insurance costs and other cost increases that reflect the continuing effects of inflation. Maintenance Expenses have risen over the last several years due to higher wage rates and the continuing effects of inflation.

Amortization of Cost of Abandoned Properties increased by approximately \$167,000 (25%) in 1980 due to the first full year's effect of the amortization of Charlestown Units No. 1 and No. 2. The increase of approximately \$61,000 (10%) in 1979 was due to the first full year's effect of the amortization of one of the Company's generating units, Generating Unit No. 6, and two months amortization of Charlestown Units No. 1 and No. 2. The increase of approximately \$423,000 (245%) in 1978 was due to the commencement of amortization of Unit No. 6. Allowance for Other and Borrowed Funds Used During Construction has generally increased since 1976 due to the Company's continued investment in jointly-owned electric generating facilities under construction. In addition, the increase in interest rates has had a significant impact on these amounts. Federal Income and State Franchise Tax fluctuations are due primarily to changes in taxable income. Federal income tax in 1979 reflects a reduction in the Federal tax rates. Deferred income taxes increased considerably in 1979 from 1978 principally due to the book abandonment of the proposed nuclear generating plants, Charlestown Units No. 1 and No. 2, and the major repair of the Company's gas turbine. In 1980, deferred taxes decreased because the amortization of deferred taxes provided on previously abandoned units exceeded that deferred on current abandonments (Montague Units No. 1 and No. 2) and the reversal of the timing difference arising from the use of different book and tax methods in providing for uncollectible accounts.

Local Property Taxes in 1980 increased by approximately \$264,000 (19%) over 1979 principally due to the increased property tax levy of over 20% in the City of Fitchburg and due to tax classification, which shifts the property tax burden to the industrial and commercial property owners from the residential property owners (see Note 12 to the Consolidated Financial Statements). The 1979 decrease of \$332,000 (20%) from 1978 is principally due to a property tax settlement agreed to by the City in October 1979. The Company in 1979 received abatements with a value of approximately \$734,000, of which \$244,000 pertained to the 1978 period. These abatements increased 1979 net income by \$376,000 or \$.83 of earnings per average common share. The Company anticipates that future levels of property tax expense will continue to reflect the lower assessed valuation resulting from this settlement. The 1978 increase of \$165,000 (11%) over 1977 was due to the acquisition of the electric facilities purchased on June 1, 1977 from New England Power Company.

Other Interest Charges increased by approximately \$219,000 (67%) in 1980 and by approximately \$92,000 (39%) in 1979 due to increased interest expenses related to short-term borrowings required to finance the Company's construction program and to a higher level of average daily short-term borrowings. Average daily bank borrowings were approximately \$3,067,000, \$2,441,000 and \$1,492,000 for the years 1980, 1979 and 1978, respectively. Average daily interest rates on these borrowings on an annual basis were 14.4%, 13.0% and 8.6% for each of the years 1980, 1979 and 1978, respectively.

Changes for the twelve-month period ended March 31, 1981, compared to the year ended December 31, 1980, primarily reflect the factors discussed above relating to changes for the year ended December 31, 1980, compared to the year ended December 31, 1979.

Financial Condition

The liquidity and capital resources of the Company, like most electric utility companies, are influenced most significantly by construction required to provide the environmentally-acceptable facilities needed to meet the anticipated energy needs of its customers. The rate-making practices of most utility regulatory commissions, including the DPU, effectively require substantial external financing of the investment in additional facilities and equipment. In addition, these practices generally provide that the financing costs of construction projects be treated as part of the cost of the new facilities. The inclusion of financing costs in the cost of new facilities is accomplished by recording AFUDC (a non-cash credit) in the Statement of Earnings (see Note 1 to the Consolidated Financial Statements). Although this accounting treatment allows recovery of the cost of construction funds

through depreciation over the life of the facilities, the recording of the income credits is not immediately accompanied by cash flow. As a result, the quantity of earnings may not be greatly reduced during periods of heavy construction but the cash flow content of earnings is reduced. Low internal cash generation requires a large proportion of external financing to support the construction program. Consideration of liquidity and capital resources for electric utility companies must primarily be directed toward an assessment of continued ability to attract the capital necessary to support the construction program.

Capital expenditures in 1980 were up by 17% over 1979 primarily due to the continued investment in jointly-owned generating plants and, to a lesser extent, the gas conversion program. The increase of approximately \$6,957,000 in utility plant and approximately \$7,730,000 in short-term notes payable at March 31, 1981 compared to December 31, 1980 is primarily due to the acquisition by the Company of the additional ownership interest in Seabrook Units No. 1 and No. 2 in February, 1981 (see "Business — Joint Projects and Other Plans").

Because of its commitment to Seabrook Units No. 1 and No. 2 and other jointly-owned nuclear generating plants, the Company has forecast a cash construction budget of approximately \$13,912,000 exclusive of AFUDC for 1981, of which approximately \$11,801,000 consists of investment in the jointly-owned nuclear plants (see Note 9 to the Consolidated Financial Statements for further details). The Company's total cash commitment toward these Units is estimated to be approximately \$32,000,000, excluding AFUDC.

The payment at maturity of \$3,011,000 of the Company's long-term 4 $\frac{7}{8}$ % Notes will be made in 1984. This is the Company's only major long-term debt coming due during the next five years. Redemptions of other long-term Notes will be made to satisfy several annual sinking fund requirements during this period.

When internally generated funds are not available, the Company follows a policy of borrowing on a short-term basis to meet its capital requirements, and at the appropriate time, converts its short-term indebtedness into senior capital. The size and timing of such financings will depend on developments in the security markets and the ability to meet financing covenants (see "Financing Requirements").

In 1980, the Company issued 100,000 shares of Common Stock to the public at a price of \$23.00 per share and issued 3,002 shares in connection with the Company's Tax Reduction Act Employee Stock Ownership Plan at \$22.375 per share. The Company also sold privately \$5,000,000 of its 15 $\frac{3}{4}$ % Notes due 2000. The Company's new service center, costing approximately \$2,700,000, is being funded through a sale and leaseback arrangement, entered into in February, 1981, for an initial term of 22 years. The Company has a 25 year lease on a combustion turbine and LNG storage facility which commenced in 1973. The Company leases other equipment including its new computer system.

It is vital to the interests of both the Company's shareholders and customers that income from operations be adequate to permit financing of the capital expenditures necessary to meet its service requirements. To achieve a satisfactory level of earnings, the Company is monitoring its financial situation very closely to determine the timing and the amount of any future rate filings. Massachusetts statutory law requires that a decision must be rendered by the DPU within six months from the date a company files for a rate increase.

BUSINESS

General

The Company is an operating public utility company engaged in supplying electricity and/or gas in various communities in north central Massachusetts. The estimated population of the Company's service area is 80,000. Electric and gas businesses accounted for the following percentages of the Com-

pany's total operating revenues and operating income before deducting income taxes in the twelve month period ended March 31, 1981 and the years 1976 through 1980.

	Twelve Months Ended		Year Ended December 31,			
	<u>March 31, 1981</u>	<u>1980</u>	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>
Total Operating Revenues						
Electric	66%	67%	71%	73%	74%	74%
Gas	34%	33%	29%	27%	26%	26%
Total Operating Income (before deducting income taxes)						
Electric	63%	61%	74%	76%	75%	81%
Gas	37%	39%	26%	24%	25%	19%

For further information with respect to the Company's operation by industry segment, see Note 11 to the Consolidated Financial Statements.

Territory Served

Electric service is supplied by the Company to approximately 22,340 customers in the communities of Fitchburg, Ashby, Townsend and Lunenburg. For the year ended December 31, 1980, 53.7% of the electric operating revenues was derived from industrial sales, 31.0% from residential, 11.5% from commercial, 1.0% from other utilities and 2.8% from miscellaneous sources. The Company's sales to its largest industrial customer represented approximately 8% of electric operating revenues for 1980, while sales to the Company's ten largest industrial customers represented, in the aggregate, approximately 31% of electric operating revenues. As of December 31, 1980, approximately 40% of industrial revenues was accounted for by paper manufacturing and allied products companies. An aggregate of 25% of industrial revenues was distributed among rubber and plastic manufacturers, fabricated metals products and non-transportation equipment, non-electrical machinery, chemical products and primary metals industries. The remaining 35% of industrial revenues was accounted for by miscellaneous manufacturers, including producers of textile mill products, apparel and other finished products made from fabrics, and by printing, publishing and allied industries.

For the year ended December 31, 1980 average revenues per KWH sold to industrial, residential and commercial customers were 6.69 cents, 9.07 cents and 9.61 cents, respectively.

Gas service is supplied by the Company to approximately 14,280 customers in the communities of Fitchburg, Lunenburg, Townsend, Ashby, Gardner and Westminster. For the year ended December 31, 1980, 49.0% of the gas operating revenues was derived from residential sales, 13.2% from interruptible sales to industrial customers (which are sales to customers who possess alternative energy sources and who use gas on an as-available basis), 16.0% from firm sales to industrial customers, 14.8% from commercial sales and 7.0% from other sources. As of December 31, 1980, revenues from interruptible sales made up approximately 45% of total industrial revenues. Approximately 16% of total industrial revenues was derived from firm sales to paper manufacturing and allied products companies. The remaining 39% of total industrial revenues was derived from firm sales to fabricated metal products manufacturers, rubber and plastics manufacturers, primary iron manufacturers and miscellaneous industries.

For the year ended December 31, 1980, average revenues per MCF sold to residential, interruptible, firm industrial and commercial customers were approximately \$5.25, \$3.07, \$5.27 and \$4.89, respectively.

New England Power Pool

The NEPOOL agreement, to which the major investor-owned electric utilities in New England, including the Company, and certain municipal and cooperative utilities are parties, has been in effect since 1971. The objectives of NEPOOL are: (a) to assure that the bulk power supply of New England and any adjoining areas served conforms to proper standards of reliability, (b) to attain maximum practicable economy consistent with such proper standards of reliability and (c) to provide for equitable sharing of the resulting benefits and costs. These objectives are achieved through joint planning, central dispatching, cooperation in environmental matters, coordinated construction, operation and maintenance of electric generation and transmission facilities and coordination with other power pools and utilities situated in the United States and Canada. Substantially all planning, operation and dispatching of electric generating capacity for New England is done on a regional basis under NEPOOL. At the time of the 1980-1981 NEPOOL winter peak, the NEPOOL members had approximately 21,741 MW of installed capacity to meet the New England peak load of about 15,620 MW.

The NEPOOL agreement imposes generating capacity reserve obligations and provides for the use of major transmission and distribution facilities and payments associated therewith. The Company's capability responsibility under NEPOOL involves carrying an allocated share of a New England capacity requirement which is determined for each six-month period based on certain regional reliability criteria.

Electric Operations and Energy Supply

The Company has a 4.5% interest (20,115 KW) in an oil-fired generating plant in New Haven, Connecticut, which is operated by The United Illuminating Company as the majority owner. The Company also has a 0.1822% interest (1,120 KW) in an oil-fired generating plant in Yarmouth, Maine, which is operated by Central Maine Power Company as the majority owner. In addition, the Company operates under a long-term financing lease an oil-fired combustion turbine electric peaking generator with a current capability of 27,910 KW.

In addition, the Company has two long-term contracts to purchase power from nearby utilities. The first contract, which expires in 1986, is for the purchase of 40,000 KW from Boston Edison. The supply of energy under this contract is dependent upon the operating capability of the following four Boston Edison units at 10,000 KW each: Pilgrim Unit No. 1, New Boston Unit No. 1, New Boston Unit No. 2, and Mystic Unit No. 7; the first is a nuclear unit, the latter three are oil-fired units. The contract provides that, in the event of a reduction in power supplied, the Company will be entitled to a ratable share of the supplier's NEPOOL entitlement associated with the supplying unit. The second contract is with the Maine Electric Power Company, Inc. ("MEPCO") and provides for the purchase of 3,080 KW through October, 1985 with provisions for earlier termination. MEPCO purchases its power under a long-term contract from the New Brunswick Electric Power Commission (a Canadian governmental entity). As part of the Company's arrangement to purchase power from MEPCO, the Company is obligated to make certain support and other payments in accordance with the MEPCO agreement. The two purchase power contracts require the Company to pay monthly demand and transmission charges regardless of whether or not it purchases any energy and to pay an energy charge for each KWH of electricity it does purchase.

The Company also has agreements to swap power with nearby utilities. A contract with Green Mountain Power Company provides for swapping of 14,910 KW of off-peak power (when available) for 14,910 KW from the Company's combustion turbine. This contract is subject to termination on 30 days' notice. An agreement with Northeast Utilities provides for the exchange of 13,000 KW from its Northfield Mountain pump storage hydro-generating plant for 13,000 KW from the Company's combustion turbine. This is a week-to-week oral agreement and can be ended by mutual agreement.

The three oil-fired plants, together with the agreements discussed above, provide the Company with an approximate net capability of 92,225 KW. The maximum one-hour demand for the Company, exclusive of sales to other utilities, occurred on August 16, 1978 and was 75,330 KW. The Company's current operational capability is in excess of its customers' present requirements. Based on the Company's current expectation that load requirements will grow at approximately two percent per year, the Company will be able to provide its projected capability responsibility to NEPOOL through the 1985-86 power year (which capability responsibility will equal approximately 94,300 KW, including a reserve beyond the Company's load requirements of approximately 17,000 KW, during that power year). In order to assure adequate capability beyond the 1985-1986 power year, to avoid the necessity of reactivating the Company's oil-fired stand-by capability and the necessity of entering into short-term purchase power contracts, the continuing availability of which may be limited by circumstances beyond the Company's control, to minimize the Company's dependence on fossil fuels and to provide long-term base load capability at the lowest possible cost, the Company has entered into agreements for the partial ownership of four nuclear facilities and is currently exploring the possibility of utilizing coal, cogeneration, hydro-electric and other power from renewable resources.

The ability of the Company to meet its NEPOOL capability responsibility will depend on many complex factors, including (1) the state of the economy as it affects load growth, (2) when the nuclear facilities in which the Company has an ownership interest, especially the Seabrook Units, become operational, (3) whether the Company requests and is granted DPU permission to reactivate its stand-by capability, (4) the continuing availability of purchase power contracts to meet short-term deficiencies in NEPOOL capability responsibility, and (5) the results of the Company's current examination of the possibility of obtaining power from coal and renewable resources, including cogeneration and hydro-electric generation sources. The NEPOOL agreement provides for fines in the event a participant fails to meet its obligations and removal from NEPOOL if such failure is due to the participant's negligence.

For further information, see "Electric Operating Statistics".

Joint Projects and Other Plans

The Company has entered into agreements for the partial ownership of four nuclear facilities which are expected to commence commercial operation at various times from 1984 through 1987 (see "Construction Program"). As a participant in each project, the Company is a tenant in common and is severally obligated for all liabilities of each project in proportion to its ownership shares. The Company has also agreed to abide by the decisions of the lead participant on all significant matters. The Company's combined share of the output of the four nuclear units is expected to be approximately 24,600 KW, including the two additional ownership interests in each of the two Seabrook Units discussed below.

The Company had also entered into an additional contract with respect to the partial ownership of the proposed Charlestown Units No. 1 and No. 2 nuclear generating facilities. On October 9, 1979 the lead participant, New England Electric System, through its subsidiary, New England Power Company, announced the indefinite deferral of the in-service dates of these two Units, and subsequently exercised its right under the Charlestown ownership agreement to terminate the project. On November 27, 1979 the DPU approved the Company's request to amortize over a 36 month period approximately \$653,000 (including AFUDC) representing the Company's gross expenditures in the Charlestown Units prior to termination of the project. In the opinion of the management of the Company, this form of rate treatment is adequate to insulate the Company's earnings from any significant effects of these expenditures. The Company will request DPU permission to apply similar treatment to any additional costs resulting from its association with these Units.

The Company had also entered into a contract with respect to the partial ownership of the proposed Montague Units No. 1 and No. 2 nuclear generating facilities. On December 31, 1980, the lead participants exercised their right under the Montague ownership agreement to terminate the project. On April 24, 1981 the DPU approved the Company's request to amortize over a 60 month period approximately \$207,000, representing the Company's gross expenditures including AFUDC less previously deferred income taxes and related tax savings (approximately \$87,000) in the Montague Units prior to termination of the project. In the opinion of the management of the Company, this form of rate treatment is adequate to insulate the Company's earnings from any significant effects of these expenditures. The Company is unable to estimate with certainty the amount of additional charges, or possible cost recovery, which may result from the cancellation of these two Units. However, the Company expects to request DPU permission to apply similar treatment to any additional costs resulting from its association with these Units.

The Company has acquired additional ownership interests in each of the two Seabrook Units from two sources, The Connecticut Light and Power Company ("CL&P") and PSNH. On January 26, 1979, the common shareholders approved the acquisition of an additional 0.43332% ownership interest in each of the Seabrook Units from CL&P. On March 25, 1980, the common shareholders approved the purchase of up to an additional 0.26087% ownership interest in each of the Seabrook Units from PSNH. The Company received approval from the DPU to purchase both additional interests on October 30, 1980. The transfer of the interest from CL&P took place on January 30, 1981. The interest from PSNH is being transferred to the Company over a twelve month period beginning February, 1981.

The Seabrook Units will each have an expected net capability of approximately 1,150 MW. With the acquisition of the additional ownership interests, the Company will be entitled to 0.86519% of each Unit's output, which entitlements are estimated to total 19,900 KW. It is anticipated that the additional interests in the Seabrook Units will partially replace capacity covered by existing purchase power contracts which will be expiring in the mid 1980's (see "Business — Electric Operations and Energy Supply").

The most recent estimate, received in June, 1981, from PSNH, the lead participant, indicates that the Seabrook Units will be constructed at a total cost, including at least an initial nuclear core, of approximately \$2,657,000,000 (excluding AFUDC). All approvals and permits from state and Federal regulatory bodies required for construction of the Units have been obtained and construction is in progress. The obtaining of these approvals and permits has been opposed by a number of intervening groups and demonstrators at the Seabrook site and has been time-consuming, resulting in significantly increased costs for the project. Several court appeals from the Federal regulatory approvals are pending.

Fuel Supply

Oil. Substantially all the Company's electric power is purchased from other utilities in the New England area (see "Business — Electric Operations and Energy Supply"). These New England electric utilities make greater use of fuel oil for generation of power than those in other regions of the country. Most fuel oil supplies of the New England utilities are acquired from foreign sources and are subject to interruption and price increases by foreign governments.

The combustion turbine leased by the Company currently operates exclusively on oil and is primarily used for peak-load operation. The Company has no long-term contracts for oil supply. Should it be necessary for the Company to reactivate its currently deactivated fossil-fueled generating plant (see "Business — Electric Operations and Energy Supply"), the Company would attempt to insure a supply of oil by entering, to the extent possible, into long-term contracts and bulk fuel purchases, for which the Company has adequate storage facilities.

While the Company intends to make substantial replacements of power derived from oil with power derived from nuclear and renewable sources, the Company cannot predict with certainty whether or when such replacements will be effected (see "Construction Program" and "Business — Joint Projects and Other Plans").

Nuclear. The Company has been advised by the companies planning or constructing the nuclear generating Units in which the Company has an interest that such Units have contracted for certain segments of the nuclear fuel production cycle (see "Business — Joint Projects and Other Plans") through various dates. This cycle includes, among other things, mining, enrichment and disposal or reprocessing of used fuel. The Company has been informed that each nuclear project in which it has an interest has contracted for at least an initial core of enriched radioactive material necessary for fuel assembly. Contracts for various segments of the fuel cycle will be required in the future, and their availability, prices and terms cannot now be predicted.

The Company is not aware of any contractual arrangements for reprocessing of spent fuel and there are no reprocessing facilities currently operating in the United States. Former President Carter had stated the position of his Administration to be that the United States should indefinitely defer commercial reprocessing and recycling of spent nuclear fuel. If such services are not available when required for the Units in which the Company has an interest, the spent fuel can be stored pending reprocessing or disposal. The cost of long-term storage of nuclear wastes is not known at the present time. The Company cannot predict at this time what difficulties will be encountered regarding disposal of nuclear waste. The NRC, along with other Federal agencies, is in the process of developing regulations and guidelines in this area. The Company expects that the Units in which it has an interest will develop plans for the disposal of nuclear wastes after promulgation of these regulations and guidelines; such plans will be subject to regulatory approvals.

Gas Operations and Supply

Gas is distributed to the area served by the Company through approximately 289 miles of steel, cast iron and plastic mains. The maximum sendout in 1980 occurred on December 25, 1980 when a new Company record of 17,722 MCF was achieved. The maximum sendout to date occurred on January 4, 1981 when a new Company record of 19,721 MCF was achieved.

The Company purchases natural gas from Tennessee Gas Pipeline Company ("Tennessee") under a firm contract which provides that the Company may take up to 7,506 MCF of gas daily. This contract expires on November 1, 2000, but will continue beyond this expiration date until terminated by either party on twelve months' written notice.

Beginning in January, 1974, Tennessee began to curtail deliveries of gas due to increased overall demand in excess of pipeline capacity. All of Tennessee's curtailments are currently being made pursuant to a curtailment plan filed with the FERC on September 28, 1973, approved by the FERC on March 14, 1977, and modified from time to time thereafter with FERC approval. The maximum annual quantity which the Company can purchase under this plan (volumetric purchase limitation) is 2,734,215 MCF.

There were no pipeline curtailments of gas deliveries to the Company below the volumetric purchase limitation for the period from November 1, 1980 through March 31, 1981. No curtailments below the volumetric purchase limitation are anticipated for the period from April 1, 1981 through October 31, 1981. Tennessee's most recent supply forecast filed with the FERC indicates that no curtailments below the volumetric purchase limitation are anticipated during the period from November 1, 1981 through March 31, 1982. The possibility and extent of any future curtailments, however, cannot be predicted at this time. Under governing FERC opinions, Tennessee has the right to increase such curtailments. Previous curtailments by Tennessee have caused the Company to reduce interruptible sales (see "Business — Territory Served"). To the extent necessary, the Company intends to continue

to make such interruptions. The Company is seeking to obtain additional gas supplies in order to minimize the effects of any future curtailments. Although the Company can continue to provide an adequate supply of gas to its firm customers by reducing interruptible sales when necessary, such reductions have an adverse impact on the Company's earnings.

The Company has an underground gas storage contract with Consolidated Gas Supply Corporation ("Consolidated") by which Consolidated provides approximately 50,000 MCF of underground storage to the Company for a twenty-year period beginning August 1, 1980. The Company has also executed a precedent agreement with Penn-York Corporation ("Penn-York"), formerly National Fuel Gas Storage Corporation, by which Penn-York proposes to provide approximately 300,000 MCF of underground storage to the Company. The agreement expires on April 1, 2000. The Company has also executed a precedent agreement with Tennessee to transport all the gas which is intended to be stored by Consolidated and Penn-York. The necessary applications to provide each of these services have been filed with and noticed by the FERC, and it is anticipated that the requisite approvals will be forthcoming.

As a supplement to natural gas, the Company has a propane air gas plant with a daily production capacity of 7,200 MCF and a storage capacity of 29,725 MCF. The Company also has a leased LNG storage and vaporization facility with a daily production capacity of 7,200 MCF and a storage capacity of 4,167 MCF. These plants are used primarily during peak load periods to augment the supply of natural gas.

The Company has a contract to purchase 133,028 MCF natural gas equivalent of liquid propane each winter season from C. M. Dining, Incorporated, which will expire March 31, 1985. Under the terms of this contract, the Company is required to purchase 60% of the total amount and has the option to purchase the remaining 40%.

The Company also has a contract to purchase 50,459 MCF natural gas equivalent of liquid propane each winter season from Petrolane-Northeast Gas Service, Inc. ("Petrolane"), which will expire on March 31, 1985. Under the terms of this contract, the Company is required to purchase 60% of the total amount and has the option to purchase the remaining 40%. In addition, the Company has a contract with Petrolane, which will expire on March 31, 1982, providing for the storage by the Company with Petrolane of 58,464 MCF natural gas equivalent of liquid propane, and for the purchase of 44,643 MCF natural gas equivalent of such liquid propane from Petrolane.

The Company has an additional contract to purchase 165,000 MCF natural gas equivalent of supplemental gas each winter season from Bay State Gas Company, which will expire on March 31, 1988, but will continue beyond this expiration date until terminated by either party on twelve months written notice. Under the terms of this contract, the Company is required to purchase 75% of the total amount and has the option to purchase the remaining 25%.

During the summer of 1980, the Company stored approximately 71,000 MCF natural gas equivalent of LNG at a storage facility owned by The Brooklyn Union Gas Company ("Brooklyn Union"). Brooklyn Union arranged for the Company to receive an equivalent amount of LNG from Distrigas of Massachusetts Corporation during the 1980-1981 winter season. The Company has the option to enter into a similar arrangement with Brooklyn Union this year.

If curtailments by Tennessee of pipeline deliveries of natural gas do not increase significantly beyond presently indicated levels, and if LNG and liquid propane continue to be available from market sources, the capacities of the Company's LNG and propane facilities, together with the natural gas available under the contract with Tennessee, are expected to provide adequate gas supplies to fulfill the requirements of all existing firm customers served by the Company. There can be no assurance, however, that limitations on interruptible service will not continue to increase or that future restrictions will not be imposed on firm customers.

Gas utility companies, including the Company, have experienced a large growth in firm sales primarily due to the conversion of residential customers from oil to gas as fuel. These conversions

have taken place in the last several years due to the substantially lower price of gas. However, as deregulation of gas prices takes effect and the conversion market becomes saturated, growth is expected to become less significant.

For further information, see "Gas Operating Statistics".

Regulation and Rates

The Company is subject to regulation by the DPU with respect to retail rates, adequacy of service, issuance of securities, accounting and other matters. The Company is also subject to regulation by the FERC with respect to certain matters, including NEPOOL interchanges and other wholesale sales of electricity. As part of such regulation, representatives of the FERC conduct regular audits of the Company relating to the Company's overall compliance with the accounting and reporting requirements of the FERC. The most recent FERC audit, completed in 1980, covered the period 1975-1979.

The Company's retail electric and gas sales are made pursuant to rate schedules on file with the DPU at rates which call for lower unit prices as monthly usage increases.

Until 1972 the Company had not requested a general rate increase in 52 years and during that period had made several voluntary rate reductions. During recent years the Company has sought rate relief designed to cover the impact of increased costs. The amounts of rate relief granted by the DPU from October 15, 1974 to date are set forth below:

<u>Effective Date</u>	<u>Department</u>	<u>Type of Increase</u>	<u>Amount Requested</u>	<u>Amount Granted</u>
October 15, 1974	Electric	Permanent	\$2,300,000	\$2,096,000(1)
January 12, 1976	Gas	Permanent	663,000	349,451
January 12, 1976	Electric	Permanent	793,000	793,000
September 15, 1977	Gas	Permanent	838,000	553,734
October 5, 1978	Electric	Permanent	2,795,000	1,804,180(2)

(1) Includes the \$1,000,000 requested and the \$767,500 interim electric rate relief granted effective April 21, 1974.

(2) \$1,062,109 was granted effective September 19, 1977.

The electric rate schedules of the Company for all retail sales are subject to a cost of fuel adjustment by which rates are modified to reflect changes in the cost of fuel used for generation and the cost of purchased energy. With the approval of the DPU, the current cost of fuel adjustment schedule has been in effect since September 27, 1974. The Company's total fuel costs are determined on an estimated quarterly basis, subject to review and approval by the DPU. Toward the end of each quarter the Company compares actual fuel expenses incurred with the actual fuel adjustment revenues collected and adds or subtracts the resulting difference from the estimated fuel costs for the next quarter.

The gas rate schedules of the Company for all retail sales (except interruptible sales) are subject to a cost of gas adjustment by which the rates are modified to reflect changes in the cost of purchased pipeline natural gas and supplemental gas. The current cost of gas adjustment schedule, which was approved by the DPU, has been in effect since January 1, 1974. On October 16, 1980, the DPU issued guidelines for a new standard cost of gas adjustment to become effective on a company by company basis. Under the DPU guidelines, the Company will no longer be permitted to include in its cost of gas adjustment (i) production costs, such as maintenance of the Company's LNG plant and storage costs, and (ii) BTU revenue loss (resulting from billing higher BTU gases, such as LNG and propane, on a volumetric instead of a BTU, i.e. heat content, basis). With respect to BTU revenue loss, the DPU will permit companies to bill customers for gas on the basis of BTU content or to stabilize such BTU content. The Company is studying these alternatives at the present time. In addition, the DPU has announced its intention to review on an expedited basis the treatment by gas utilities of profits from non-firm (interruptible and off-system) sales. It is possible that the DPU may require such utilities, including the Company, to pass on a portion of such profits to firm customers. In connection therewith, the Company has responded to DPU informational requests and has testified at public hearings. For the year ended December 31, 1980, such production costs amounted to \$263,000, BTU

revenue loss amounted to \$208,000, and profits from non-firm sales amounted to \$508,000. The Company expects to continue to recover production costs and BTU revenue loss through its current cost of gas adjustment clause until the DPU implements the guidelines with respect to the Company. Upon implementation of the guidelines, the Company anticipates recovering production costs by including them in its cost of service subject to DPU approval and recovering BTU revenue loss through one of the alternatives permitted by the DPU discussed above. The DPU has not indicated what portion of profits from non-firm sales it may require gas utilities to pass on to firm customers and the Company is unable to determine at this time what such portion might be.

Time-of-day rates, a pricing system that reflects the varying costs of providing electric energy at different times of the day and/or during different seasons of the year, were filed with the DPU in early 1979. The intent of time-of-day rates is to shift demand energy use from on-peak to off-peak periods thereby reducing the amount of new generating capacity required to serve peak loads. The rates filed by the Company are applicable to residential and commercial customers on an optional basis. In addition, the Company made available in mid-1980 an optional limited senior citizen rate which provides reduced rates to certain of the Company's residential customers who qualify. The Company does not anticipate that either of these optional rates will have a significant impact on the Company's financial condition.

On May 12, 1981, the DPU commenced public hearings on the Massachusetts gas supply problem for the period December, 1980 through January, 1981. In connection therewith, the Company has responded to DPU informational requests and has testified at the public hearings.

The DPU has also indicated that cost of gas adjustment collections are subject to refund pending final approval by the DPU. The Company believes that none of the collections under its cost of gas adjustment has been improper and that none will be subject to refund.

Competition

While franchise rights of the Company are non-exclusive, statutes restrict competition from other companies without the approval of the DPU. Under the laws of Massachusetts, a municipality by appropriate vote can enter the gas or electric business and, subject to mutual agreement, purchase the facilities of the utility serving such municipality. To the best of the Company's knowledge no municipality has taken any such action in Massachusetts; however, in March, 1981, the Mayor's Office of the City of Fitchburg announced that \$47,000, which was part of a Federal grant received by the Franklin County Community Action Corporation of Greenfield, Massachusetts, from the Federal Community Services Administration, would be used to undertake a two-year study of the feasibility of owning and operating a local utility system. The Company cannot presently predict what impact the proposed study might have on the Company or its operations.

Environmental Matters

The combustion turbine operated by the Company, the jointly-owned fossil-fueled and nuclear projects in which the Company has an ownership interest (see "Business — Electric Operations and Energy Supply" and "Business — Joint Projects and Other Plans") and the electric generating units from which the Company purchases power (see "Business — Electric Operations and Energy Supply") under long-term contracts are all subject to regulation with regard to air and water quality and other environmental factors by governmental authorities — Federal, state and local.

The Company believes that it is in material compliance with all applicable environmental regulations. The Company further believes that no significant expenditures will be required to maintain such compliance in the case of the combustion turbine operated by the Company. However, the Company could incur increased construction or operating expenditures as a result of environmental requirements applicable to those Units over which it does not have supervisory control, but in which it has an ownership share.

In complying with existing environmental regulations and further developments in these and other areas of regulation, the Company as a joint participant in the Units in which it has an ownership interest has incurred, and expects to continue to incur, substantial capital expenditures for equipment

modifications and additions, monitoring equipment, recirculating devices and general operating expenses. The total amount of these expenditures is not now determinable. The requirements in these areas may also cause substantial delays in the completion of the four nuclear generating units in which the Company has an ownership interest (see "Construction Program").

Nuclear Licensing

Nuclear plants require various construction and operating permits from state regulatory authorities, including the DPU, and from the NRC. These regulatory authorities extensively investigate all proposed nuclear plants in relation to safety, financial viability, and other factors.

In addition to the individual safety reviews of each nuclear generating unit which are conducted by the NRC in connection with construction permit and operating license applications, the NRC may require modifications in units which already have a construction permit or operating license, or in the fuel for such units, to take account of new standards or technological developments. Where such modifications are required, it may be necessary to reduce or cease operations of a particular unit, either on a permanent basis or until the modifications can be effected.

The expanding development of nuclear power plants in the United States continues to be a subject of public controversy. Various groups have published articles and reports, filed lawsuits and participated in administrative proceedings such as those described above, claiming that the proliferation of nuclear power plants under the present state of nuclear technology presents unacceptable risks to public health and safety and to the environment. In addition, certain of these groups have proposed restrictive legislation in Massachusetts, Connecticut and New Hampshire, and others have participated in demonstrations, including demonstrations at the Seabrook Units, and raised questions in public hearings regarding the ultimate cost of energy produced by nuclear plants as opposed to other fuels. Since the events at TMI, these efforts have substantially intensified (see "The Company — Problems of the Utility Industry and the Company" and "Business — Joint Projects and Other Plans"). It is possible that some of the claims made by such groups, if they should prevail, or the existence of the controversy itself, will cause delays in, or prevention of, the construction of nuclear plants presently planned or under construction, or substantial modifications to or extended shutdowns of plants presently in operation, any of which could have an adverse impact on the results of operations of the Company.

Employee Relations

As of December 31, 1980, the Company had 164 employees, of which 84 were represented by the Brotherhood of Utility Workers of New England, Incorporated. The current one-year collective bargaining agreement terminates on April 30, 1982. The Company has pension plans for employees and also pays the costs of a group insurance plan including life, sickness, accident and hospitalization benefits (see Note 9 to Consolidated Financial Statements).

Fitchburg Energy Development Company

The Company continues to pursue the development of domestic oil and gas supplies in an attempt to insure an adequate long-term supply of fossil fuels through its exploration and development subsidiary, Fitchburg Energy Development Company ("FEDCO"), which is a partner in Minuteman Exploration Company ("Minuteman"). FEDCO is not expected to realize income in the near-term, and the Company cannot predict whether or when FEDCO's operations will become profitable. The Company's investments in FEDCO, which are not included in its construction expenditures, are made from the general funds of the Company and are being borne by the Company's common shareholders. A joint venture program through Minuteman has involved the drilling of a number of wells in Morgan County, Ohio, since exploration was started in July, 1978. While most of these wells are currently producing oil and gas, the Company is unable to predict at this time what amounts, if any, will be transported back to its customers. As of March 31, 1981, the Company had an investment of \$20,000 in FEDCO, representing 100% of FEDCO's outstanding common stock. In addition, as of March 31, 1981 and December 31, 1980, FEDCO had received capital contributions from the Company amounting to \$717,000 and \$657,000, respectively, but a DPU order currently limits the Company's capital contributions to FEDCO to \$1,000,000. The Company anticipates petitioning the DPU for the right to contribute further funds to FEDCO. Hearings, if required, are expected to be held in the latter part of 1981.

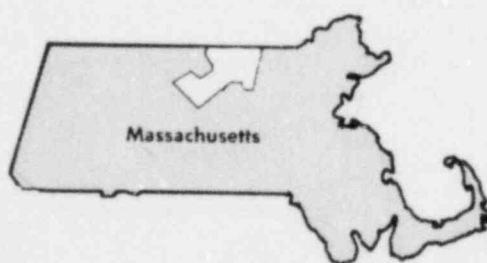
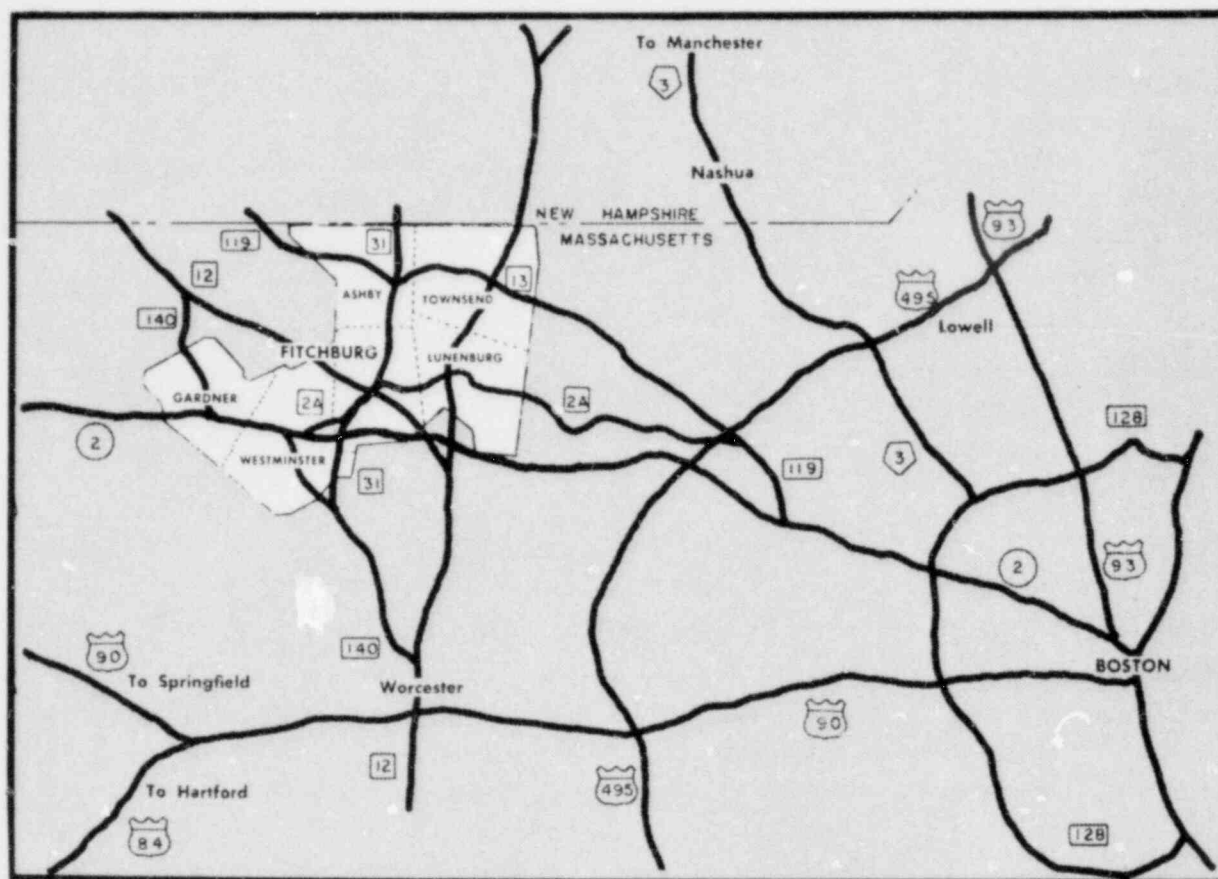
ELECTRIC OPERATING STATISTICS

	Twelve Months Ended March 31, 1981	Year Ended December 31,				
		1980	1979	1978	1977	1976
ELECTRIC ENERGY: GENERATED AND PURCHASED (thousands of KWH):						
Generated Net Station Output	96,536	100,768	104,020	100,343	91,688	94,805
Purchased and Interchanged (net received)	295,206	305,658	320,272	332,279	289,351	243,188
Total Generated and Purchased	391,742	406,426	424,292	432,622	381,039	337,993
Less: Company Use, Loss and Unaccounted for	29,418	35,480	31,601	34,078	31,490	28,736
Electric Energy sold	362,324	370,946	392,691	398,544	349,549	309,257
ELECTRIC SALES BILLED (thousands of KWH):						
Residential	98,050	97,420	98,342	97,945	96,271	96,895
Commercial	34,311	34,177	33,258	31,848	29,039	28,229
Industrial	219,997	229,121	252,106	259,527	203,804	164,506
Other Utilities	735	1,891	1,614	1,667	2,367	1,135
Miscellaneous	9,251	8,337	7,371	7,557	18,068	18,492
Total Electric Sales	362,324	370,946	392,691	398,544	349,549	309,257
NUMBER OF CUSTOMERS (end of period):						
Residential	20,198	20,112	19,538	19,309	19,066	18,852
Commercial	2,047	2,047	2,026	2,018	1,872	1,845
Industrial	157	174	172	172	164	154
Other Utilities	—	—	1	2	1	1
Miscellaneous	9	6	7	7	169	171
Total Customers	22,411	22,339	21,744	21,508	21,272	21,023
ELECTRIC OPERATING REVENUE (thousands of dollars):						
Residential	\$ 9,140	\$ 8,037	\$ 7,647	\$ 6,768	\$ 6,353	\$ 6,245
Commercial	3,375	3,284	2,818	2,446	2,143	2,029
Industrial	15,150	15,324	13,036	11,061	8,917	6,923
Other Utilities	129	238	283	251	473	314
Miscellaneous	920	801	653	601	1,140	1,048
Total Revenue from Energy Sales	28,714	28,484	24,437	21,127	19,026	16,559
Other Operating Revenue	58	41	38	31	35	42
Total Electric Operating Revenue	\$ 28,772	\$ 28,525	\$ 24,475	\$ 21,158	\$ 19,061	\$ 16,601
AVERAGE ANNUAL KWH SALES PER RESIDENTIAL CUSTOMER						
	4,935	4,844	5,033	5,073	5,049	5,140
AVERAGE ANNUAL BILL PER RESIDENTIAL CUSTOMER						
	\$459.99	\$447.65	\$394.47	\$352.26	\$335.73	\$338.54
AVERAGE REVENUE PER KWH BILLED:						
Residential	10.21¢	9.07¢	7.78¢	6.91¢	6.60¢	6.45¢
Commercial	10.97¢	9.61¢	8.47¢	7.68¢	7.38¢	7.19¢
Industrial	8.25¢	6.69¢	5.17¢	4.26¢	4.38¢	4.21¢
Other Utilities	11.31¢	12.59¢	17.53¢	15.06¢	19.98¢	27.67¢
Miscellaneous	10.20¢	9.61¢	8.86¢	7.95¢	6.31¢	5.67¢

GAS OPERATING STATISTICS

	Twelve Months Ended March 31, 1981	Year Ended December 31,				
		1980	1979	1978	1977	1976
GAS ENERGY: PURCHASED AND VAPORIZED (MCF)						
Total Gas Purchased for Resale	2,597,310	2,599,540	2,129,079	1,832,100	1,861,171	1,896,988
Underground Storage Gas Used (In- jected)	(77,953)	127,123	35,546	69,094	72,146	55,600
Supplemental Gas — LNG and Propane	471,451	402,661	289,961	246,393	210,651	240,175
Total Gas Vaporized and Pur- chased	2,990,808	3,129,324	2,454,386	2,147,587	2,143,968	2,192,763
Less: Company Use, Loss and Unac- counted for	209,943	235,463	111,270	85,196	100,430	222,697
Gas Energy Sold	2,780,865	2,893,861	2,343,116	2,062,391	2,043,538	1,970,066
GAS BILLED (MCF):						
Residential	1,344,270	1,288,524	1,102,340	1,120,938	1,049,300	1,084,813
Commercial	433,910	416,973	361,912	364,710	374,870	418,768
Industrial	400,091	417,918	442,243	389,136	390,992	440,183
Interruptible	602,594	594,952	403,621	12,332	89,993	26,302
Other Utilities	—	175,494	33,000	175,275	138,383	—
Total Gas Sales	2,780,865	2,893,861	2,343,116	2,062,391	2,043,538	1,970,066
NUMBER OF CUSTOMERS (end of period):						
Residential	13,418	13,282	12,754	12,174	12,026	11,888
Commercial	898	891	839	801	811	861
Industrial	98	100	98	93	88	81
Interruptible	8	7	2	1	2	2
Other Utilities	—	—	—	—	—	—
Total Customers	14,422	14,280	13,693	13,069	12,927	12,832
GAS OPERATING REVENUE (thousands of dollars):						
Residential	\$ 7,851	\$ 6,761	\$5,089	\$4,515	\$3,734	\$3,339
Commercial	2,332	2,039	1,512	1,343	1,249	1,175
Industrial	2,319	2,203	1,630	1,390	1,194	1,052
Interruptible	1,883	1,824	1,307	28	195	48
Other Utilities	—	745	127	537	396	—
Other Operating Revenue	255	213	121	107	93	84
Total Gas Operating Revenue	\$14,640	\$13,785	\$9,786	\$7,920	\$6,861	\$5,698
AVERAGE ANNUAL MCF SALES PER RESI- DENTIAL CUSTOMER						
	102.62	97.0	86.4	92.1	87.3	91.2
AVERAGE ANNUAL BILL PER RESIDENTIAL CUSTOMER						
	\$599.36	\$521.05	\$370.93	\$356.29	\$327.79	\$274.62
AVERAGE REVENUE PER MCF BILLED:						
Residential	\$5.84	\$5.25	\$4.62	\$4.03	\$3.56	\$3.08
Commercial	\$5.37	\$4.89	\$4.18	\$3.68	\$3.33	\$2.81
Industrial	\$5.80	\$5.27	\$3.69	\$3.57	\$3.05	\$2.39
Interruptible	\$3.12	\$3.07	\$3.24	\$2.27	\$2.17	\$1.82
Other Utilities	—	\$4.25	\$3.85	\$3.06	\$2.86	—

MAP OF SERVICE AREA
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY



MANAGEMENT

Principal Officers

<u>Name</u>	<u>Office Held</u>	<u>Held Office Since</u>
Charles H. Tenney II	Chairman of the Board of Directors	1959
Howard W. Evirs, Jr.	President	1970
Frank L. Childs	Vice President; Treasurer	1979 1980
David K. Foote	Vice President	1980
Edward D. McKenzie	Assistant Treasurer	1979
Angela P. Carlson	Clerk	1975
William D. MacGillivray	Assistant Clerk	1979
Edward R. Harriman	Controller	1981

Directors

<u>Name</u>	<u>Principal Occupation</u>	<u>Director Since</u>
Philip H. Bradley	Resident Manager, Northeast, IBM Corporation	1975
Richard L. Brickley	Partner in the law firm of Brickley, Sears & Cole	1954
Howard W. Evirs, Jr.	President	1969
John Grado, Jr.	Vice President, Litton Industries, Inc. and Chief Executive of its Paper, Printing and Forms Group	1976
Thomas W. Sherman	Executive Vice President and Treasurer, Bay State Gas Company	1975
Robert V. Shupe	President, R. L. Gourley Co., Inc. (distributors of heating, air conditioning and water heating equipment)	1972
Charles H. Tenney II	Chairman of the Board of Directors and Chief Executive Officer; Chairman of the Board of Directors and Chief Executive Officer, Bay State Gas Company, Concord Elec- tric Company and Exeter & Hampton Electric Company	1946
Robert L. Ware	Partner in the law firm of Ware & Ware	1967

Information, as of particular dates, concerning Directors and officers, their remuneration, and any material interest of such persons in transactions with the Company, is disclosed in proxy statements distributed to common shareholders of the Company and filed with the Securities and Exchange Commission. Copies of these proxy statements are available for examination and copying at the Commission's offices as indicated under "Additional Information" at page 2.

DESCRIPTION OF COMMON STOCK

Dividend Rights and Restrictions

Subject to the restrictions set forth below and to the preferential rights of the holders of Cumulative Preferred Stock to receive full cumulative dividends, holders of Common Stock are entitled to receive such dividends as may be declared by the Board of Directors from funds legally available.

Under the Purchase Agreement relating to the Company's 15¾% Notes due September 1, 2000, which contains the most restrictive provisions of any of the Company's note agreements or indentures, the Company may not declare or pay any dividend on its Common Stock or make any other distribution on Common Stock (including the purchase or retirement of Common Stock other than amounts equal to the net proceeds from the sale of Common Stock) if such dividend or distribution together with all other such dividends or distributions (including dividends on, and purchases of, preferred stock of the Company) after December 31, 1979 exceeds the sum of \$2,455,000 plus Consolidated Net Earnings of the Company (as defined) during the period commencing January 1, 1980 and ending as of the date of such dividend or distribution. As of March 31, 1981 retained earnings available for common dividends amounted to approximately \$2,446,000.

Pre-Emptive Rights

The holders of the Common Stock have no pre-emptive rights to purchase additional shares of Common Stock.

Liquidation Rights

Upon any liquidation of the Company any net assets remaining after paying to the holders of Cumulative Preferred Stock the full amounts they are entitled to receive are distributable to the holders of Common Stock.

Voting Rights

The holders of Common Stock are entitled to one vote per share. If six quarterly dividends on the Cumulative Preferred Stock are in arrears, and until such dividend arrearages shall have been paid, the holders of Cumulative Preferred Stock will be entitled to elect a majority of the Directors. Otherwise the holders of the Cumulative Preferred Stock are not entitled to vote except with respect to certain matters affecting the rights and preferences of such Stock where the vote of the holders of two-thirds or a specified lesser percentage of such Stock is required.

Other Provisions

The outstanding shares of Common Stock are, and the shares of the Additional Common Stock will be, fully paid and non-assessable.

Transfer Agent and Registrar

The registrar for the Common Stock is New England Merchants National Bank and the transfer agent is The First National Bank of Boston.

Reports to Shareholders

The Company distributes to its shareholders current reports three times a year containing unaudited interim financial statements and an annual report containing audited financial statements.

Listing

The Company's outstanding Common Stock is listed, and the Additional Common Stock will be listed, upon notice of issuance, on the American and Boston Stock Exchanges.

LEGAL OPINIONS

The validity of the Additional Common Stock will be passed upon for the Company by Messrs. Brickley, Sears & Cole, One Federal Street, Boston, Massachusetts 02110, and by Messrs. LeBoeuf, Lamb, Leiby & MacRae, 140 Broadway, New York, New York 10005, and for the Underwriters by Messrs. Brown, Wood, Ivey, Mitchell & Petty, One Liberty Plaza, New York, New York 10006. Messrs. LeBoeuf, Lamb, Leiby & MacRae and Messrs. Brown, Wood, Ivey, Mitchell & Petty will rely as to matters of Massachusetts law upon the opinion of Messrs. Brickley, Sears & Cole. Messrs. LeBoeuf, Lamb, Leiby & MacRae have reviewed the statements under the heading "Description of Common Stock" as to matters of law and legal conclusions. Richard L. Brickley, Esq., a partner in the firm of Messrs. Brickley, Sears & Cole, is a Director of the Company and owns 25 shares of the Company's Common Stock.

EXPERTS

To the extent set forth in their report appearing elsewhere in this Prospectus, Alexander Grant & Company, independent certified public accountants, have examined the financial statements included herein. All such statements and the financial data, which were selected by management from the Company's financial statements, are included herein in reliance upon the report of such firm and upon the authority of such firm as experts in auditing and accounting.

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Shareholders of
Fitchburg Gas and Electric Light Company

We have examined the consolidated balance sheets of Fitchburg Gas and Electric Light Company and Subsidiary as of December 31, 1980 and 1979 and the related consolidated statements of earnings, retained earnings and changes in financial position for each of the five years in the period ended December 31, 1980. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed in Note 2 to the financial statements, the Company's method of billing and accounting for revenues under its fuel adjustment clause in effect from January 1 through September 26, 1974, has been challenged by the Attorney General of The Commonwealth of Massachusetts. The Company believes its methods are correct and has vigorously defended its procedures, but the ultimate outcome is uncertain and no provision for any liability that may result has been made in the financial statements.

In our opinion, subject to the effect of such adjustments, if any, as might have been required had the outcome of the matter discussed above been known, the financial statements referred to above present fairly the consolidated financial position of Fitchburg Gas and Electric Light Company and Subsidiary at December 31, 1980 and 1979 and the consolidated results of their operations and changes in their financial position for each of the five years in the period ended December 31, 1980 in conformity with generally accepted accounting principles applied on a consistent basis.

Further, in our opinion, subject to the effect of such adjustments, if any, as might have been required had the outcome of the matter discussed in the second preceding paragraph been known, the selected financial data of Fitchburg Gas and Electric Light Company and Subsidiary as of, and for, the years ended December 31, 1980, 1979, 1978, 1977 and 1976 (appearing on page 10 of this Prospectus), presents fairly the information set forth therein, which has been selected by management from the financial statements which have been prepared in conformity with generally accepted accounting principles applied on a consistent basis and which have been examined by us.

Boston, Massachusetts
February 5, 1981

ALEXANDER GRANT & COMPANY

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 1981 (Unaudited)	December 31, 1980	1979
	(In thousands)		
Utility Plant (at cost):			
Electric	\$30,456	\$30,454	\$29,789
Gas	12,790	12,796	10,763
Common	1,405	1,405	1,396
Construction work in progress (Note 9)	13,526	6,565	5,196
Utility Plant	58,177	51,220	47,144
Less: Accumulated Depreciation (Note 1)	11,239	10,899	9,850
Net Utility Plant	46,938	40,321	37,294
Miscellaneous Physical Property (at cost)	26	26	26
Investments (Note 1)	426	370	348
Current Assets:			
Cash (Note 7)	1,391	1,097	1,728
Accounts receivable — less allowance for doubtful accounts of \$427,000, \$362,000 and \$178,000	10,276	8,456	5,082
Refundable income taxes	656	397	265
Materials and supplies (at average cost)	1,102	830	878
Prepayments	185	389	830
Property tax refunds	555	555	463
Total Current Assets	14,165	11,724	9,246
Deferred Debits:			
Unamortized debt expense (amortized over term of securities)	379	385	276
Unamortized cost of abandoned properties (Note 3)	1,938	2,116	2,977
Other (Note 3)	718	578	646
Total Deferred Debits	3,035	3,079	3,899
TOTAL	\$64,590	\$55,520	\$50,813

LIABILITIES AND CAPITALIZATION

Capitalization:			
Common Stock Equity (Notes 5 and 13):			
Common stock, \$10 par value:			
Authorized — 1,000,000 shares in each period			
Outstanding — 558,477, 558,477 and 455,475 shares	\$ 5,585	\$ 5,585	\$ 4,555
Premium on common stock	3,091	3,091	1,754
Capital stock expense	(455)	(455)	(182)
Retained earnings	6,429	6,533	6,418
Total Common Stock Equity	14,650	14,754	12,545
Redeemable Preferred Stock (Note 4):			
Cumulative preferred stock, \$100 par value:			
Authorized 40,710, 40,710 and 41,880 shares			
5½% Series:			
Outstanding — 16,040, 16,040 and 16,460 shares	1,604	1,604	1,646
8% Series:			
Outstanding — 23,500, 23,500 and 24,250 shares	2,350	2,350	2,425
Total Redeemable Preferred Stock	3,954	3,954	4,071
Long-term Debt (Note 6)	21,462	21,573	16,780
Total Capitalization	40,066	40,281	33,396
Current Liabilities:			
Long-term debt due within one year	123	123	123
Notes payable (Note 7)	9,430	1,700	5,420
Accounts payable	6,367	5,421	4,995
Customer deposits and refunds	370	531	259
Taxes accrued	425	104	168
Deferred income taxes (Notes 1 and 8)	1,109	489	131
Interest accrued	369	576	496
Total Current Liabilities	18,193	8,944	11,592
Deferred Credits:			
Unamortized investment tax credit (Note 1)	1,852	1,873	1,584
Other	53	53	70
Total Deferred Credits	1,905	1,926	1,654
Deferred Income Taxes (Notes 1 and 8)	4,364	4,309	4,122
Reserves — Other	62	60	49
Commitments (Note 9)			
TOTAL	\$64,590	\$55,520	\$50,813

The accompanying notes are an integral part of these statements.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

CONSOLIDATED STATEMENTS OF EARNINGS

	Twelve Months Ended March 31, 1981 (Unaudited)	Year Ended December 31,				
		1980	1979	1978	1977	1976
Operating Revenues						
Electric	\$28,772	\$28,525	\$24,475	\$21,158	\$19,061	\$16,601
Gas	14,640	13,785	9,706	7,920	6,861	5,698
Total Operating Revenues	43,412	42,310	34,261	29,078	25,922	22,299
Operating Expenses						
Operating expenses, other	5,872	5,574	5,133	4,834	4,628	4,338
Electricity purchased for resale	13,328	13,516	10,470	8,538	8,240	6,390
Fuel used in electric generation	5,069	4,917	3,402	2,159	2,083	1,869
Gas purchased for resale	9,879	9,172	5,851	4,335	3,709	2,986
Maintenance	1,075	1,028	933	734	698	523
Depreciation (Note 1)	1,350	1,331	1,237	1,182	1,094	953
Amortization of cost of abandoned properties (Note 3)	792	824	657	596	173	176
Provisions for taxes (Notes 1 and 8)						
Federal income tax on net operating income	169	535	958	1,216	562	762
Deferred Federal income	742	508	715	339	411	230
Amortization of investment tax credit	(86)	(85)	(89)	(62)	(52)	(49)
State franchise	23	61	112	81	84	106
Deferred state franchise	78	57	66	32	59	28
Local property — current	1,762	1,626	1,362	1,694	1,529	1,384
— abatement of prior year	—	—	(244)	—	—	—
Other	203	199	194	167	160	145
Total Operating Expenses	40,256	39,200	30,757	25,845	23,378	19,841
Operating Income	3,156	3,047	3,504	3,233	2,544	2,458
Non-operating Income						
Allowance for funds used during construction (Note 1)						
Other funds	201	135	116	118	36	—
All funds	—	—	—	—	—	135
Other (net of income taxes) (Note 8)	59	21	(27)	83	76	63
Total Non-operating Income	260	156	89	201	112	198
Gross Income	3,416	3,203	3,593	3,434	2,656	2,656
Income Deductions						
Interest on long-term debt	1,803	1,611	1,499	1,515	1,527	1,316
Other interest charges	661	545	326	234	123	226
Amortization of debt expense	19	18	20	16	17	16
Discount on long-term debt purchased for sinking fund	(18)	(20)	(3)	(2)	—	(3)
Other	—	3	3	9	1	18
Gross Income Deductions	2,465	2,157	1,845	1,772	1,668	1,573
Net Income Deductions	(772)	(657)	(513)	(298)	(212)	—
Net Income	1,693	1,500	1,332	1,474	1,456	1,573
Dividend Requirements on Preferred Stock	272	274	282	288	290	291
Net Income Applicable to Common Stock	\$ 1,451	\$ 1,429	\$ 1,979	\$ 1,672	\$ 910	\$ 792
Average Number of Common Shares Outstanding	539	513	455	455	455	455
Earnings per Average Common Share Outstanding	\$2.69	\$2.78	\$4.34	\$3.67	\$2.00	\$1.74
Dividends Paid per Common Share	\$2.60	\$2.60	\$1.90	\$1.50	\$1.44	\$1.41

The accompanying notes are an integral part of these statements.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

	Twelve Months Ended March 31, 1981 (Unaudited)	1980	Year Ended December 31,			
			1979	1978	1977	1976
			(In thousands)			
Retained Earnings, Beginning of Period	\$6,424	\$6,418	\$5,304	\$4,315	\$4,060	\$3,681
Net Income	1,723	1,703	2,261	1,960	1,200	1,083
Total	<u>8,147</u>	<u>8,121</u>	<u>7,565</u>	<u>6,275</u>	<u>5,260</u>	<u>4,764</u>
Deduct:						
Cash dividends declared:						
Cumulative preferred stock:						
5½% Series at an annual rate of \$5.125 for the twelve months ended March 31, 1981 and for the years 1977 through 1980 and \$3.844 for 1976	82	83	85	88	90	69
8% Series at an annual rate of \$8.00 for the twelve months ended March 31, 1981 and for the years 1977 through 1980 and \$6.00 for 1976	188	191	197	200	200	150
Common stock at an annual rate of \$2.60, \$2.60, \$1.90, \$1.50, \$1.44 and \$1.065 per share	1,448	1,314	865	683	655	485
Total Deductions	<u>1,718</u>	<u>1,588</u>	<u>1,147</u>	<u>971</u>	<u>945</u>	<u>704</u>
Retained Earnings, End of Period (Note 5)	<u>\$6,429</u>	<u>\$6,533</u>	<u>\$6,418</u>	<u>\$5,304</u>	<u>\$4,315</u>	<u>\$4,060</u>

The accompanying notes are an integral part of these statements.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

	Twelve Months Ended March 31, 1981 (Unaudited)	1980	1979	1978	1977	1976
		Year Ended December 31, (In thousands)				
FUNDS PROVIDED BY:						
Funds from Operations						
Net Income	\$ 1,723	\$ 1,703	\$2,261	\$ 1,960	\$1,200	\$ 1,083
Principal Non-cash Charges (Credits) to Income						
Depreciation	1,367	1,351	1,237	1,182	1,094	953
Deferred Federal income tax	158	162	688	345	430	456
Deferred state franchise tax	14	20	72	31	62	66
Amortization of investment tax credit	(86)	(85)	(89)	(62)	(52)	(49)
Allowance for other and borrowed funds used during construction	(973)	(792)	(629)	(416)	(248)	(135)
Property tax abatements	—	—	(271)	—	—	—
Amortization of deferred debits	852	894	722	647	238	253
Funds Provided by Operations	3,055	3,253	3,991	3,687	2,724	2,627
Net Proceeds from Issuance of Long- term Debt	4,873	4,873	—	—	—	3,000
Net Proceeds from Sale of Common Stock	2,092	2,092	—	—	—	—
Increase (Decrease) in Short-term Debt	5,390	(3,720)	4,450	(1,530)	2,200	(4,100)
Other Sources — Net	298	508	180	224	894	493
Current Portion of Property Tax Abate- ment	394	271	—	—	—	—
TOTAL FUNDS PROVIDED	<u>\$16,102</u>	<u>\$ 7,277</u>	<u>\$8,621</u>	<u>\$ 2,381</u>	<u>\$5,818</u>	<u>\$ 2,020</u>
FUNDS APPLIED TO:						
Additions to Plant	\$ 3,818	\$ 3,833	\$3,271	\$ 3,098	\$4,320	\$ 2,193
Purchase of Additional Interest in Sea- brook Units	6,050	—	—	—	—	—
Investments in Non-utility Operations	121	126	234	271	—	—
Common Stock Dividends	1,448	1,314	865	682	655	485
Preferred Stock Dividends	270	274	282	288	290	219
Funds Used for Retirement of Securities:						
Long-term debt	200	207	198	191	47	289
Preferred stock	117	117	117	42	42	42
Increase (Decrease) in Working Capital, Excluding Short-term Debt	4,078	1,406	3,654	(2,192)	464	(1,208)
TOTAL FUNDS APPLIED	<u>\$16,102</u>	<u>\$ 7,277</u>	<u>\$8,621</u>	<u>\$ 2,381</u>	<u>\$5,818</u>	<u>\$ 2,020</u>
INCREASE (DECREASE) IN COMPONENTS OF WORKING CAPITAL, EXCLUDING SHORT- TERM DEBT:						
Cash	\$ 274	\$ (631)	\$1,268	\$ (312)	\$ 172	\$ (163)
Accounts receivable—net	2,880	3,374	1,197	71	526	37
Refundable income taxes	601	132	265	—	—	—
Materials and supplies	162	(48)	202	(20)	(60)	(96)
Prepayments	(78)	(441)	628	(29)	14	24
Property tax refunds	92	92	463	—	—	—
Accounts payable	765	(426)	(1,160)	(1,091)	(258)	(589)
Customer deposits and refunds	(108)	(272)	365	(256)	(328)	(3)
Taxes accrued	165	64	403	(508)	412	(318)
Deferred income taxes	(622)	(358)	66	(64)	22	285
Interest accrued	(56)	(80)	(43)	17	(36)	(65)
INCREASE (DECREASE) IN WORKING CAPITAL	<u>\$ 4,078</u>	<u>\$ 1,406</u>	<u>\$3,654</u>	<u>\$ (2,192)</u>	<u>\$ 464</u>	<u>\$ (1,208)</u>

The accompanying notes are an integral part of these statements.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(Information subsequent to December 31, 1980 is unaudited)

Note 1. Summary of Significant Accounting Policies

The Company is subject to regulation by the Massachusetts Department of Public Utilities (the "DPU") with respect to its rates and accounting. The Company's accounting policies conform with generally accepted accounting principles, as applied in the case of regulated public utilities, and are in accordance with the accounting requirements of the DPU. A description of the Company's significant accounting policies follows:

Principles of Consolidation

On February 24, 1978, the Company invested \$20,000 in the common stock of a new wholly-owned subsidiary, Fitchburg Energy Development Company ("FEDCO"). FEDCO has invested in oil and gas drilling projects, which investments have been recorded on the equity method. All intercompany items have been eliminated in consolidation.

Revenue Recognition

The Company records unbilled fuel adjustment revenue currently to properly match revenues with related costs. Such unbilled revenue as of March 31, 1981 was \$2,965,000 and as of December 31, 1980 and 1979 was \$1,692,000 and \$756,000, respectively.

Depreciation

Annual provisions are determined on a group straight-line basis. Provisions for depreciation were equivalent to the following composite rates based on the average depreciable property balances at the beginning and end of each year: March, 1981 — 3.23%, 1980 — 3.19%, 1979 — 3.11%, 1978 — 3.01%, 1977 — 2.88% and 1976 — 2.64%.

Accounting for Income Taxes

For income tax purposes the Company excludes a portion of unbilled fuel adjustment revenue and accordingly provides deferred income taxes payable in the succeeding year on such revenue which is carried as a current asset.

The Company has used an accelerated method of depreciation which presently results in annual tax depreciation which is in excess of book depreciation, and has deducted currently certain elements of construction overheads that are capitalized for book purposes. For each of these differences the Company provides deferred income taxes as approved for rate making purposes by the DPU. In addition, the Company has recorded deferred income taxes related to certain abandoned properties which are recognized as tax losses at differing times. The Company, in 1979, began capitalizing certain maintenance costs for a generating unit, yet continued to deduct these costs currently for tax purposes. Deferred income taxes have been provided for this timing difference.

The annual investment tax credits permitted for additions to the Company's utility property are being amortized into income ratably over the estimated productive lives of the related assets as allowed by the DPU. Such deferrals for the five years ended December 31, 1980 were as follows: 1980 — \$375,000, 1979 — \$309,000, 1978 — \$292,000, 1977 — \$166,000 and 1976 — \$387,000.

No investment tax credit has been reflected in the financial statements for the twelve months ended March 31, 1981 as being utilized during the three months ended March 31, 1981 because the Company experienced a loss for tax purposes during this three-month period. An investment tax credit carry-forward of approximately \$450,000 arising during this three-month period is available to reduce future tax liability. However, as the Company is on a calendar year basis for tax purposes, the amount of the investment tax credit to be utilized in 1981 will depend upon the results of operations for the year. The investment tax credit carryforward expires in 1988.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Information subsequent to December 31, 1980 is unaudited)

Note 1. Summary of Significant Accounting Policies — (Continued)

The Company has elected to account for investment tax credits on non-utility property additions, primarily related to FEDCO, by the "flow-through" method. Under this method credits are recognized as a reduction of Federal income tax expense in the year utilized. For the twelve months ended March 31, 1981 and the years ended December 31, 1980, 1979 and 1978 these credits amounted to approximately \$2,000, \$2,000, \$8,000 and \$10,000, respectively.

The additional investment tax credit permitted under the Company's Tax Reduction Act Employees Stock Ownership Plan (the "TRAESOP") reduced Federal income taxes payable by 1½% (1% in 1977 and 1976) of the Company's qualified property additions. The amounts realized from the reduction in income tax liability are paid to the TRAESOP.

Allowance for Funds Used During Construction

An allowance for funds used during construction ("AFUDC"), a non-cash item, is included in construction work in progress. The objective of AFUDC is to present the earnings that would result in the absence of construction programs and the related financing requirements during the period of construction. Accordingly, AFUDC capitalizes the cost of debt and equity employed in meeting these financing requirements based upon a composite rate applied to construction work in progress which assumes that funds used for construction were provided by borrowings, preferred stock and common equity. Prior to 1977, AFUDC was reported on the basis of an overall rate applicable to all funds.

The combined rates used in calculating AFUDC were approximately 14%, 14%, 14%, 11% and 10% for the twelve months ended March 31, 1981 and the years ended December 31, 1980, 1979, 1978 and 1977, respectively. The rate used in calculating AFUDC was 10% for the year 1976. For 1976, the caption "All funds" reflects total AFUDC. For the year 1977 and subsequent years, the total of "Allowance for funds used during construction — other funds" and "Allowance for borrowed funds used during construction" is comparable to total AFUDC reported in 1976. AFUDC amounted to approximately 67%, 55%, 32%, 25%, 27% and 17% of net income applicable to Common Stock for the twelve months ended March 31, 1981 and the years ended December 31, 1980, 1979, 1978, 1977 and 1976, respectively. The equity components of AFUDC equaled approximately 14%, 9%, 6%, 7% and 4% of net income applicable to Common Stock for the twelve months ended March 31, 1981 and the years ended December 31, 1980, 1979, 1978 and 1977, respectively.

The Company has not reclassified AFUDC into its debt and equity components for 1976 because it believes such reclassification would be inappropriate since the allocation between the debt and equity components for periods prior to January 1, 1977 could not be comparable to the allocation between such components determined after December 31, 1976 utilizing the revised procedures of the Federal Energy Regulatory Commission.

Assuming that funds used to finance construction during the year 1976 were obtained from various sources of capital in the same proportion as the capitalization ratios for those years, the common equity component of the allowance for funds used during construction as related to net income applicable to Common Stock, after giving tax effect to the interest component relating to long-term debt, is estimated at approximately 11%.

Note 2. Regulatory Matters

Revenue Adjustments

The Company's method of billing and accounting for revenue under its fuel adjustment clause in effect from January 1 through September 26, 1974 has been challenged before the DPU by the Attorney General of The Commonwealth of Massachusetts. The required monthly fuel adjustment schedule

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Information subsequent to December 31, 1980 is unaudited)

Note 2. Regulatory Matters — (Continued)

theretofore filed with the DPU had not been disputed by the regulatory authority. The portion of such fuel adjustment clause revenues recorded by the Company and challenged by the Attorney General aggregates approximately \$724,000. The Company has vigorously defended its procedures in proceedings before the DPU, the outcome of which is uncertain. No provision for any liability that may result has been made in the consolidated financial statements.

The Company's billing and accounting for revenues under the fuel adjustments based on costs incurred after September 26, 1974 are being made under a new fuel adjustment clause which took effect on September 27, 1974 and are not being challenged.

Conclusion of Rate Appeal

On February 14, 1977, the Company filed with the DPU revised rates designed to increase electric revenues by \$2,795,000 and gas revenues by \$838,000, which proposed rates were suspended. In accordance with the Order of the DPU dated August 31, 1977 in DPU 19084 and the Supplemental Order thereto dated September 15, 1977, the Company was allowed to file new rates designed to produce approximately \$1,962,000 in additional annual electric revenues and \$554,000 in additional annual gas revenues.

On September 15, 1977, the Company appealed this rate decision to the Supreme Judicial Court of Massachusetts (the "SJC"), and on October 21, 1977, the SJC granted the Company's request for a stay. This stay allowed the Company to collect approximately \$473,000 in additional annual electric revenues, subject to refund if the Company did not prevail in its appeal.

On June 30, 1978, the SJC issued its order instructing the DPU to reconsider how much in revenues the Company should be allowed.

On October 5, 1978, the DPU issued its final ruling allowing the Company to retain the \$473,000 annual amount collected under the stay and authorized approximately \$269,000 in additional electric rates.

The October 5, 1978 DPU Order concluded the rate action initiated by the Company in February, 1977. Of the \$3,633,000 originally requested, the total amount granted was approximately \$2,358,000.

Note 3. Deferred Debits

Unamortized Cost of Abandoned Properties

The unamortized cost of abandoned properties is being amortized at various rates as ordered by the DPU.

On October 18, 1978, the Company filed with the DPU its proposed accounting treatment relative to the book abandonment ordered by the DPU of a generating unit, which treatment was approved by the DPU on November 7, 1978. As a result, the Company commenced amortization of this property in September, 1978, retroactive to January 21, 1978.

On November 1, 1979, the Company began amortizing the costs of its investment in the proposed Charlestown Units No. 1 and No. 2 nuclear generating plants. This abandonment was precipitated by the announcement on October 9, 1979 by the lead participant, New England Electric System, to defer indefinitely the in-service date and the subsequently announced termination of this project. On November 27, 1979, the DPU approved the Company's request to amortize approximately \$653,000 over a three-year period. The Company will request permission from the DPU to apply similar treatment to any additional costs associated with these units.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Information subsequent to December 31, 1980 is unaudited)

Note 3. Deferred Debits — (Continued)

On December 31, 1980, Northeast Utilities, the parent company of the lead participants in the proposed nuclear generating plants Montague Units No. 1 and No. 2, announced the termination of the construction of these units. The Company has requested permission from the DPU to amortize related costs over a five-year period, effective January 1, 1981. These properties have been classified as other deferred debits at December 31, 1980, pending the DPU's approval of the proposed accounting treatment.

The amounts to be amortized for all properties over the next five calendar years, assuming DPU approval of the five-year amortization of the Montague Units, are as follows: 1981 — \$770,000; 1982 — \$679,000; 1983-1985 — \$117,000.

Other Deferred Debits

At March 31, 1981 and December 31, 1980 and 1979, other deferred debits are composed of the following:

	March 31, 1981	December 31,	
		1980	1979
	(In thousands)		
Montague units	\$294	\$294	\$ —
Property tax abatements	—	—	271
Preliminary survey and engineering costs	36	16	102
Boiler conversion costs	52	52	—
Deferred maintenance costs (amortized based upon generation)	177	180	195
Miscellaneous	159	36	78
Total other deferred debits	<u>\$718</u>	<u>\$578</u>	<u>\$646</u>

Note 4. Redeemable Cumulative Preferred Stock

The Cumulative Preferred Stock, 5½% Series, is preferred over Common Stock in voluntary liquidation at the redemption price in effect at the time of such voluntary liquidation, and in involuntary liquidation at \$100 per share, both plus accrued dividends. Shares of the 5½% Series are redeemable at the Company's option at \$102.56 per share on or before May 31, 1981 and at \$101.28 thereafter. The Company is required to purchase on June 1 of each year not less than 420 shares, unless a lesser amount of shares is tendered, at \$100 per share plus accrued dividends.

The Cumulative Preferred Stock, 8% Series, is preferred over Common Stock in voluntary liquidation at the redemption price in effect at the time of such voluntary liquidation and in involuntary liquidation at \$100 per share, both plus accrued dividends. Shares of the 8% Series are redeemable at the Company's option at \$108.00 per share on or before August 31, 1983 and at diminishing premium rates thereafter. The Company is required to purchase on June 1 of each year, beginning in 1979, not less than 750 shares, unless a lesser amount of shares is tendered, at \$100 per share plus accrued dividends.

Purchases of redeemable Cumulative Preferred Stock for the twelve months ended March 31, 1981 and for each of the five years in the period ended December 31, 1980 consisted of the following:

Series	Twelve Months Ended March 31, 1981	1980	1979	1978	1977	1976
	(In thousands)					
5½%	\$42	\$42	\$42	\$42	\$42	\$42
8%	\$75	\$75	\$75	—	—	—

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Information subsequent to December 31, 1980 is unaudited)

Note 4. Redeemable Cumulative Preferred Stock — (Continued)

The aggregate amount of sinking fund requirements in each of the five years following 1980 is \$117,000.

Note 5. Restrictions on Retained Earnings

Under the most restrictive provisions of the agreements relating to the Company's long-term debt, approximately \$2,446,000 and \$2,559,000 of retained earnings were available for the payment of cash dividends on Common Stock at March 31, 1981 and December 31, 1980, respectively.

Note 6. Long-term Debt

Details of long-term debt at March 31, 1981 and December 31, 1980 and 1979 are shown below:

	March 31, 1981	December 31,	
		1980	1979
		(In thousands)	
4% Notes due February 1, 1984	\$ 3,097	\$ 3,140	\$ 3,183
9% Notes due March 1, 1995	6,748	6,816	6,900
10% Notes due September 1, 1996	3,000	3,000	3,000
10 3/4% Notes due May 1, 1999	3,740	3,740	3,820
15 3/4% Notes due September 1, 2000	5,000	5,000	—
Total	\$21,585	\$21,696	\$16,903
Less: Installments due within one year	123	123	123
Total long-term debt	<u>\$21,462</u>	<u>\$21,573</u>	<u>\$16,780</u>

The aggregate amount of sinking fund requirements and retirements at maturity for each of the five calendar years following 1980 is: 1981 — \$123,000; 1982 — \$323,000; 1983 — \$396,000; 1984 — \$3,366,000 and 1985 — \$355,000. The Company has satisfied through advance repurchases \$75,000, \$75,000 and \$2,000 of the sinking fund requirements for the 9% Notes for 1981, 1982, and 1983, respectively.

Note 7. Credit Arrangements

Under line of credit arrangements for short-term debt with four banks, the Company may borrow up to \$11,200,000 on such terms as the Company and the banks may mutually agree upon. These arrangements do not have termination dates, but are reviewed annually for renewal. At March 31, 1981 and December 31, 1980 and 1979, the unused portion of the credit lines outstanding was \$1,770,000, \$9,500,000 and \$4,230,000, respectively. The Company has agreed to maintain certain average amounts on deposit in these banks or pay certain fees in lieu of compensating balances. Certain of the lines of credit require that compensating balances be increased in relation to usage. Compensating balance requirements at March 31, 1981 and December 31, 1980 and 1979 were approximately \$700,000, \$770,000 and \$985,000, respectively.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Information subsequent to December 31, 1980 is unaudited)

Note 8. Federal Income Tax

Federal income tax expense is comprised of the following components:

	Twelve Months Ended March 31, 1981	1980	Year Ended December 31,			
			1979	1978	1977	1976
			(In thousands)			
Current expense charged (credited):						
Operating expenses	\$169	\$535	\$ 958	\$1,216	\$562	\$762
Non-operating income	(23)	(30)	(124)	(78)	(2)	19
Amortization of investment tax credit	(86)	(85)	(89)	(62)	(52)	(49)
	<u>60</u>	<u>420</u>	<u>745</u>	<u>1,076</u>	<u>508</u>	<u>732</u>
Deferred tax expense charged (credited):						
Deferred unbilled revenue	559	321	75	61	(19)	(226)
Accelerated tax depreciation	298	293	278	285	308	363
Abandoned properties	(191)	(192)	39	(157)	—	—
Overheads and other	53	63	218	93	101	41
Deferred maintenance costs	(4)	(6)	85	—	—	—
Percentage repair allowance	27	29	20	57	21	52
	<u>742</u>	<u>508</u>	<u>715</u>	<u>339</u>	<u>411</u>	<u>230</u>
Non-operating expense	(25)	(25)	45	67	—	—
	<u>717</u>	<u>483</u>	<u>760</u>	<u>406</u>	<u>411</u>	<u>230</u>
Total expense	<u>\$777</u>	<u>\$903</u>	<u>\$1,505</u>	<u>\$1,482</u>	<u>\$919</u>	<u>\$962</u>

The Federal income tax amounts included in the consolidated statements of earnings differ from the amounts which result from applying the statutory Federal income tax rate to net income before income tax. The reasons, with related percentage effects, are as shown below:

	Twelve Months Ended March 31, 1981	1980	Year Ended December 31,			
			1979	1978	1977	1976
Statutory Federal income tax rate	46%	46%	46%	48%	48%	48%
Income tax effects of timing differences:						
Allowance for funds used during construction	(14)	(10)	(5)	(4)	(4)	(3)
Miscellaneous	(1)	(1)	(1)	(1)	(1)	2
Effective Federal income tax rate	<u>31%</u>	<u>35%</u>	<u>40%</u>	<u>43%</u>	<u>43%</u>	<u>47%</u>

Note 9. Commitments

Lease obligations

In accordance with the guidelines of Statement of Financial Accounting Standards No. 13 issued by the Financial Accounting Standards Board, the Company is disclosing pertinent information regarding its capital leases. The Securities and Exchange Commission requires, for rate-regulated enterprises, disclosure of the effect on the balance sheet and on expenses if such leases had been capitalized, pending the results of its review of the Statement's applicability to rate-regulated enterprises.

The Company has a significant twenty-five year lease which began April 1, 1973 for a combustion turbine and a liquefied natural gas storage and vaporization facility. The lease is subject to a ten year renewal period at the option of the Company at an annual rental of 14½% of the aggregate fair

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Information subsequent to December 31, 1980 is unaudited)

Note 9. Commitments — (Continued)

market value as at the end of the initial lease term. Under certain conditions the Company has the right to purchase the units at an independently appraised market value. Under the lease, the Company has the obligation to maintain the equipment in good operating condition and pay all taxes and insurance on said equipment.

The Company leases its new service center in Fitchburg under a sale and leaseback arrangement. The twenty-two year primary term of the lease began in February, 1981 with annual rental payments increasing over the initial term of the lease from approximately \$184,000 to \$537,000. The lease is subject to five five-year renewal periods at the option of the Company at an annual rent of \$270,000. The Company has the option to purchase the service center on the last day of the primary term or any extended term at a price equal to its fair market value. The Company has a right of first refusal to purchase the service center during the term of the lease if a bona fide offer is made to the lessor. Should the service center be purchased by another party, this right expires after the transfer of ownership resulting from this offer. The lease requires that the Company maintain the service center and pay all taxes and insurance thereon.

Had the Company capitalized its capital leases at March 31, 1981 and December 31, 1980 and 1979, the asset and related liability which would have been recorded on the balance sheets for the Company's capital leases would have been as follows:

	March 31, 1981	December 31,	
		1980	1979
		(In thousands)	
Asset	\$4,647	\$2,230	\$2,203
Liability	\$5,522	\$2,603	\$2,538

Had the Company capitalized its capital leases, Depreciation and Other Interest Charges would have increased and Operating Expenses, Other would have (decreased) as follows:

	Twelve Months Ended March 31, 1981	Year ended December 31,				
		1980	1979	1978	1977	1976
		(In thousands)				
Depreciation	\$ 192	\$ 182	\$ 172	\$ 163	\$ 143	\$ 117
Other interest charges	\$ 251	\$ 183	\$ 182	\$ 179	\$ 181	\$ 177
Operating expenses, other	\$ (343)	\$ (528)	\$ (307)	\$ (287)	\$ (274)	\$ (237)

The minimum commitments under all non-cancellable long-term leases in effect at December 31, 1980, including the building lease are as follows: 1981 — \$506,000; 1982 — \$508,000; 1983 — \$726,000; 1984 — \$742,000; 1985 — \$732,000; 1986-1990 — \$3,450,000 aggregate for the period; 1991-1995 — \$3,603,000 aggregate for the period; 1996-2000 — \$3,249,000 aggregate for the period; 2001-2003 — \$1,119,000 aggregate for the period.

Total rental expense for the twelve months ended March 31, 1981 and the years ended December 31, 1980, 1979, 1978, 1977 and 1976 amounted to approximately \$465,000, \$444,000, \$430,000, \$428,000, \$446,000 and \$467,000, respectively.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Information subsequent to December 31, 1980 is unaudited)

Note 9. Commitments — (Continued)

Pension Plans

The Company has in effect two funded Pension Plans and related Trust Agreements to provide retirement annuities for participating employees at age 65. The entire amount of the annual contribution under the actuarial requirements of the Plans is borne by the Company.

The Company's contribution to the Plans during the twelve months ended March 31, 1981 and the five years ended December 31 1980, 1979, 1978, 1977 and 1976 amounted to approximately \$538,000, \$534,000, \$519,000, \$497,000, \$460,000 and \$439,000, respectively, which includes amortization of prior service costs over a period of thirty years.

The Company's policy is to fund the pension cost accrued. The following additional information is presented as of the most recent benefit information dates:

	January 1,	
	1980	1979
	(In thousands)	
Actuarial present value of accumulated plan benefits:		
Vested	\$5,363	\$4,976
Non-Vested	114	111
	<u>\$5,477</u>	<u>\$5,087</u>
Net assets available for benefits	<u>\$1,383</u>	<u>\$1,008</u>

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 5% for both 1980 and 1979.

Joint Ownership Units and Construction

The Company is participating on a tenancy-in-common basis with other New England utilities in the construction and ownership of six generating units. New Haven Harbor and Wyman Unit No. 4, both oil-fired stations, have been in commercial operation since August, 1975 and December, 1978, respectively. The remaining four nuclear units are planned or under construction.

Details relating to the various units as of December 31, 1980 are as follows:

Joint Ownership Units	State	Company's Share in Thousands of Dollars					
		Proportionate Share of Total Ownership		Amount of Utility Plant in Service	Accumulated Depreciation	Amount Expended through 12/31/80	Total Estimated Cost of Construction
		%	MW				
Seabrook							
Units #1 & #2	New Hampshire	0.1710	3.9	\$ —	\$ —	\$2,883	\$ 8,383
Millstone Unit #3	Connecticut	0.217	2.5	—	—	2,317	8,741
Pilgrim Unit #2	Massachusetts	0.19	2.2	—	—	996	6,168
Wyman Unit #4	Maine	0.1822	1.1	407	33		
New Haven Harbor	Connecticut	4.5	20.1	6,937	1,060		
			<u>29.8</u>	<u>\$7,344</u>	<u>\$1,093</u>	<u>\$6,196</u>	<u>\$14,203</u>

The Company estimates construction requirements including AFUDC relative to these Units will be approximately \$14,203,000 during the five-year period ending December 31, 1985. The construction budget is presented as of December 31, 1980 and does not include any projected additional investments which may be required in connection with the purchase of additional ownership interest in Seabrook Units No. 1 and No. 2 discussed in the following paragraph.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Information subsequent to December 31, 1980 is unaudited)

Note 9. Commitments — (Continued)

On January 26, 1979, the common shareholders approved the acquisition of an additional 0.43332% ownership interest in each of the Seabrook Units from The Connecticut Light and Power Company ("CL&P"). On March 25, 1980, the common shareholders approved the acquisition of an additional 0.26087% ownership in each of the Seabrook Units from Public Service Company of New Hampshire ("PSNH"). The purchase of both additional interests, representing an additional 16 megawatts, was approved by the DPU on October 30, 1980 and has been excluded from the information presented herein. The purchase from CL&P increasing the Company's ownership interest in the Seabrook Units was consummated on January 30, 1981. The purchase from PSNH increasing the Company's ownership interest in the Seabrook Units is being phased in over the twelve-month period, February, 1981 through January, 1982. The Company expects to finance the cost of its participation in the units initially through short-term borrowings. At the appropriate times and subject to then prevailing market conditions, the Company intends to convert the short-term borrowings into permanent financing.

Operating expenses included in the consolidated statements of earnings for the year ended December 31, 1980 for the Company's oil-fired generating units and proportionate amounts charged to specific operating expenses are as follows:

	In thousands		Percentage of Total Electric Expense Category
	Wyman Unit 4	New Haven Harbor	
Operating Expense, Other	\$ 34	\$ 311	9%
Fuel Used in Electric Generation	83	4,295	89
Maintenance	4	164	22
Local Property Tax	6	209	17
Other Taxes	—	7	5
Total Operating Expenses	<u>\$127</u>	<u>\$4,986</u>	

Note 10. Electric Facilities Purchased

On June 1, 1977, after New England Power Company ("New England Power") received final regulatory approval from the Securities and Exchange Commission, the Flagg Pond and Beech Street substations and associated lines were integrated into the Company's electric system. The purchase of this equipment located within the Company's service area ended a 68-year-old arrangement under which New England Power had served six large industrial customers within the Company's service area.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Information subsequent to December 31, 1980 is unaudited)

Note 11. Segment Information

In accordance with Statement of Financial Accounting Standards No. 14, the following information is presented relative to the gas and electric operations of the Company:

	In thousands		
	Electric Operations		
	1980	1979	1978
Operating revenues	\$28,525	\$24,475	\$21,158
Operating income before income taxes	\$ 2,527	\$ 3,910	\$ 3,654
Identifiable assets as of December 31	\$32,818	\$32,460	\$30,725
Depreciation	\$ 976	\$ 955	\$ 932
Construction expenditures	\$ 1,621	\$ 1,842	\$ 2,340
	Gas Operations		
	1980	1979	1978
Operating revenues	\$13,785	\$ 9,786	\$ 7,920
Operating income before income taxes	\$ 1,596	\$ 1,356	\$ 1,185
Identifiable assets as of December 31	\$12,949	\$11,097	\$ 8,987
Depreciation	\$ 355	\$ 282	\$ 250
Construction expenditures	\$ 2,212	\$ 1,429	\$ 758
	Total Company		
	1980	1979	1978
Operating revenues	\$42,310	\$34,261	\$29,078
Operating income before income taxes	\$ 4,123	\$ 5,266	\$ 4,839
Income taxes	(1,076)	(1,742)	(1,606)
Non-operating income	156	89	201
Net income deductions	(1,500)	(1,332)	(1,474)
Net income	\$ 1,703	\$ 2,261	\$ 1,960
Identifiable assets as of December 31	\$45,767	\$43,557	\$39,712
Unallocated assets, primarily working capital	9,753	7,256	4,513
Total assets as of December 31	\$55,520	\$50,813	\$44,225
Depreciation	\$ 1,331	\$ 1,237	\$ 1,182
Construction expenditures	\$ 3,833	\$ 3,271	\$ 3,098

Expenses used to determine operating income before taxes are charged directly to either segment or are allocated in accordance with factors contained in cost of service studies which were included in rate applications approved by the DPU. Assets allocated to each segment are based upon specific identification of such assets provided by Company records. Assets not so identified represent primarily working capital items.

Note 12. Property Tax Appeal

In October, 1980, the City of Fitchburg (the "City") increased its total property tax levy by over 20% and implemented classification for its 1981 fiscal year. By an amendment to the Massachusetts Constitution, classification authorizes a city to classify real property according to its use into no more than four classes and to assess, rate and tax such property differently in the classes so established, but proportionately within the same class. The increased tax levy and the implementation of classification increased by 56% on an annual basis the amount of the property taxes billed to the Company by the City commencing July 1, 1980.

A group of industrial and commercial taxpayers within the City commenced court action against the Massachusetts Commissioner of Revenue and the City on three issues. On January 26, 1981, the Suffolk Superior Court (the "Superior Court") issued a Memorandum of Decision which supported

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

(Information subsequent to December 31, 1980 is unaudited)

Note 12. Property Tax Appeal — (Continued)

the taxpayers on two of the three issues. In that decision, Superior Court Justice Young found that the City must use free cash available at the end of fiscal 1980 of \$1,610,330 to reduce the fiscal 1981 tax rate and that the remaining tax bills for real and personal property due during fiscal 1981 must be reduced to reflect the available free cash. The Superior Court further declared "that the Commissioner's decision to permit tax classification in Fitchburg is arbitrary and therefore of no force and effect". The decision further stated that "further equitable orders will await the rescript of an appellate court".

Subsequent to the Superior Court decision, the SJC scheduled the matter for hearing on March 2, 1981. The SJC remanded the case to the Superior Court and ordered the Superior Court to dismiss in the absence of ten plaintiffs who are natural persons domiciled in the City and paying taxes there. The SJC did indicate that in its view the City had failed to use available free cash to reduce its fiscal 1981 tax levy, but did not propose a remedy. The Superior Court dismissed the action on March 25, 1981. The Company and other taxpayers (including ten natural domiciliaries) have filed separate suits with respect to these issues.

As a result of the Superior Court's January 26, 1981 decision, the Company has reduced property tax expense for the period July-December, 1980 by approximately \$65,000 to reflect the effect of available free cash being used to reduce the tax rate. This reduction in expense is equivalent to 6.5¢ of earnings per average common share. The Company has not reduced 1980 property tax expense to reflect the Superior Court's invalidation of classification since the Judge's decision did not state how the City would remove the effect of classification in fiscal 1981. However, management estimates property tax expense could be further reduced by as much as \$222,000 or the equivalent of 22¢ in earnings per average common share.

Note 13. Common Stock

On June 4, 1980, the Company sold to the public 100,000 shares of Common Stock at \$23 per share. Net proceeds of approximately \$2,092,000 were used to reduce short-term borrowings incurred in connection with the Company's construction program.

The Company issued an additional 3,002 shares of Common Stock at \$22.375 per share to the Company's TRAESOP on November 12, 1980.

Note 14. Quarterly Financial Data (Unaudited)

Summarized quarterly financial data for the quarters ended March 31, 1979 through March 31, 1981 are as follows:

	Three Months Ended				
	(In thousands, except earnings per share amounts)				
	March 31			June 30	
	1981	1980	1979	1980	1979
Total operating revenues	\$14,642	\$13,540	\$9,263	\$8,884	\$7,904
Operating income	\$ 1,210	\$ 1,101	\$ 943	\$ 629	\$ 690
Net income	\$ 757	\$ 737	\$ 655	\$ 278	\$ 425
Earnings per average common share	\$1.23	\$1.47	\$1.28	\$.43	\$.78
	Sept. 30		Dec. 31		
	1980	1979	1980	1979	
Total operating revenues	\$8,561	\$7,790	\$11,325	\$9,204	
Operating income	\$ 515	\$ 667	\$ 802	\$1,204	
Net income	\$ 269	\$ 319	\$ 419	\$ 862	
Earnings per average common share	\$.36	\$.55	\$.63	\$1.73	

Net income for the quarter ended December 31, 1979 has been increased by approximately \$376,000 or \$.83 of earnings per average common share resulting from abatements of real estate taxes.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY AND SUBSIDIARY

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Concluded)

(Information subsequent to December 31, 1980 is unaudited)

Note 15. Pro Forma Earnings Per Share (Unaudited)

On a pro forma basis, assuming the additional Common Stock offered hereby was outstanding for the entire twelve months ended March 31, 1981, and assuming the net proceeds thereof, estimated at \$2,250,000, were applied to the retirement of short-term debt, consolidated earnings per average common share would have been \$2.465.

Note 16. Unaudited Financial Statements

The financial statements for the twelve months ended March 31, 1981 are unaudited. However, in the opinion of management of the Company, all adjustments (consisting only of normal recurring accruals) necessary for fair presentation of the consolidated financial position and results of operations for such period have been included.

On March 24, 1981, the common shareholders voted to amend the Company's Articles of Organization to increase the Company's authorized capital stock by \$5,911,000, consisting of 59,110 shares of Cumulative Preferred Stock, \$100 par value. This increase became effective on May 13, 1981 when appropriate Articles of Amendment were filed with the Secretary of The Commonwealth of Massachusetts.

On April 24, 1981, the DPU approved the Company's request to amortize over a five-year period approximately \$207,000, representing the Company's gross expenditures including AFUDC less previously deferred income taxes and related tax savings (approximately \$87,000) in the cancelled Montague Units.

In May, 1981, the Company's line of credit arrangements for short-term debt were increased to \$13,700,000.

UNDERWRITING

The Underwriters named below have severally agreed, subject to the terms and conditions of a purchase agreement, to purchase from the Company the following respective numbers of shares of Additional Common Stock:

<u>Underwriter</u>	<u>Number of Shares</u>
Merrill Lynch, Pierce, Fenner & Smith Incorporated	52,000
Blyth Eastman Paine Webber Incorporated	18,000
E. F. Hutton & Company Inc.	18,000
Kidder, Peabody & Co. Incorporated	18,000
Advest, Inc.	5,000
Moseley, Hallgarten, Estabrook & Weeden Inc.	5,000
Tucker, Anthony & R. L. Day, Inc.	5,000
Burgess & Leith Incorporated	4,000
Total	<u>125,000</u>

The purchase agreement provides that the Underwriters are committed to purchase all of the shares of Additional Common Stock if any are purchased.

Merrill Lynch, Pierce, Fenner & Smith Incorporated, One Liberty Plaza, New York, New York 10080, the Representative of the Underwriters, has advised the Company that sales of shares of Additional Common Stock to certain dealers may be made at a concession of \$.65 per share and the Underwriters may allow, and such dealers may reallow, discounts of not in excess of \$.25 per share on sales to certain other dealers. After the initial public offering, the public offering price, concession and reallowance may be changed.

The Company has agreed to indemnify the several Underwriters against certain civil liabilities, including liabilities under the Securities Act of 1933.

**Fitchburg Gas
and
Electric Light Company**

**125,000 Shares
Common Stock
(\$10 Par Value)**



PROSPECTUS

Merrill Lynch White Weld Capital Markets Group

Merrill Lynch, Pierce, Fenner & Smith Incorporated

Dated June 16, 1981

TOWN OF HUDSON LIGHT & POWER DEPARTMENT

Units No. 1 and No. 2
Seabrook Nuclear Power Station
Seabrook, New Hampshire

Information furnished pursuant to § 50.33 of
Commission's Rules and Regulations with respect
to the particular Applicant named above as part
of Final Safety Analysis Report and Operating
License Application for the above Units.

July 1981

1.

ORGANIZATION AND CONTROL

(a) Name of Applicant

Town of Hudson Light & Power Department

(b) Address of Applicant

49 Forest Avenue Hudson, MA 01749

(c) Description of Business of Applicant

Hudson Light and Power Department is an authorized Municipal Electric Utility. We are engaged in the retail sale of electricity in the Towns of Hudson, Stow, and in sections of Berlin, Bolton, Boxboro, Harvard and Marlboro, MA

(d) Corporate Organization

The Town of Hudson Light & Power Department is a municipal corporation incorporated under the laws of the Commonwealth of Massachusetts.

(e) Corporate Officers and Directors

The names and residence addresses of the members of the Municipal Light Board and the Manager are as follows:

<u>NAME</u>	<u>RESIDENCE</u>
Roland L. Plante	136 Murphy St. Hudson, MA 01749
Richard J. Dion	110 Murphy St. Hudson, MA 01749
Robert F. Wood	14 Parkhurst Dr. Hudson, MA 01749
MANAGER -	
Horst Huehmer	23 Plant Ave. Hudson, MA 01749

All of the members of the Municipal Light Board and Manager are citizens of the United States of America. The Hudson Light & Power is not owned, controlled or dominated by an alien, foreign corporation or foreign government.

II.

FINANCIAL QUALIFICATIONS

Under the Joint Ownership Agreement, The Town of Hudson Light & Power Department is responsible for its Ownership Share of the operation and maintenance cost of the Units which, when the pending transactions described herein have been consummated prior to commercial operation

will be .07737 of those costs, and a similar percentage of the ultimate cost of decommissioning the Units.

Based upon the estimates set forth above under Part IV of the General Information, The Town of Hudson Light & Power Department's share of these costs should amount approximately to \$116,000 and \$116,000 for the first five years of operations of Units 1 and 2, respectively; and approximately \$33,000 to \$67,000 for the decommissioning of the two Units. In addition, The Hudson Light & Power Department's share of **fuel** expenses during the period would be \$397,000.

As evidence of its financial qualifications to meet those costs, The Town of Hudson Light & Power submits herewith:

- (i) State Report
- (ii) First Quarter 1981 Financial Statement
- (iii) Recent rate request from Mass D.P.U.

III. REGULATORY AGENCIES AND PUBLICATIONS

A. Regulatory Agencies

As a municipal electric system, the Hudson Light & Power Department is governed by the Massachusetts General Laws, Chapter 164, sections 34 to 59A, as applicable to it. These sections provide for regulation by the Massachusetts Department of Public Utilities for some, but not all, purposes.

B. Publications

The following publication is used by the Hudson Light and Power Department for official notifications, and/or are otherwise appropriate for notices regarding this unit:

Hudson Daily Sun
250 Maple Street
Marlboro, MA 01752



The Commonwealth of Massachusetts

OFFICE OF THE DEPARTMENT OF PUBLIC UTILITIES

100 Cambridge Street
Boston, Massachusetts 02202

To the Mayors, Selectmen, Municipal Light Boards and Managers of Municipal Lighting in the Several Cities and Towns in this Commonwealth operating Gas or Electric Light Plants:

This form of Annual Return should be filled out in duplicate and the original copy returned to the Office of the Department of Public Utilities, Accounting Division, 167 State House, Boston 33, Mass., by MARCH 31st in accordance with the requirements of the statutes of the Commonwealth of Massachusetts and the regulations of the Department made in pursuance thereof.

Where the word "None" truly and completely states the fact, it should be given as the answer to any particular inquiry or portion of an inquiry.

If respondent so desires, cents may be omitted in the balance sheet, income statement and supporting schedules. All supporting schedules on an even-dollar basis, however, shall agree with even-dollar amounts in the main schedules. Averages and extracted figures, where cents are important, must show cents for reasons which are apparent.

Special attention is called to the legislation in regard to the Returns printed on the last page.

Inquiries and other communications in relation to Returns should be addressed to the
DIRECTOR OF UTILITY ACCOUNTING

The Commonwealth of Massachusetts

RETURN

OF THE

TOWN

OF

HUDSON LIGHT & POWER DEPARTMENT

TO THE

DEPARTMENT OF PUBLIC UTILITIES

OF MASSACHUSETTS

For the Year Ended December 31,

1980

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

Horst Huehmer

Official title.... Manager.....

Office address.... 49 Forest Avenue.....

Form AC-19.

Hudson, MA 01749

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FOR GAS PLANTS ONLY:

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GENERAL INFORMATION.

1. Name of town (or city) making this report. Hudson, Massachusetts 01749

2. If the town (or city) has acquired a plant,

Kind of plant, whether gas or electric. Electric

Owner from whom purchased, if so acquired. Hudson Electric Light Company

Date of votes to acquire a plant in accordance with the provisions of chapter 164 of the General Laws July 1, 1891

Record of votes: First vote: Yes, 30 ; No, 7 Second vote: Yes, 69 ; No, 11 Sept. 1, 1891

Date when town (or city) began to sell gas and electricity,

January 15, 1897

3. Name and address of manager of municipal lighting:

Horst Huehmer
49 Forest Ave.
Hudson, MA 01749

4. Name and address of mayor or selectmen:

Chairman: Richard E. Frye, 549 Main St. Hudson, MA 01749
Clerk: Jon E. Zion, 13 Johnson Ave., Hudson, MA 01749
Richard Beauregard, 42 Green St. Hudson, MA 01749
George McGee, 271 Cox St. Hudson, MA 01749
Paul R. Boire, 10 Ridge Rd., Hudson, MA 01749

5. Name and address of town (or city) treasurer:

David J. O'Neil
24 Ruthellen Rd.
Hudson, MA 01749

6. Name and address of town (or city) clerk:

Ralph Warner
18 Riverview St.
Hudson, MA 01749

7. Names and addresses of members of municipal light board:

Chairman. Roland L. Plante, 136 Murphy St. Hudson, MA 01749
Clerk: Richard J. Dion, 110 Murphy St. Hudson, MA 01749
Peter R. Keane, 15 John Robinson Rd. Hudson, MA 01749

8. Total valuation of estates in town (or city) according to last State valuation \$ 214,800,000.00

9. Tax rate for all purposes during the year: \$ 67.60

10. Amount of manager's salary: \$ 39,612.58

11. Amount of manager's bond: \$ 1,000.00

12. Amount of salary paid to members of municipal light board (each): \$ 400.00

FURNISH SCHEDULE OF ESTIMATES REQUIRED BY GENERAL LAWS, CHAPTER 164, SECTION 57 FOR GAS AND ELECTRIC LIGHT PLANTS FOR THE FISCAL YEAR, ENDING DECEMBER 31, NEXT.

		Amount.
INCOME FROM PRIVATE CONSUMERS:		
1	From sales of gas.....	
2	From sales of electricity.....	10,608,800.00
3		
4	TOTAL	10,608,800.00
5	EXPENSES:	
6	For operation, maintenance and repairs.....	10,117,000.00
7	For interest on bonds, notes or scrip.....	None
8	For depreciation fund (5 per cent. on \$ 10,208,530.48s per page 9)..	510,426.52
9	For sinking fund requirements.....	13,400.00
10	For note payments.....	None
11	For bond payments.....	None
12	For loss in preceding year.....	None
13		
14	TOTAL	10,640,826.52
15	COST: FOR FISCAL YEAR ENDING 6/30/82	
16	Of gas to be used for municipal buildings.....	None
17	Of gas to be used for street lights.....	None
18	Of electricity to be used for municipal buildings.....	366,604.00
19	Of electricity to be used for street lights.....	82,000.00
20	Total of the above items to be included in the tax levy.....	448,604.00
21		
22	New construction to be included in the tax levy.....	None
23	Total amounts to be included in the tax levy.....	448,604.00

CUSTOMERS

Names of the cities or towns in which the plant supplies GAS, with the number of customers' meters in each		Names of the cities or towns in which the plant supplies ELECTRICITY, with the number of customers' meters in each	
City or Town	Number of Customers' Meters, Dec. 31	City or Town	Number of Customers' Meters, Dec. 31
NOT APPLICABLE		Hudson	5873
		Stow	1848
		Berlin, Bolton, Boxboro, Harvard, Maynard, Marlboro	96
TOTAL		TOTAL	7817

APPROPRIATIONS SINCE BEGINNING OF YEAR

(Include also all items charged direct to tax levy, even where no appropriation is made or required.)

FOR CONSTRUCTION OR PURCHASE OF PLANT:

*At	meeting	19	, to be paid from †	\$	
*At	meeting	19	, to be paid from †		
				TOTAL	\$ <u>None</u>

FOR THE ESTIMATED COST OF THE GAS OR ELECTRICITY TO BE USED BY THE CITY OR TOWN FOR:

1. Street lights.....		\$	56,000.00
2. Municipal buildings.....	Amounts are included in overall appropriations...		
3.	for each Department		
		TOTAL	\$ <u>56,000.00</u>

*Date of meeting and whether regular or special.

†Here insert bonds, notes or tax levy.

CHANGES IN THE PROPERTY

1. Describe briefly all the important physical changes in the property during the last fiscal period including additions, alterations or improvements to the works or physical property retired.

In electric property:

NONE

In gas property:

NOT APPLICABLE

BONDS
(Issued on Account of Gas or Electric Lighting.)

When Authorized*	Date of Issue	Amount of Original Issues†	Period of Payments		Interest		Amount Outstanding at End of Year
			Amounts	When Payable	Rate	When Payable	
April 7, 1913	Spec.June 1, 1913	\$ 9,000.00					
March 4, 1918	Reg.April 1, 1918	50,000.00					
June 14, 1920	Spec.Feb. 1, 1921	25,000.00					
March 5, 1928	Reg.Nov. 1, 1928	40,000.00					
Nov. 29, 1954	Spec.Nov. 1, 1928	250,000.00					
March 7, 1955	Reg.May 1, 1955	100,000.00					
March 7, 1955	Reg.Nov. 1, 1955	150,000.00					
June 8, 1959	Spec.Aug. 1, 1959	300,000.00					
Nov. 7, 1961	Spec.July 15, 1962	450,000.00					
	TOTAL	\$1,374,000.00					

The bonds and notes outstanding at end of year should agree with the Balance Sheet. When bonds and notes are repaid report the first three columns only.

*Date of meeting and whether regular or special.

†List original issues of bonds and notes including those that have been retired.

TOWN NOTES (Issued on Account of Gas or Electric Lighting.)							
When Authorized*	Date of Issue	Amount of Original Issued	Period of Payments		Interest		Amount Outstanding at End of Year
			Amounts	When Payable	Rate	When Payable	
Dec. 18, 1896 Spec.	Jan. 1, 1897	\$ 18,000.00					
June 20, 1897 Spec	Jan. 1, 1898	17,000.00					
June 20, 1898 Spec	July 1, 1898	5,000.00					
Nov. 5, 1903 Spec.	Nov. 2, 1903	13,000.00					
Mar. 7, 1904 Reg.	Jan. 1, 1905	5,000.00					
Apr. 2, 1912 Spec	May 1, 1912	2,000.00					
Aug. 4, 1941 Spec.	Oct. 15, 1941	100,000.00					
Sept. 14, 1942 Spec	Oct. 15, 1942	100,000.00					
Feb. 8, 1943 Spec.	Feb. 15, 1943	50,000.00					
Mar. 6, 1950 Reg.	Sept. 15, 1950	241,000.00					
		TOTAL					TOTAL
							\$ 551,000.00

The bonds and notes outstanding at end of year should agree with the Balance Sheet. When bonds and notes are repaid report the first three columns only.

*Date of meeting and whether regular or special.

†List original issues of bonds and notes including those that have been retired.

TOTAL COST OF PLANT — ELECTRIC

1. Report below the cost of utility plant in service according to prescribed accounts.
2. Do not include as adjustments, corrections of additions and retirements for the current or the pre-

ceding year. Such items should be included in column (c) or (d) as appropriate.
3. Credit adjustments of plant accounts should be enclosed in parentheses to indicate the negative

effect of such accounts.

4. Reclassifications or transfers within utility plant accounts should be shown in column (f).

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Balance End of Year (g)
1	1. INTANGIBLE PLANT	\$	\$	\$	\$	\$	\$
2							
3							
4							
5	2. PRODUCTION PLANT						
6	A. Steam Production						
7	310 Land and Land Rights.....						
8	311 Structures and Improvements.....						
9	312 Boiler Plant Equipment.....						
10	313 Engines and Engine Driven Generators.....						
11	314 Turbogenerator Units.....						
12	315 Accessory Electric Equipment.....						
13	316 Miscellaneous Power Plant Equipment.....						
14	Total Steam Production Plant						
15	B. Nuclear Production Plant						
16	320 Land and Land Rights.....	944.00					944.00
17	321 Structures and Improvements.....						
18	322 Reactor Plant Equipment.....						
19	323 Turbogenerator Units.....						
20	324 Accessory Electric Equipment....						
21	325 Miscellaneous Power Plant Equipment.....						
22	Total Nuclear Production Plant	944.00					944.00
23							

TOTAL COST OF PLANT -- ELECTRIC (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Balance End of Year (g)
1	C. Hydraulic Production Plant	\$	\$	\$	\$	\$	\$
2	330 Land and Land Rights.....						
3	331 Structures and Improvements....						
4	332 Reservoirs, Dams and Waterways						
5	333 Water Wheels, Turbines and Generators.....						
6	334 Accessory Electric Equipment....						
7	335 Miscellaneous Power Plant Equipment.....						
8	336 Roads, Railroads and Bridges....						
9	Total Hydraulic Production Plant						
10	D. Other Production Plant						
11	340 Land and Land Rights.....	5,500.00					5,500.00
12	341 Structures and Improvements....	330,739.70					330,739.70
13	342 Fuel Holders, Producers and Accessories.....	123,688.30					123,688.30
14	343 Prime Movers.....	2,226,533.45	61,859.12				2,288,392.57
15	344 Generators.....	287,549.94					287,549.94
16	345 Accessory Electric Equipment....	832,325.87					832,325.87
17	346 Miscellaneous Power Plant Equipment.....	18,689.07					18,689.07
18	Total Other Production Plant...	3,825,026.33	61,859.12	None	None	None	3,886,885.45
19	Total Production Plant.....	3,825,976.33	61,859.12	None	None	None	3,887,829.45
20	3. TRANSMISSION PLANT						
21	350 Land and Land Rights.....	53,804.14					53,804.14
22	351 Clearing Land and Rights of Way						
23	352 Structures and Improvements....	168,166.08					168,166.08
24	353 Station Equipment.....	607,333.14				(309,044.80)	298,288.34
25	354 Towers and Fixtures.....	None					None
26	355 Poles and Fixtures.....	657,459.02				139,380.00	796,839.02
27	356 Overhead Conductors and Devices	227,329.01					227,329.01
28	357 Underground Conduit.....	258.07					258.07
29	358 Underground Conductors and Devices.....	None					None
30	359 Roads and Trails.....	None					None
31	Total Transmission Plant.....	1,714,349.46	None	None	None	(169,664.80)	1,544,684.66

TOTAL COST OF PLANT (Concluded)							
Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)	Retirements (d)	Adjustments (e)	Transfers (f)	Balance End of Year (g)
1	4. DISTRIBUTION PLANT	\$	\$	\$	\$	\$	\$
2	360 Land and Land Rights.....	None	None	None			None
3	361 Structures and Improvements....	3,441.77	None	None			3,441.77
4	362 Station Equipment.....	189,688.83	37,589.20	None		169,664.80	396,942.83
5	363 Storage Battery Equipment.....	None	None	None			None
6	364 Poles, Towers and Fixtures.....	399,575.26	6,402.96	None			405,978.22
7	365 Overhead Conductors and Devices	1,041,710.21	41,893.88	None			1,083,604.09
8	366 Underground Conduit.....	71,741.60	19,176.87	None			90,918.47
9	367 Underground Conductors & Devices	205,914.71	65,210.61	None			271,125.32
10	368 Line Transformers.....	829,742.46	50,866.00	None			880,608.46
11	369 Services.....	264,065.60	18,351.40	None			282,417.00
12	370 Meters.....	268,017.44	15,281.57	1,534.50			281,764.51
13	371 Installations on Cust's Premises..	88.77	None	None			88.77
14	372 Leased Prop. on Cust's Premises..	None	None	None			None
15	373 Street Lighting and Signal Systems	223,831.05	7,684.04	None			231,515.09
16	Total Distribution Plant.....	3,497,817.70	262,456.53	1,534.50	None	169,664.80	3,928,404.53
17	5. GENERAL PLANT						
18	389 Land and Land Rights.....	None	None	None			None
19	390 Structures and Improvements....	425,771.05	None	None			425,771.05
20	391 Office Furniture and Equipment..	153,498.75	11,537.73	None			165,036.48
21	392 Transportation Equipment.....	247,359.51	None	None			247,359.51
22	393 Stores Equipment.....	10,704.97	None	None			10,704.97
23	394 Tools, Shop and Garage Equipment	7,472.70	None	None			7,472.70
24	395 Laboratory Equipment.....	17,691.33	None	None			17,691.33
25	396 Power Operated Equipment.....	1,138.25	None	None			1,138.25
26	397 Communication Equipment.....	22,698.70	569.16	None			23,267.86
27	398 Miscellaneous Equipment.....	3,306.00	None	None			3,306.00
28	399 Other Tangible Property.....	6,353.46	None	241.63			6,111.83
29	Total General Plant.....	895,994.72	12,106.89	241.63			907,859.98
30	Total Electric Plant in Service..						
31	Total Cost of Electric Plant.....						10,268,778.62
32							
33	Less Cost of Land, Land Rights, Rights of Way.....						60,248.14
34	Total Cost upon which Depreciation is based.....						10,208,530.48

The above figures should show the original cost of the existing property. In case any part of the property is sold or retired, the cost of such property should be deducted from the cost of the plant. The net cost of the property, less the land value, should be taken as a basis for figuring depreciation.

COMPARATIVE BALANCE SHEET Assets and Other Debits

Line No.	Title of Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Increase or (Decrease) (d)
1	UTILITY PLANT			
2	101 Utility Plant — Electric (P. 17)	4,939,641.56	4,975,882.52	36,240.96
3	101 Utility Plant — Gas (P. 20)	None	None	None
4				
5	Total Utility Plant	4,939,641.56	4,975,882.52	36,240.96
6				
7				
8				
9				
10				
11	FUND ACCOUNTS			
12	125 Sinking Funds	None	None	None
13	126 Depreciation Fund (P. 14)	1,380,208.42	1,432,492.15	52,283.73
14	128 Other Special Funds	66,884.56	17,595.26	(49,289.30)
15	Total Funds	2,447,092.98	1,450,087.41	2,994.43
16	CURRENT AND ACCRUED ASSETS			
17	131 Cash (P. 14)	81,974.00	13,729.37	(68,244.63)
18	132 Special Deposits	88,374.42	98,060.33	9,685.91
19	135 Working Funds	100.00	200.00	100.00
20	141 Notes Receivable	None	None	None
21	142 Customer Accounts Receivable	591,477.74	809,887.25	218,409.51
22	143 Other Accounts Receivable	26,452.78	45,060.84	18,608.06
23	146 Receivables from Municipality	20,129.72	74,988.12	54,858.40
24	151 Materials and Supplies (P. 14)	454,174.80	676,322.98	222,148.18
25	171 Int. & Dividends Receivable	37,910.01	26,626.57	(11,283.44)
26	173 Accrued Utility Revenues	None	196,326.42	196,326.42
26	165 Prepayments	157,898.30	146,339.86	(11,558.44)
27	174 Miscellaneous Current Assets	None	2,635.00	2,635.00
28	Total Current and Accrued Assets	1,458,491.77	2,090,176.74	631,684.97
29	DEFERRED DEBITS			
30	181 Unamortized Debt Discount	None	None	None
31	182 Extraordinary Property Losses	None	None	None
32	185 Other Deferred Debits	41,477.39	275,239.72	233,762.33
33	Total Deferred Debits	41,477.39	275,239.72	233,762.33
34				
35	Total Assets and Other Debits	7,886,703.70	8,791,386.39	904,682.69

COMPARATIVE BALANCE SHEET Liabilities and Other Credits

Line No.	Title of Account (a)	Balance Beginning of Year (b)	Balance End of Year (c)	Increase or (Decrease) (d)
1	APPROPRIATIONS			
2	201 Appropriations for Construction	None	None	None
3	SURPLUS			
4	205 Sinking Fund Reserves	None	None	None
5	206 Loans Repayment	1,925,000.00	1,925,000.00	.00
6	Investment of Municipality	20,093.39	20,093.39	.00
7	208 Unappropriated Earned Surplus (P. 12)	5,108,903.44	5,626,428.38	517,524.94
8	Total Surplus	7,053,996.83	7,571,521.77	517,524.94
9	LONG TERM DEBT			
10	221 Bonds (P. 6)	None	None	None
11	231 Notes Payable (P. 7)	None	None	None
12	Total Bonds and Notes	None	None	None
13	CURRENT AND ACCRUED LIABILITIES			
14	232 Accounts Payable	703,347.22	999,490.00	296,142.78
15	234 Payables to Municipality	None	None	None
16	235 Customers' Deposits	88,374.42	98,060.33	9,685.91
17	236 Taxes Accrued	None	None	None
18	237 Interest Accrued	None	None	None
19	242 Miscellaneous Current and Accrued Liabilities	2,885.23	83,864.29	80,979.06
20	Total Current and Accrued Liabilities	794,606.87	1,181,414.62	386,807.75
21	DEFERRED CREDITS			
22	251 Unamortized Premium on Debt	None	None	None
23	252 Customer Advances for Construction	38,100.00	38,450.00	350.00
24	253 Other Deferred Credits	None	None	None
25	Total Deferred Credits	38,100.00	38,450.00	350.00
26	RESERVES			
27	260 Reserves for Uncollectible Accounts			
28	261 Property Insurance Reserve			
29	262 Injuries and Damages Reserves			
30	263 Pensions and Benefits Reserves			
31	265 Miscellaneous Operating Reserves			
32	Total Reserves	None	None	None
33	CONTRIBUTIONS IN AID OF CONSTRUCTION			
34	271 Contributions in Aid of Construction	None	None	None
35	Total Liabilities and Other Credits	7,886,703.70	8,791,386.39	904,682.69

State below if any earnings of the municipal lighting plant have been used for any purpose other than discharging indebtedness of the plant, the purpose for which used and the amount thereof.

STATEMENT OF INCOME FOR THE YEAR

Line No.	Account (a)	Total	
		Current Year (b)	Increase or (Decrease) from Preceding Year (c)
1	OPERATING INCOME		
2	400 Operating Revenues (P. 37 and 43)	\$8,004,829.97	\$2,441,065.99
3	Operating Expenses:		
4	401 Operation Expense (P. 42 and 47)	6,856,867.57	2,164,721.72
5	402 Maintenance Expense (P. 42 and 47)	203,337.93	(33,168.94)
6	403 Depreciation Expense	493,694.20	6,507.97
7	407 Amortization of Property Losses	None	None
8			
9	408 Taxes (P. 49)	2,345.40	2,345.40
10	Total Operating Expenses	7,556,245.10	2,140,406.15
11	Operating Income	448,584.87	300,659.84
12	414 Other Utility Operating Income (P. 50)	None	None
13			
14	Total Operating Income	448,584.87	300,659.84
15	OTHER INCOME		
16	415 Income from Merchandising, Jobbing and Contract Work (P. 51)	None	(362.53)
17	419 Interest Income	189,650.06	63,589.78
18	421 Miscellaneous Nonoperating Income	None	(63.77)
19	Total Other Income	189,650.06	63,163.48
20	Total Income	638,234.93	363,823.32
21	MISCELLANEOUS INCOME DEDUCTIONS		
22	425 Miscellaneous Amortization		
23	426 Other Income Deductions		
24	Total Income Deductions	None	None
25	Income Before Interest Charges	638,234.93	363,823.32
26	INTEREST CHARGES		
27	427 Interest on Bonds and Notes		
28	428 Amortization of Debt Discount and Expense		
29	429 Amortization of Premium on Debt — Credit		
30	431 Other Interest Expense	1,218.54	1218.54
31	432 Interest Charged to Construction — Credit	1,218.54	1218.54
32	Total Interest Charges		
33	NET INCOME	637,016.39	362,604.78

EARNED SURPLUS

Line No.	(a)	Debits (b)	Credits (c)
34	208 Unappropriated Earned Surplus (at beginning of period)		5,108,903.44
35			
36			
37	433 Balance Transferred from Income		637,016.39
38	434 Miscellaneous Credits to Surplus (P. 21)		55,508.55
39	435 Miscellaneous Debits to Surplus (P. 21)		
40	436 Appropriations of Surplus (P. 21)	175,000.00	
41	437 Surplus Applied to Depreciation	5,626,428.38	
42	208 Unappropriated Earned Surplus (at end of period)		
43			
44	TOTALS	5,801,428.38	5,801,428.38

STATEMENT OF INCOME FOR THE YEAR

Electric		Gas			Line No.
Current Year (d)	Increase or (Decrease from Preceding Year (e))	Current Year (f)	Increase or (Decrease) from Preceding Year (g)		
					1
					2
					3
					4
					5
					6
					7
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					10
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					28
					29
					30
					31
					32
					33

CASH BALANCES AT END OF YEAR (Account 131)

Line No.	Items (a)	Amount (b)
1	Operation Fund... (131)	13,729.37
2	Interest Fund.....	None
3	Bond Fund.....	None
4	Construction Fund... (128)	7,026.90
5	Miscellaneous Cash (128)	6,065.36
6	Advances from Contractors (128)	4,503.00
7		
8		
9		
10		
11		
12	TOTAL	31,324.63

MATERIALS AND SUPPLIES (Accounts 151-159, 163)
Summary Per Balance Sheet

Line No.	Account (a)	Amount End of Year	
		Electric (b)	Gas (c)
13	Fuel (Account 151) (See Schedule, Page 25)	474,502.76	
14	Fuel Stock Expenses (Account 152)		
15	Residuals (Account 153)		
16	Plant Materials and Operating Supplies (Account 154)	201,820.22	
17	Merchandise (Account 155)		
18	Other Materials and Supplies (Account 156)		
19	Nuclear Fuel Assemblies and Components — In Reactor (Account 157)		
20	Nuclear Fuel Assemblies and Components — Stock Account (Account 158)		
21	Nuclear Byproduct Materials (Account 159)		
22	Stores Expense (Account 163)		
23	Total Per Balance Sheet \$	676,322.98	NOT APPLICABLE

DEPRECIATION FUND ACCOUNT (Account 136)

Line No.	(a)	Amount (b)
24	DEBITS	
25	Balance of account at beginning of year	1,380,208.42
26	Income during year from balance on deposit	179,026.91
27	Amount transferred from income	493,694.20
28	Reimbursement of Plant Investment Items	91,188.38
29	TOTAL	2,144,117.91
30	CREDITS	
31	Amount expended for construction purposes (Sec. 57, C. 164 of G.L.)	711,625.76
32	Amounts expended for renewals, viz.:	
33		
34		
35		
36		
37		
38		
39	Balance on hand at end of year	1,432,492.15
40	TOTAL	2,144,117.91

UTILITY PLANT — ELECTRIC

1. Report below the items of utility plant in service according to prescribed accounts.

2. Do not include as adjustments, corrections of additions and retirements for the current or the pre-

ceding year. Such items should be included in column (c).

3. Credit adjustments of plant accounts should be enclosed in parentheses to indicate the negative

effect of such amounts.

4. Reclassifications or transfers within utility plant accounts should be shown in column (f).

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)	Depreciation (d)	Other Credits (e)	Adjustments Transfers (f)	Balance End of Year (g)
1	1. INTANGIBLE PLANT	\$	\$	\$	\$	\$	\$
2							
3							
4							
5	2. PRODUCTION PLANT						
6	A. Steam Production						
7	310 Land and Land Rights.....						
8	311 Structures and Improvements.....						
9	312 Boiler Plant Equipment.....						
10	313 Engines and Engine Driven Generators.....						
11	314 Turbogenerator Units.....						
12	315 Accessory Electric Equipment.....						
13	316 Miscellaneous Power Plant Equipment.....						
14	Total Steam Production Plant						
15	B. Nuclear Production Plant						
16	320 Land and Land Rights.....	944.00	None	None	None	None	944.00
17	321 Structures and Improvements.....						
18	322 Reactor Plant Equipment.....						
19	323 Turbogenerator Units.....						
20	324 Accessory Electric Equipment.....						
21	325 Miscellaneous Power Plant Equipment.....						
22	Total Nuclear Production Plant	944.00	None	None	None	None	944.00
23							

UTILITY PLANT — ELECTRIC (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)	Depreciation (d)	Other Credits (e)	Adjustments Transfers (f)	Balance End of Year (g)
1	C. Hydraulic Production Plant	\$	\$	\$	\$	\$	\$
2	330 Land and Land Rights.....						
3	331 Structures and Improvements....						
4	332 Reservoirs, Dams and Waterways						
5	333 Water Wheels, Turbines and Generators.....						
6	334 Accessory Electric Equipment....						
7	335 Miscellaneous Power Plant Equipment.....						
8	336 Roads, Railroads and Bridges....						
9	Total Hydraulic Production Plant	NONE	NONE	NONE	NONE	NONE	NONE
10	D. Other Production Plant						
11	340 Land and Land Rights.....	5,500.00					5,500.00
12	341 Structures and Improvements....	34,204.18		3,307.40			30,896.78
13	342 Fuel Holders, Producers and Accessories.....	27,350.81		1,236.88			26,113.93
14	343 Prime Movers.....	394,941.04	61,859.12	55,663.34			401,136.82
15	344 Generators.....	51,459.11		9,377.50			42,081.61
16	345 Accessory Electric Equipment....	159,079.42		35,616.29			123,463.13
17	346 Miscellaneous Power Plant Equipment.....	725.84		93.44			632.40
18	Total Other Production Plant..	673,260.40	61,859.12	105,294.85			629,824.67
19	Total Production Plant.....	674,204.40	61,859.12	105,294.85			630,768.67
20	3. TRANSMISSION PLANT						
21	350 Land and Land Rights.....	53,804.14	NONE	NONE			53,804.14
22	351 Clearing Land and Rights of Way	33,121.92		4,272.55			28,849.37
23	352 Structures and Improvements....	101,913.55		12,649.60			89,263.95
24	353 Station Equipment.....	472,370.85		68,934.80			94,391.25
25	354 Towers and Fixtures.....	NONE	NONE	NONE		(309,044.80)	NONE
26	355 Poles and Fixtures.....	524,896.67		67,708.98		139,380.00	596,567.69
27	356 Overhead Conductors and Devices	181,493.05		23,411.67			158,081.38
28	357 Underground Conduits.....	232.06		13.28			218.78
29	358 Underground Conductors and Devices.....	NONE	NONE	NONE			NONE
30	359 Roads and Trails.....	NONE	NONE	NONE			NONE
31	Total Transmission Plant.....	1,367,832.24	NONE	176,990.88		(169,664.80)	1,021,176.56

UTILITY PLANT — ELECTRIC (Continued)

Line No.	Account (a)	Balance Beginning of Year (b)	Additions (c)	Depreciation (d)	Other Credits (e)	Adjustments Transfers (f)	Balance End of Year (g)
1	4. DISTRIBUTION PLANT	\$	\$	\$	\$	\$	\$
2	360 Land and Land Rights	None	None	None	None		None
3	361 Structures and Improvements	1,816.36	None	177.23	None		1,639.13
4	362 Station Equipment	77,014.38	37,589.20	9,767.64	None	169,664.80	274,500.74
5	363 Storage Battery Equipment	None	None	None	None		None
6	364 Poles, Towers and Fixtures	85,444.88	28,761.12	19,744.89	22,358.16		72,102.95
7	365 Overhead Conductors and Devices	328,809.78	45,198.32	50,396.63	3,304.44		320,307.03
8	366 Underground Conduit	46,383.11	19,213.92	3,209.48	37.05		62,350.50
9	367 Underground Conductors & Devices	162,507.71	66,041.85	9,062.72	831.24		218,655.60
10	368 Line Transformers	351,154.53	50,896.00	40,183.17	30.00		361,837.36
11	369 Services	98,970.63	18,568.09	12,632.77	216.69		104,689.26
12	370 Meters	93,329.89	16,421.07	12,733.86	1,139.50		95,877.60
13	371 Installations on Cust's Premises ..	None	None	None	None		None
14	372 Leased Prop. on Cust's Premises ..	None	None	None	None		None
15	373 Street Lighting and Signal Systems ..	55,458.51	8,062.25	12,671.51	378.21		50,471.04
16	Total Distribution Plant	1,300,889.78	290,751.82	170,579.90	28,295.29	169,664.80	1,562,431.21
17	5. GENERAL PLANT						
18	389 Land and Land Rights	None	None	None	None		None
19	390 Structures and Improvements	251,123.15	None	21,465.48			229,657.67
20	391 Office Furniture and Equipment ..	116,270.22	11,537.73	5,619.78			122,188.17
21	392 Transportation Equipment	133,111.36	None	11,560.71			121,550.65
22	393 Stores Equipment	8,437.66	None	428.37			8,009.29
23	394 Tools, Shop and Garage Equipment ..	5,215.78	None	384.79			4,830.99
24	395 Laboratory Equipment	17,513.43	None	8.35			17,505.08
25	396 Power Operated Equipment	1,073.89	None	32.87			1,041.02
26	397 Communication Equipment	11,851.59	569.16	1,157.99			11,262.76
27	398 Miscellaneous Equipment	2,609.24	None	170.23			2,439.01
28	399 Other Tangible Property	6,353.46	None	None	241.63		6,111.83
29	Total General Plant	553,559.78	12,106.89	40,828.57	241.63	None	524,596.47
30	Total Electric Plant in Service ..	3,826,486.20	364,717.83	493,694.20	28,536.92	None	3,738,972.91
31	104 Utility Plant Leased to Others ..	None	None	None	None		None
32	105 Property Held for Future Use	None	None	None	None		None
33	107 Construction Work in Progress ..	1,043,155.36	193,754.25	None	None		1,236,909.61
34	Total Utility Plant Electric	4,939,641.56	558,472.08	493,694.20	28,536.92		4,975,882.52

PRODUCTION FUEL AND OIL STOCKS (Included in Account 151)
(Except Nuclear Materials)

1. Report below the information called for concerning production fuel and oil stocks.
2. Show quantities in tons of 2,000 lbs., gal., or Mcf., whichever unit of quantity is applicable.
3. Each kind of coal or oil should be shown separately.
4. Show gas and electric fuels separately by specific use.

Line No.	Item (a)	Total Cost (b)	Kinds of Fuel and Oil			
			#2 DIESEL		GAS MCF	
			Quantity (c)	Cost (d)	Quantity (e)	Cost (f)
1	On Hand Beginning of Year.....	\$ 320,180.17	1,149,119	\$ 320,180.17	None	\$ None
2	Received During Year.....	1,191,501.87	668,919	546,924.53	193,847	644,577.32
3	TOTAL.....	1,511,682.04	1,818,038	867,104.72	193,847	644,577.32
4	Used During Year (Note A).....	1,037,179.28	697,835	392,601.96	193,847	644,577.32
5						
6						
7						
8						
9						
10						
11	Sold or Transferred.....	None	None	None	None	None
12	TOTAL DISPOSED OF.....	1,037,179.28	697,835	392,601.96	193,847	644,577.32
13	BALANCE END OF YEAR.....	474,502.76	1,120,203	474,502.76	None	None

Line No.	Item (g)	Kinds of Fuel and Oil — Continued			
		Quantity (h)	Cost (i)	Quantity (j)	Cost (k)
14	On Hand Beginning of Year.....		\$		\$
15	Received During Year.....				
16	TOTAL.....				
17	Used During Year (Note A).....				
18					
19					
20					
21					
22					
23					
24	Sold or Transferred.....				
25	TOTAL DISPOSED OF.....				
26	BALANCE END OF YEAR.....				

Note A — Indicate specific purpose for which used, e.g., Boiler Oil, Make Oil, Generator Fuel, etc.

MISCELLANEOUS NONOPERATING INCOME (Account 421)		
Line No.	Item (a)	Amount (b)
1		
2		
3		
4		
5		
6	TOTAL	None

OTHER INCOME DEDUCTIONS (Account 426)		
Line No.	Item (a)	Amount (b)
7		
8		
9		
10		
11		
12		
13		
14	TOTAL	None

MISCELLANEOUS CREDITS TO SURPLUS (Account 434)		
Line No.	Item (a)	Amount (b)
15	Amoco Oil Co. Fuel Oil Settlement	17,048.55
16	New England Power Company Rate Refunds	38,460.00
17		
18		
19		
20		
21		
22		
23	TOTAL	55,508.55

MISCELLANEOUS DEBITS TO SURPLUS (Account 435)		
Line No.	Item (a)	Amount (b)
24		
25		
26		
27		
28		
29		
30		
31		
32	TOTAL	None

APPROPRIATIONS OF SURPLUS (Account 436)		
Line No.	Item (a)	Amount (b)
33	Transferred to Town Treasury	175,000.00
34		
35		
36		
37		
38		
39	TOTAL	175,000.00
40		

Annual report of.....

MUNICIPAL REVENUES (Accounts 482, 444) (K.W.H. sold under the provisions of Chapter 269, Acts of 1927)					
Line No.	Acc't No.	Gas Schedule (a)	Cubic Feet (b)	Revenue Received (c)	Average Revenue per M.C.F. (\$0.0000) (d)
1	482	NOT APPLICABLE			
2					
3					
4					
		TOTALS			
		Electric Schedule (a)	K.W.H. (b)	Revenue Received (c)	Average Revenue per K.W.H. (cents) (0.0000) (d)
5	444	Municipal: (Other than Street Lighting)			
6		All Electric	5,696,700	285,591.49	5.0133
7		Power	3,404,649	207,967.82	6.1083
8		Commercial	305,903	23,482.32	7.6764
9		Yard Lighting	23,110	1,921.20	8.3133
10					
11		TOTALS	9,430,362	518,962.83	5.5031
12		Street Lighting: Town of Hudson	1,130,330	53,058.87	4.6941
13		Town of Stow	66,527	5,976.06	8.9829
14		Towns of Berlin & Bolton	176	111.83	9.5094
15					
16					
17		TOTALS	1,198,033	59,146.76	4.9370
18		TOTALS	10,628,395	578,109.59	5.4393
19					

PURCHASED POWER (Account 555)

Line No.	Names of Utilities from Which Electric Energy is Purchased (a)	Where and at What Voltage Received (b)	K.W.H. (c)	Amount (d)	Cost per K.W.H. (cents) (0.0000) (e)
20	SEE PAGES 54 & 55 FOR	DETAILS			
21					
22					
23					
24					
25					
26					
27					
28					
29		TOTALS	110,909,517	4,304,386	3.8809

SALES FOR RESALE (Account 447)

Line No.	Names of Utilities to Which Electric Energy is Sold (a)	Where and at What Voltage Delivered (b)	K.W.H. (c)	Amount (d)	Revenues per K.W.H. (cents) (0.0000) (e)
30	SEE PAGES 52 & 53 FOR	DETAILS			
31					
32					
33					
34					
35					
36					
37					
38					
39		TOTALS	4,268,495	318,068	7.4515

ELECTRIC OPERATING REVENUES (Account 400)

1. Report below the amount of operating revenue for the year for each prescribed account and the amount of increase or decrease over the preceding year.

2. If increases and decreases are not derived from previously reported figures explain any inconsistencies.

3. Number of customers should be reported on the basis of number of meters, plus number of flat rate accounts, except that where separate meter readings are

added for billing purposes, one customer shall be counted for each group of meters so added. The average number of customers means the average of the 12 figures at the close of each month. If the customer count in the residential service classification includes customers counted more than once because of special services, such as water heating, etc., indicate in a footnote the number of such duplicate customers included in the classification.

4. Unmetered sales should be included below. The details of such sales should be given in a footnote.

5. Classification of Commercial and Industrial Sales, Account 442, according to Small (or Commercial) and Large (or Industrial) may be according to the basis of classification regularly used by the respondent if such basis of classification is not greater than 1000 Kw of demand. See Account 442 of the Uniform System of Accounts. Explain basis of classification.

Line No.	Account (a)	Operating Revenues		Kilowatt-hours Sold		Average Number of Customers per Month	
		Amount for Year (b)	Increase or (Decrease) from Preceding Year (c)	Amount for Year (d)	Increase or (Decrease) from Preceding Year (e)	Num for Year (f)	Increase or (Decrease) from Preceding Year (g)
1	SALES OF ELECTRICITY	\$	\$				
2	440 Residential Sales.....	3,213,196.21	741,522.55	53,055,744	(564,811)	6908	89
3	442 Commercial and Industrial Sales:						
4	Small (or Commercial) see instr. 5...	397,908.11	84,837.16	5,021,527	(10,785)	615	(4)
5	Large (or Industrial) see instr. 5....	3,261,583.38	1,153,379.22	58,661,668	13,510,846	172	6
6	444 Municipal Sales (P. 22)	578,109.59	119,548.64	10,628,395	(539,078)	73	1
7	445 Other Sales to Public Authorities.....	None	None	None	None	None	
8	446 Sales to Railroads and Railways.....	None	None	None	None	None	
9	448 Interdepartmental Sales.....	None	None	None	None	None	
10	449 Miscellaneous Electric Sales.....	234,758.74	203,855.16	440,709	37,073	127	10
11	Total Sales to Ultimate Consumers....	7,685,556.03	2,303,142.73	127,808,343	12,433,245	7895	102
12	447 Sales for Resale.....	318,068.50	137,316.42	4,268,495	936,997	9	2
13	Total Sales of Electricity*.....	8,003,624.53	2,440,459.15	132,076,538	13,370,242	7904	104
14	OTHER OPERATING REVENUES						
15	450 Forfeited Discounts.....	None	None				
16	451 Miscellaneous Service Revenues.....	None	None				
17	453 Sales of Water and Water Power.....	None	None				
18	454 Rent from Electric Property.....	1,200.00	1,000.00				
19	455 Interdepartmental Rents.....	None	None				
20	456 Other Electric Revenues.....	5.44	(396.16)				
21							
22							
23							
24							
25	Total Other Operating Revenues.....	1,205.44	606.84				
26	Total Electric Operating Revenues.....	8,004,829.97	2,441,065.99				

*Includes revenues from application of fuel clauses \$ 3,621,579.56

Total KWH to which applied...126,677,713

SALES OF ELECTRICITY TO ULTIMATE CONSUMERS

Report by account, the K.W.H. sold, the amount derived and the number of customers under each filed schedule or contract.
Contract sales and unbilled sales may be reported separately in total.

Line No.	Account No.	Schedule (a)	K.W.H. (b)	Revenue (c)	Average Revenue per K.W.H. (cents) (0.0000) (d)	Number of Customers (Per Bills Rendered)	
						July 31, (e)	December 31, (f)
1	440	"A" Rate Domestic	40,170,799	2,532,254.68	6.3037	6338	6331
2	440	"B" Rate Seasonal	121,327	9,354.50	7.7102	65	52
3	442	"C" Rate Commercial	4,875,701	390,054.63	7.9999	589	646
4	442	"D" Rate Power	58,661,668	3,261,583.38	5.5599	173	172
5	440	"F" Rate All Elec.	12,763,618	671,587.03	5.2617	531	550
6	442	"G" Rate Com. Heat	145,826	7,853.48	5.3855	3	3
7	444	Street Lighting	1,198,033	59,146.76	4.9370	4	4
8	444	Municipal Sales	9,430,362	518,962.83	5.5031	71	68
9	449	Yard Lighting	440,709	38,432.32	8.7206	125	133
10	449	Unbilled Fuel Chg.	-	196,326.42	-	-	-
11							
12							
13							
14							
15							
16							
17							
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46							
47							
48							
49	TOTAL SALES TO ULTIMATE CONSUMERS (Page 37 line 11)		127,808,043	7,685,556.03	6.0134	7899	7959

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

1. Enter in the space provided the operation and maintenance expenses for the year.
2. If the increases and decreases are not derived from previously reported figures explain in footnote.

Line No.	Account (a)	Amount for Year (b)	Increase or (Decrease) from Preceding Year (c)
1	POWER PRODUCTION EXPENSES	\$	\$
2	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	504 Steam transferred — Cr.....		
9	505 Electric expenses.....		
10	506 Miscellaneous steam power expenses.....		
11	507 Rents.....		
12	Total operation.....	NONE	NONE
13	Maintenance:		
14	510 Maintenance supervision and engineering.....		
15	511 Maintenance of structures.....		
16	512 Maintenance of boiler plant.....		
17	513 Maintenance of electric plant.....		
18	514 Maintenance of miscellaneous steam plant.....		
19	Total maintenance.....	NONE	NONE
20	Total power production expenses — steam power.....	NONE	NONE
21	NUCLEAR POWER GENERATION		
22	Operation:		
23	517 Operation supervision and engineering.....		
24	518 Fuel.....		
25	519 Coolants and water.....		
26	520 Steam expenses.....		
27	521 Steam from other sources.....		
28	522 Steam transferred — Cr.....		
29	523 Electric expenses.....		
30	524 Miscellaneous nuclear power expenses.....		
31	525 Rents.....		
32	Total operation.....	NONE	NONE
33	Maintenance:		
34	528 Maintenance supervision and engineering.....		
35	529 Maintenance of structures.....		
36	530 Maintenance of reactor plant equipment.....		
37	531 Maintenance of electric plant.....		
38	532 Maintenance of miscellaneous nuclear plant.....		
39	Total maintenance.....	NONE	NONE
40	Total power production expenses-nuclear power.....	NONE	NONE
41	HYDRAULIC POWER GENERATION		
42	Operation:		
43	535 Operation supervision and engineering.....		
44	536 Water for power.....		
45	537 Hydraulic expenses.....		
46	538 Electric expenses.....		
47	539 Miscellaneous hydraulic power generation expenses.....		
48	540 Rents.....		
49	Total operation.....	NONE	NONE

ELECTRIC OPERATION AND MAINTENANCE EXPENSES — Continued

Line No.	Account (a)	Amount for Year (b)	Increase or (Decrease) from Preceding Year (c)
1	HYDRAULIC POWER GENERATION — Continued	\$	\$
2	Maintenance:		
3	541 Maintenance supervision and engineering.....		
4	542 Maintenance of structures.....		
5	543 Maintenance of reservoirs, dams and waterways.....		
6	544 Maintenance of electric plant.....		
7	545 Maintenance of miscellaneous hydraulic plant.....		
8	Total maintenance.....	None	None
9	Total power production expenses — hydraulic power.....	None	None
10	OTHER POWER GENERATION		
11	Operation:		
12	546 Operation supervision and engineering.....	11,694.56	3,179.00
13	547 Fuel.....	1,037,179.28	195,240.87
14	548 Generation expenses.....	136,846.96	2,886.36
15	549 Miscellaneous other power generation expenses.....	20,407.46	(1,834.62)
16	550 Rents.....	None	None
17	Total operation.....	1,206,128.26	199,471.61
18	Maintenance:		
19	551 Maintenance supervision and engineering.....	8,355.58	3,253.37
20	552 Maintenance of structures.....	2,258.15	(13,476.75)
21	553 Maintenance of generating and electric plant.....	62,005.58	(4,724.52)
22	554 Maintenance of miscellaneous other power generation plant...	1,296.29	(2,470.78)
23	Total maintenance.....	73,915.60	(17,418.68)
24	Total power production expenses — other power.....	1,280,043.86	182,052.93
25	OTHER POWER SUPPLY EXPENSES		
26	555 Purchased power.....	4,716,131.73	1,865,995.57
27	556 System control and load dispatching.....	10,636.72	1,232.36
28	557 Other expenses.....	43,335.12	25,642.83
29	Total other power supply expenses.....	4,770,103.57	1,892,870.76
30	Total power production expenses.....	6,050,147.43	2,074,923.69
31	TRANSMISSION EXPENSES		
32	Operation:		
33	560 Operation supervision and engineering.....	None	None
34	561 Load dispatching.....	None	None
35	562 Station expenses.....	688.40	188.03
36	563 Overhead line expenses.....	None	None
37	564 Underground line expenses.....	None	None
38	565 Transmission of electricity by others.....	189,656.94	10,109.55
39	566 Miscellaneous transmission expenses.....	None	None
40	567 Rents.....	None	None
41	Total operation.....	190,345.34	10,297.58
42	Maintenance:		
43	568 Maintenance supervision and engineering.....	None	None
44	569 Maintenance of structures.....	1,910.35	1,205.45
45	570 Maintenance of station equipment.....	550.08	550.08
46	571 Maintenance of overhead lines.....	None	(32.72)
47	572 Maintenance of underground lines.....	None	None
48	573 Maintenance of miscellaneous transmission plant.....	None	None
49	Total maintenance.....	2,460.43	1,722.81
50	Total transmission expenses.....	192,805.77	12,020.39

ELECTRIC OPERATION AND MAINTENANCE EXPENSES — Continued

Line No.	Account (a)	Amount for Year (b)	Increase or (Decrease) from Preceding Year (c)
1	DISTRIBUTION EXPENSES	\$	\$
2	Operation:		
3	580 Operation supervision and engineering.....	11,125.58	878.27
4	581 Load dispatching.....	None	None
5	582 Station expenses.....	78.00	(100.04)
6	583 Overhead line expenses.....	492.30	(103.22)
7	584 Underground line expenses.....	None	None
8	585 Street lighting and signal system expenses.....	4,864.47	406.62
9	586 Meter expenses.....	11,455.57	(107.76)
10	587 Customer installations expenses.....	8,124.66	1,853.36
11	588 Miscellaneous distribution expenses.....	14,932.57	11,725.21
12	589 Rents.....	None	None
13	Total operation.....	51,073.15	14,269.44
14	Maintenance:		
15	590 Maintenance supervision and engineering.....	11,125.58	878.27
16	591 Maintenance of structures.....	None	None
17	592 Maintenance of station equipment.....	None	None
18	593 Maintenance of overhead lines.....	86,860.22	(7,062.30)
19	594 Maintenance of underground lines.....	2,842.75	39.22
20	595 Maintenance of line transformers.....	2,871.72	3,796.43
21	596 Maintenance of street lighting and signal systems.....	7,557.23	(1,743.12)
22	597 Maintenance of meters.....	1,859.50	91.11
23	598 Maintenance of miscellaneous distribution plant.....	None	None
24	Total maintenance.....	113,117.00	(4,000.39)
25	Total distribution expenses.....	164,190.15	10,269.05
26	CUSTOMER ACCOUNTS EXPENSES		
27	Operation:		
28	901 Supervision.....	4,859.91	683.91
29	902 Meter reading expenses.....	22,360.77	1,524.15
30	903 Customer records and collection expenses.....	51,847.39	5,446.78
31	904 Uncollectible accounts.....	17,654.47	5,876.72
32	905 Miscellaneous customer accounts expenses.....	None	None
33	Total customer accounts expenses.....	96,722.54	13,531.56
34	SALES EXPENSES		
35	Operation:		
36	911 Supervision.....	None	None
37	912 Demonstrating and selling expenses.....	None	None
38	913 Advertising expenses.....	45.00	35.00
39	914 Miscellaneous sales expenses.....	None	None
40	Total sales expenses.....	45.00	35.00
41	ADMINISTRATIVE AND GENERAL EXPENSES		
42	Operation:		
43	920 Administrative and general salaries.....	89,975.89	10,333.63
44	921 Office supplies and expenses.....	5,074.61	(502.60)
45	922 Administrative expenses transferred — Cr.....	None	None
46	923 Outside services employed.....	5,426.86	(7,966.73)
47	924 Property insurance.....	11,414.00	2,149.81
48	925 Injuries and damages.....	45,116.85	5,055.72
49	926 Employee pensions and benefits.....	347,369.36	14,312.51
50	928 Regulatory commission expenses.....	10,558.90	6,128.74
51	929 Duplicate charges.....	22,004.65	4,069.82
52	930 Miscellaneous general expenses.....	5,508.59	664.87
53	931 Rents.....	None	None
54	Total operation.....	542,449.71	34,245.77

ELECTRIC OPERATION AND MAINTENANCE EXPENSES — Continued

Line No.	Account (a)	Amount for Year (b)	Increase or (Decrease) from Preceding Year (c)
1	ADMINISTRATIVE AND GENERAL EXPENSES — Cont.	\$	\$
2	Maintenance:		
3	932 Maintenance of general plant.....	13,844.90	(13,472.68)
4	Total administrative and general expenses.....	556,294.61	20,773.09
5	Total Electric Operation and Maintenance Expenses.....	7,060,205.50	2,131,552.78

SUMMARY OF ELECTRIC OPERATION AND MAINTENANCE EXPENSES

Line No.	Functional Classification (a)	Operation (b)	Maintenance (c)	Total (d)
6	Power Production Expenses	\$	\$	\$
7	Electric Generation:			
8	Steam power.....			
9	Nuclear power.....			
10	Hydraulic power.....			
11	Other power.....	1,206,128.26	73,915.60	1,280,043.86
12	Other power supply expenses.....	4,770,103.57	None	4,770,103.57
13	Total power production expenses..	5,976,231.83	73,915.60	6,050,147.43
14	Transmission Expenses.....	190,345.34	2,460.43	192,805.77
15	Distribution Expenses.....	51,073.15	113,117.00	164,190.15
16	Customer Accounts Expenses.....	96,722.54	None	96,722.54
17	Sales Expenses.....	45.00	None	45.00
18	Administrative and General Expenses...	542,449.71	13,844.90	556,294.61
19	Total Electric Operation and			
20	Maintenance Expenses.....	6,856,867.57	203,337.93	7,060,205.50

21	Ratio of operating expenses to operating revenues (carry out decimal two places, e.g.: 0.00%) Compute by dividing Revenues (Acct. 400) into the sum of Operation and Maintenance Expenses (Page 42, Line 20(d)), Depreciation (Acct. 403) and Amortization (Acct. 407).....	94.40%
22	Total salaries and wages of electric department for year, including amounts charged to operating expenses, construction and other accounts.....	\$ 595,965.77
23	Total number of employees of electric department at end of year including administrative, operating, maintenance, construction and other employees (including part time employees)	33

TAXES CHARGED DURING YEAR

1. This schedule is intended to give the account distribution of total taxes charged to operations and other final accounts during the year.

2. Do not include gasoline and other sales taxes which have been charged to accounts to which the material on which the tax was levied was charged. If the actual or estimated amounts of such taxes are known, they should be shown as a footnote and designated whether estimated or actual amounts.

3. The aggregate of each kind of tax should be listed under the appropriate heading of "Federal," "State," and "Local" in such manner that the total tax for each State and for all subdivisions can readily be ascertained.

4. The accounts to which the taxes charged were distributed should be shown in columns (e) to (h). Show both the utility department and number of account charged. For taxes charged to utility plant show the

number of the appropriate balance sheet plant account or subaccount.

5. For any tax which it was necessary to apportion to more than one utility department or account, state in a footnote the basis of apportioning such tax.

6. Do not include in this schedule entries with respect to deferred income taxes, or taxes collected through payroll deductions or otherwise pending transmittal of such taxes to the taxing authority.

Line No.	Kind of Tax (a)	Total Taxes Charged During Year (omit cents) (b)	Distribution of Taxes Charged (omit cents) (Show utility department where applicable and account charged)							
			Electric (Acct. 408, 409) (c)	Gas (Acct. 408, 409) (d)	(e)	(f)	(g)	(h)	(i)	(j)
1	Real Estate Taxes	2345.40	2345.40							
2										
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
14										
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17										
18										
19										
20										
21										
22										
23										
24										
25										
26										
27										
28	TOTALS	2345.40	2345.40							

OTHER UTILITY OPERATING INCOME (Account 414)

Report below the particulars called for in each column.

Line No.	Property (a)	Amount of Investment (b)	Amount of Revenue (c)	Amount of Operating Expenses (d)	Gain or (Loss) from Operation (e)
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16		N O N E			
17					
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42					
43					
44					
45					
46					
47					
48					
49					
50					
51	TOTALS				

INCOME FROM MERCHANDISING, JOBBING, AND CONTRACT WORK (Account 415)

Report by utility departments the revenues, costs, expenses, and net income from merchandising, jobbing, and contract work during year.

Line No.		Electric Department (b)	Gas Department (c)	Other Utility Department (d)	Total (e)
1	Revenues:	\$	\$	\$	\$
2	Merchandise sales, less discounts,				
3	allowances and returns.....				
4	Contract work.....				
5	Commissions.....				
6	Other (list according to major classes).....				
7					
8					
9					
10	Total Revenues.....				
11					
12					
13	Costs and Expenses:				
14	Cost of sales (list according to major				
15	classes of cost).....				
16					
17					
18					
19					
20			NONE		
21					
22					
23					
24					
25					
26	Sales expenses.....				
27	Customer accounts expenses.....				
28	Administrative and general expenses.....				
29					
30					
31					
32					
33					
34					
35					
36					
37					
38					
39					
40					
41					
42					
43					
44					
45					
46					
47					
48					
49					
50	TOTAL COSTS AND EXPENSES				
51	Net Profit (or Loss)				

SALES FOR RESALE (Account 447)

1. Report sales during year to other electric utilities and to cities or other public authorities for distribution to ultimate consumers.

2. Provide subheadings and classify sales as to (1) Associated Utilities, (2) Nonassociated Utilities, (3) Municipalities, (4) R.E.A. Cooperatives, and (5) Other Public Authorities. For each sale designate statistical classification in column (b), thus: firm power, FP; dump or surplus power, DP; other, G,

and place an "x" in column (c) if sale involves export across a state line.

3. Report separately firm, dump, and other power sold to the same utility. Describe the nature of any sales classified as Other Power, column (b).

4. If delivery is made at a substation indicate ownership in column (e), thus: respondent owned or leased, RS; customer owned or leased, CS.

Line No.	Sales to (a)	Statistical Classification (b)	Export Across State Lines (c)	Point of Delivery (d)	Substation (e)	Kw or Kva of Demand (Specify Which)		
						Contract Demand (f)	Average Monthly Maximum Demand (g)	Annual Maximum Demand (h)
1	Danvers Elect. Dept	G		Marlboro-Hudson		1000	NA	NA
2	Sterling Mun. Elec.	G		Town Line		1000	NA	NA
3	Templeton Mun. Lgt.	G		" "		1000	NA	NA
4	Boylston Mun. Lgt.	G		" "		150	NA	NA
5	Holden Mun. Lgt.	G		" "		900	NA	NA
6	Groton Elec. Lgt.	G		" "		250	NA	NA
7	Littleton Elec. Lgt..	G		" "		1000	NA	NA
8	Mansfield Elec. Dept.	G		" "		3000	NA	NA
9	MM/EC	G		" "		4680	NA	NA
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SALES FOR RESALE (Account 447) — Continued

5. If a fixed number of kilowatts of maximum demand is specified in the power contract as a basis of billings to the customer this number should be shown in column (f). The number of kilowatts of maximum demand to be shown in column (g) and (h) should be actual based on monthly readings and should be furnished whether or not used in the determination of demand charges. Show in column (i) type of demand reading (instantaneous, 15, 30, or 60 minutes integrated).

6. The number of kilowatt-hours sold should be the quantities shown by the bills rendered to the purchasers.

7. Explain any amounts entered in column (n) such as fuel or other adjustments.

8. If a contract covers several points of delivery and small amounts of electric energy are delivered at each point, such sales may be grouped.

Type of Demand Reading (l)	Voltage at Which Delivered (j)	Kilowatt-hours (k)	Revenue (Omit Cents)				Revenue per kwh (Cents) (0.0000) (p)	Line No.
			Demand Charges (l)	Energy (m)	Other Charges (n)	Total (o)		
60 Min.	115 KV	298,300	5,280	20,933		26,213	8.7875	1
60 Min.	115 KV	298,300	5,280	20,933		26,213	8.7875	2
60 Min.	115 KV	298,300	5,280	20,933		26,213	8.7875	3
60 Min.	115 KV	154,269	1,584	7,763		9,347	6.0589	4
60 Min.	115 KV	756,495	7,128	31,422		38,550	5.0959	5
60 Min.	115 KV	117,026	1,320	7,119		8,439	7.2112	6
60 Min.	115 KV	1,121,410	11,088	52,000		63,088	5.6258	7
60 Min.	115 KV	701,200	29,040	44,283		73,323	10.4568	8
60 Min.	115 KV	523,195	12,933	33,749		46,682	8.9225	9
								10
								11
								12
								13
								14
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TOTALS		4,268,495	78,933	239,135		318,068	7.4515	42

PURCHASED POWER (Account 555)

(except interchange power)

1. Report power purchased for resale during the year. Exclude from this schedule and report on page 56 particulars concerning interchange power transactions during the year.
 2. Provide subheadings and classify purchases as to (1) Associated Utilities, (2) Nonassociated Utilities, (3) Associated Nonutilities, (4) Other Nonutilities, (5) Municipalities, (6) R.E.A. Cooperatives, and (7) Other Public

Authorities. For each purchase designate statistical classification in column (b), thus: firm power, FP; dump or surplus power, DP; other, O, and place an "x" in column (c) if purchase involves import across a state line.
 3. Report separately firm, dump, and other power purchased from the same company. Describe the nature of any purchases classified as Other Power, column (b).

Line No.	Purchased From (a)	Statistical Classification (b)	Import Across State Lines (c)	Point of Receipt (d)	Substation (e)	Kw or Kva of Demand (Specify Which)		
						Contract Demand (f)	Average Monthly Maximum Demand (g)	Annual Maximum Demand (h)
1	NEPCO	0	X	Marlboro-Hudson Town		18,000	NA	NA
2	B.E. - Pilgrim I	0		Line		2,500	NA	NA
3	Vermont Yankee	0	X	"		587	NA	NA
4	Maine Yankee	0	X	"		1,234	NA	NA
5	Wyman - Yarmouth	0	X	"		2,090	NA	NA
6	VELCO	0	X	"		2,000	NA	NA
7	NBG & L Canal 2	0		"		4,000	NA	NA
8								
9								
10								
11								
12				POWER USED AT POWER PLANT AND				
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PURCHASED POWER (Account 555) — Continued

(except interchange power)

4. If receipt of power is at a substation indicate ownership in column (e), thus: respondent owned or leased, RS; seller owned or leased, SS.

5. If a fixed number of kilowatts of maximum demand is specified in the power contract as a basis of billing, this number should be shown in column (f). The number of kilowatts of maximum demand to be shown in columns (g) and (h) should be actual based on monthly readings and

should be furnished whether or not used in the determination of demand charges. Show in column (i) type of demand reading (instantaneous, 15, 30, or 60 minutes integrated).

6. The number of kilowatt hours purchased should be the quantities shown by the power bills.

7. Explain any amount entered in column (n) such as fuel or other adjustments.

Type of Demand Reading (i)	Voltage at Which Delivered (j)	Kilowatt-hours (k)	Cost of Energy (Omit Cents) (l)				Cost per KWH (Cents) (0.00001) (p)	Line No.
			Charges (l)	Energy Charges (m)	Other Charges (n)	Total (o)		
NA	115KV	74,758,000	964,634	2,141,616		3,106,250	4.1551	1
NA	115KV	11,359,882	327,600	45,660		373,260	3.2858	2
NA	115KV	3,312,885	66,329	20,818		87,147	2.6305	3
NA	115KV	6,524,777	83,859	41,413		125,272	1.9199	4
NA	115KV	3,603,996	75,369	161,366		236,735	6.5637	5
NA	115KV	7,744,700	132,005	48,937		180,942	2.3363	6
NA	115KV	3,935,235	26,641	180,879		207,520	5.2734	7
								8
								9
								10
CHARGED TO (549)		(329,958)				(12,740)		11
								12
								13
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TOTALS		110,909,517	1,676,437	2,640,689		4,304,386	3.8809	42

INTERCHANGE POWER (Included in Account 555)

1. Report below the kilowatt-hours received and delivered during the year and the net charge or credit under interchange power agreements.
 2. Provide subheadings and classify interchanges as to (1) Associated Utilities, (2) Nonassociated Utilities, (3) Associated Nonutilities, (4) Other Nonutilities, (5) Municipalities, (6) R.E.A. Cooperatives, and (7) Other Public Authorities. For each interchange across a state line place an "x" in column (b).
 3. Particulars of settlements for interchange power

shall be furnished in Part B, Details of Settlement for Interchange Power. If settlement for any transaction also includes credit or debit amounts other than for increment generation expenses, show such other component amounts separately, in addition to debit or credit for increment generation expenses, and give a brief explanation of the factors and principles under which such other component amounts were determined. If such settlement represents the net of debits and credits under an interconnection, power pooling,

coordination, or other such arrangement, submit a copy of the annual summary of transactions and billings among the parties to the agreement. If the amount of settlement reported in this schedule for any transaction does not represent all of the charges and credits covered by the agreement, furnish in a footnote a description of the other debits and credits and state the amounts and accounts in which such other amounts are included for the year.

A. Summary of Interchange According to Companies and Points of Interchange

Line No.	Name of Company (a)	Interchange Across State Lines (b)	Point of Interchange (c)	Voltage at Which Interchanged (d)	Kilowatt-hours			Amount of Settlement (h)
					Received (e)	Delivered (f)	Net Difference (g)	
1	NEPEX	X	Marlboro-Hudson Line	115KV	17,311,500	8,618,600	8,692,900	413,238.32
2	USED AS STATION POWER AND CHARGED TO (549)				(31,562)		(31,562)	1,492.24
3								
4								
5								
6								
7								
8								
9								
10								
11								
12				TOTALS	17,279,938	8,618,600	8,661,338	411,746.08

B. Details of Settlement for Interchange Power

Line No.	Name of Company (j)	Explanation (i)	Amount (k)
13	NEPEX	Energy Received by H.L. & P. - Economy	480,791.07
14		- Scheduled Outage	324,207.62
15		- Unscheduled Outage	8,259.91
16		NEPEX Expenses	7,421.10
17		Energy Delivered By H. L. & P.	(337,635.00)
18		NEPEX Savings	(69,806.38)
19			
20			
21		TOTAL	413,238.32

ELECTRIC ENERGY ACCOUNT

Report: Show the information called for concerning the disposition of electric energy generated, purchased, and interchanged during the year.

Line No.	Item (a)	Kilowatt-hours (b)
1	SOURCES OF ENERGY	
2	Generation (excluding station use):	
3	Steam.....	
4	Nuclear.....	
5	Hydro.....	
6	Other.....	27,562,320
7	Total generation.....	27,562,320
8	Purchases.....	110,909,517
9	Interchanges:	
10	In (gross).....	17,279,938
11	Out (gross).....	8,618,600
12	Net (kwh).....	8,661,338
13	Transmission for/by others (wheeling):	
14	Received.....	
15	Delivered.....	
16	Net (kwh).....	
17	TOTAL.....	147,133,175
18	DISPOSITION OF ENERGY	
19	Sales to ultimate consumers (including interdepartmental sales).....	127,808,043
20	Sales for resale.....	4,268,495
21	Energy furnished without charge.....	
22	Energy used by the company (excluding station use):	
23	Electric department only.....	231,240
24	Energy losses:	
25	Transmission and conversion losses.....	4,989,080
26	Distribution losses.....	6,079,517
27	Unaccounted for losses.....	3,756,800
28	Total energy losses.....	14,825,397
29	Energy losses as percent of total on line 15.....%	
30	TOTAL.....	147,133,175

MONTHLY PEAKS AND OUTPUT

1. Report hereunder the information called for pertaining to simultaneous peaks established monthly (in kilowatts) and monthly output (in kilowatt-hours) for the combined sources of electric energy of respondent.

2. Monthly peak col. (b) should be respondent's maximum kw load as measured by the sum of its coincidental net generation and purchases plus or minus net interchange, minus temporary deliveries (not interchange) of emergency power to another system. Monthly peak including such emergency deliveries should be shown in a footnote with a brief explanation as to the nature of the emergency.

3. State type of monthly peak reading (instantaneous 15, 30, or 60 minutes integrated.)

4. Monthly output should be the sum of respondent's net generation and purchases plus or minus net interchange and plus or minus net transmission or wheeling. Total for the year should agree with line 15 above.

5. If the respondent has two or more power systems not physically connected, the information called for below should be furnished for each system.

System

Line No.	Month (a)	Monthly Peak					Monthly Output (kwh) (See Instr. 4) (g)
		Kilowatts (b)	Day of Week (c)	Day of Month (d)	Hour (e)	Type of Reading (f)	
29	January.....	25,600	Thursday	31	11 AM	60 Min.	13,796,251
30	February.....	25,200	Friday	1	9 AM	60 Min.	13,484,203
31	March.....	25,000	Monday	3	11 AM	60 Min.	12,831,378
32	April.....	21,200	Tuesday	29	10 AM	60 Min.	11,464,183
33	May.....	21,600	Monday	12	11 AM	60 Min.	10,648,614
34	June.....	23,200	Wednesday	25	3 PM	60 Min.	10,388,020
35	July.....	25,500	Monday	21	4 PM	60 Min.	11,655,959
36	August.....	25,100	Wednesday	6	3 PM	60 Min.	12,370,298
37	September.....	26,300	Tuesday	2	2 PM	60 Min.	11,342,931
38	October.....	22,600	Tuesday	28	10 AM	60 Min.	12,097,208
39	November.....	23,900	Monday	24	9 AM	60 Min.	12,172,594
40	December.....	27,900	Monday	22	9 AM	60 Min.	14,881,536
41	TOTAL.....						147,133,175

Annual report of.....

GENERATING STATION STATISTICS (Large Stations)

(Except Nuclear, See Instruction 10)

1. Large stations for the purpose of this schedule are steam and hydro stations of 2,500 Kw* or more of installed capacity and other stations of 500 Kw* or more of installed capacity (name plate ratings). (*10,000 Kw and 2,500 Kw, respectively, if annual electric operating revenue of respondent are \$25,000,000 or more.)

2. If any plant is leased, operated under a license from the Federal Power Commission, or operated as a joint facility, indicate such facts by the use of asterisks and footnotes.

3. Specify if total plant capacity is reported in kva instead of kilowatts as called for on line 5.

4. If peak demand for 60 minutes is not available, give that which is available, specifying period.

5. If a group of employees attends more than one generating station, report on line 11 the approximate average number of employees assignable to each station.

6. If gas is used and purchased on a therm basis, the B.t.u. content of the gas should be given and the quantity of fuel consumed converted to M cu. ft.

7. Quantities of fuel consumed and the average cost per unit of fuel consumed should be consistent with charges to expense accounts 501 and

Line No.	Item (a)	Plant (b)	Plant (c)	Plant (d)
		Cherry St. Sta.	H. I. & P. Peaking	
1	Kind of plant (steam, hydro, int. comb., gas turbine)	Int. Comb.	Int. Comb.	
2	Type of plant construction (conventional, outdoor boiler, full outdoor, etc.)	Conventional	Conventional	
3	Year originally constructed	1897	1962	
4	Year last unit was installed	1972	1962	
5	Total installed capacity (maximum generator name plate ratings in kw)	17,150*	4000	
6	Net peak demand on plant-kilowatts (60 min.)	13,500	3500	
7	Plant hours connected to load	8784	2016	
8	Net continuous plant capability, kilowatts:			
9	(a) When not limited by condenser water	15,200	4000	
10	(b) When limited by condenser water	15,200	4000	
11	Average number of employees			
12	Net generation, exclusive of station use	24,153,264	3,409,056	
13	Cost of plant (omit cents):			
14	Land and land rights	5500	None	
15	Structures and improvements	330,740	None	
16	Reservoirs, dams, and waterways	None	None	
17	Equipment costs	3,007,717	543,872	
18	Roads, railroads, and bridges	None	None	
19	Total cost	3,957	543,872	
20	Cost per kw of installed capacity	230	\$136	
21	Production expenses: Total Combined Plants			
22	Operation supervision and engineering	11,694.56		
23	Station labor	114,174.30		
24	Fuel	1,037,179.28		
25	Supplies and expenses, including water	43,080.12		
26	Maintenance	73,915.60		
27	Rents	None		
28	Steam from other sources	None		
29	Steam transferred—Credit	None		
30	Total production expenses	1,280,043.86		
31	Expenses per net Kwh (5 places)	74 644 18		
32	Fuel: Kind	#2 Diesel	Natural Gas	
33	Unit: (Coal-tons of 2,000 lb.) (Oil-barrels of 42 gals.) (Gas-M cu. ft.) (Nuclear, indicate)	42 Gal.	M Cu. Ft.	
34	Quantity (units) of fuel consumed	16,606	193,847	
35	Average heat content of fuel (B.t.u. per lb. of coal, per gal. of oil, or per cu. ft. of gas)	140,000 BTU	910 BTU	
36	Average cost of fuel per unit, del. f.o.b. plant	\$ 34.3402 BBL	\$ 3.32518 MCF	
37	Average cost of fuel per unit consumed	\$ 23.6427 BBL	\$ 3.32518 MCF	
38	Average cost of fuel consumed per million B.t.u.	\$ 4.01857	\$ 3.65406	
39	Average cost of fuel consumed per kwh net gen.	.0376303		
40	Average B.t.u. per kwh net generation	9,945		
41				
42				

GENERATING STATION STATISTICS (Large Stations) — Continued (Except Nuclear, See Instruction 10)

547 as shown on line 24.

8. The items under cost of plant and production expenses represents accounts or combinations of accounts prescribed by the Uniform System of Accounts. Production expenses, however, do not include Purchased Power, System Control and Load Dispatching, and Other Expenses classified as "Other Power Supply Expenses."

9. If any plant is equipped with combinations of steam, hydro, internal combustion engine or gas turbine equipment, each should be reported as a separate plant. However, if a gas turbine unit functions in a combined

operation with a conventional steam unit, the gas turbine should be included with the steam station.

10. If the respondent operates a nuclear power generating station submit: (a) a brief explanatory statement concerning accounting for the cost of power generated including any attribution of excess costs to research and development expenses; (b) a brief explanation of the fuel accounting specifying the accounting methods and units of cost used with respect to the various components of the fuel cost, and (c) such additional information as may be informative concerning the type of plant, kind of fuel used, and other physical and operating characteristics of the plant.

Plant (e)	Plant (f)	Plant (g)	Plant (h)	Plant (i)	Plant (j)	Line No.
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Annual report of.....

STEAM GENERATING STATIONS

1. Report the information called for concerning generating stations and equipment at end of year.
2. Exclude from this schedule, plant, the book cost of which is included in Account 121, Nonutility Property.
3. Designate any generating station or portion thereof for which the respondent is not the sole owner. If such property is leased from another company, give name of

lessor, date and term of lease, and annual rent. For any generating station, other than a leased station or portion thereof for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars as to such matters as percent ownership by respondent, name of co-owner, basis of sharing output,

Line No.	Name of Station (a)	Location of Station (b)	Boilers				
			Number and Year Installed (c)	Kind of Fuel and Method of Firing (d)	Rated Pressure in lbs. (e)	Rated Steam Temperature* (f)	Rated Max. Continuous M lbs. Steam per Hour (g)
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3							
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NOT APPLICABLE

Note reference:

*Indicate reheat boilers thusly, 1050/1000.

STEAM GENERATING STATIONS — Continued

expenses or revenues, and how expenses and/or revenues are accounted for and accounts affected. Specify if lessor, co-owner, or other party is an associated company.

4. Designate any generating station or portion thereof leased to another company and give name of lessee, date and term of lease and annual rent and how determined. Specify whether lessee is an associated company.

5. Designate any plant or equipment owned, not operated, and not leased to another company. If such plant or equipment was not operated within the past year explain whether it has been retired in the books of account or what disposition of the plant or equipment and its book cost are contemplated.

Turbine-Generators*

Year Installed (h)	Type† (i)	Steam Pressure at Throttle p.s.i.g. (j)	R.P.M. (k)	Name Plate Rating in Kilowatts		Hydrogen Pressure‡		Power Factor (p)	Voltage K.v.†† (q)	Station Capacity Maximum Name Plate Rating‡‡ (r)	Line No.
				At Minimum Hydrogen Pressure (l)	At Maximum Hydrogen Pressure (m)	Min. (n)	Max. (o)				
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TOTALS											37

NOT APPLICABLE

Note references:

*Report cross-compound turbine-generator units on two lines — H.P. section and L.P. section.

†Indicate tandem-compound (T.C.); cross-compound (C.C.); all single casing (S.C.); topping unit (T), and noncondensing (N.C.). Show back pressures.

‡Designate air cooled generators.

††If other than 3 phase, 60 cycle, indicate other characteristic.

‡‡Should agree with column (m).

HYDROELECTRIC GENERATING STATIONS

1. Report the information called for concerning generating stations and equipment at end of year. Show associated prime movers and generators on the same line.
2. Exclude from this schedule, plant, the book cost of which is included in Account 121, Nonutility Property.
3. Designate any generating station or portion thereof for which the respondent is not the sole owner. If such

property is leased from another company, give name of lessor, date and term of lease, and annual rent. For any generating station, other than a leased station, or portion thereof, for which the respondent is not the sole owner but which the respondent operates or shares in the operation of, furnish a succinct statement explaining the arrangement and giving particulars as to such matters as

Line No.	Name of Station (a)	Location (b)	Name of Stream (c)	Water Wheels			
				Attended or Unattended (d)	Type of Unit* (e)	Year Installed (f)	Gross Static Head with Pond Full (g)
1							
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NOT APPLICABLE

*Horizontal or vertical. Also indicate type of runner — Francis (F), fixed propeller (FP), automatically adjustable propeller (AP), Impulse (I).

HYDROELECTRIC GENERATING STATIONS — Continued

percent of ownership by respondent, name of co-owner, basis of sharing output, expenses, or revenues, and how expenses and/or revenues are accounted for and accounts affected. Specify if lessor, co-owner, or other party is an associated company.

4. Designate any generating station or portion thereof leased to another company and give name of lessee, date and term of lease and annual rent and how determined.

Specify whether lessee is an associated company.

5. Designate any plant or equipment owned, not operated and not leased to another company. If such plant or equipment was not operated within the past year explain whether it has been retired in the books of account or what disposition of the plant or equipment and its book cost are contemplated.

Water Wheels — Continued			Generators						Total Installed Generating Capacity in Kilowatts (name plate ratings)	Line No.
Design Head (h)	R.P.M. (i)	Maximum hp. Capacity of Unit at Design Head (j)	Year Installed (k)	Voltage (l)	Phase (m)	Fre- quency or d.c. (n)	Name Plate Rating of Unit in Kilowatts (o)	Number of Units in Station (p)	(q)	
										1
										2
										3
										4
										5
										6
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										38
TOTALS										39

NOT APPLICABLE

COMBUSTION ENGINE AND OTHER GENERATING STATIONS — Continued

(except nuclear stations)

ship by respondent, name of co-owner, basis of sharing output, expenses, or revenues, and how expenses and/or revenues are accounted for and accounts affected. Specify if lessor, co-owner, or other party is an associated company.

4. Designate any generating station or portion thereof leased to another company and give name of lessee, date and term of lease and annual rent and how determined.

Specify whether lessee is an associated company.

Designate any plant or equipment owned, not operated and not leased to another company. If such plant or equipment was not operated within the past year, explain whether it has been retired in the books of account or what disposition of the plant or equipment and its book cost are contemplated.

Prime Movers — Continued		Generators						Total Installed Generating Capacity in Kilowatts (name plate ratings) (p)	Line No.
Rated hp. of Unit (h)	Total Rated hp. of Station Prime Movers (i)	Year Installed (j)	Voltage (k)	Phase (l)	Frequency or d.c. (m)	Name Plate Rating of Unit in Kilowatts (n)	Number of Units in Station (o)		
1480	1480	1937	2300	3Ø	60 cyl.	1000	1	1000	1
4250	5730	1951	4160	3Ø	60 cyl.	3300	1	3000	2
5100	10830	1955	4160	3Ø	60 cyl.	4000	1	3600	3
4250	15080	1943	4160	3Ø	60 cyl.	3250	1	3000	4
7760	22840	1972	4160	3Ø	60 cyl.	5600	1	5600	5
									6
									7
2880	2880	1962	4160	3Ø	60 cyl.	2000	1	2000	8
									9
2880	5760	1962	4160	3Ø	60 cyl.	2000	1	2000	10
									11
									12
									13
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									35
									36
									37
									38
TOTALS						21,150	7	20,200	39

GENERATING STATION STATISTICS (Small Stations)

1. Small generating stations, for the purpose of this schedule, are steam and hydro stations of less than 2,500 KW* and other stations of less than 500 KW* installed capacity (name plate ratings). (*10,000 KW and 2,500 KW, respectively, if annual electric operating revenues of respondent are \$25,000,000 or more.)

2. Designate any plant leased from others, operated under a license from the Federal Power Commission,

or operated as a joint facility, and give a concise statement of the facts in a footnote.

3. List plants appropriately under subheadings for steam, hydro, nuclear internal combustion engine and gas turbine stations. For nuclear, see instruction 10 page 59.

4. Specify, if total plant capacity is reported in kva instead of kilowatts.

5. If peak demand for 60 minutes is not available, give that which is available, specifying period.

6. If any plant is equipped with combinations of steam, hydro, internal combustion engine or gas turbine equipment, each should be reported as a separate plant. However, if the exhaust heat from the gas turbine is utilized in a steam turbine regenerative feed water cycle, report as one plant.

Line No.	Name of Plant (a)	Year Const. (b)	Installed Capacity Name Plate Rating-KW (c)	Peak Demand KW (60 Min.) (d)	Net Generation Excluding Station Use (e)	Cost of Plant (Omit Cents) (f)	Plant Cost Per KW Inst. Capacity (g)	Production Expenses Exclusive of Depreciation and Taxes (Omit Cents)			Kind of Fuel (k)	Fuel Cost Per KWH Net Generation (Cents) (0.0000) (l)
								Labor (h)	Fuel (i)	Other (j)		
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
12												
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22												
23												
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25												
26												
27												
28												
		TOTALS										

NOT APPLICABLE

TRANSMISSION LINE STATISTICS

Report information concerning transmission lines as indicated below.

Line No.	Designation		Operating Voltage (c)	Type of Supporting Structure (d)	Length (Pole Miles)		Number of Circuits (g)	Size of Conductor and Material (h)
	From (a)	To (b)			On Structures of Line Designated (e)	On Structures of Another Line (f)		
1	Marl-Hudson Town Line at River St.	Forest Ave. Substation Hudson	115KV	Steel Poles	3.2		2	336.4 MCM ACSR "Linnet"
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
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42								
43								
44								
45								
46								
47	TOTALS				3.2	None	2	

*Where other than 60 cycle, 3 phase, so indicate.

SUBSTATIONS

1. Report below the information called for concerning substations of the respondent as of the end of the year.

2. Substations which serve but one industrial or street railway customer should not be listed hereunder.

3. Substations with capacities of less than 5000 kva, except those serving customers with energy for resale, may be grouped according to functional character, but the number of such substations must be shown.

4. Indicate in column (b) the functional character of each substation, designating whether transmission or distribution and whether attended or unattended.

5. Show in columns (j), (l), and (k) special equipment such as rotary converters, rectifiers, condensers, etc. and auxiliary equipment for increasing capacity.

6. Designate substations or major items of equipment leased from others, jointly owned with others, or operated otherwise than by

reason of sole ownership by the respondent. For any substation or equipment operated under lease, give name of lessor, date and period of lease and annual rent. For any substation or equipment operated other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of sharing expenses of other accounting between the parties, and state amounts and accounts reflected in respondent's books of account. Specify in each case whether lessor, co-owner, or other party is an associated company.

Line No.	Name and Location of Substation (a)	Character of Substation (b)	Voltage			Capacity of Substation in kva (In Service) (f)	Number of Transformers in Service (g)	Number of Spare Transformers (h)	Conversion Apparatus and Special Equipment		
			Primary (c)	Secondary (d)	Tertiary (e)				Type of Equipment (i)	Number of Units (j)	Total Capacity (k)
1	Cherry St. Hudson, MA	Unattended	80001	24001	Not	19,200	2	None	None	None	None
2		Distribution	13800	4160	Brought						
3					Out						
4											
5	Forest Ave. Hudson, MA	Unattended									
6		13.8 Distribution									
7		& Diesel Tie	115KV	80001	NA	80,000	2	None	None	None	None
8		Tie with NEPCo		13800							
9											
10											
11											
12											
13											
14											
15											
16											
17											
18											
19											
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21											
22											
23											
24											
25											
26											
27											
28											
29											
30											
31											
32					TOTALS	99,200	4	None		None	None

OVERHEAD DISTRIBUTION LINES OPERATED

Line No.		Length (Pole Miles)		
		Wood Poles	Steel Towers	Total
1	Miles — Beginning of Year.....	174.4		174.4
2	Added During Year.....	.5		.5
3	Retired During Year.....	None		None
4	Miles — End of Year.....	174.9		174.9
5				
6				
7				
8	Distribution System Characteristics — A.C. or D.C., phase, cycles and operating voltages for Light and Power.			
9	Primary distribution at 2400/4160Y, 4800/8300Y, 8000/13800Y volts, 60 cycle,			
10	3 phase secondary power at 600 volts, 60 cycle, 3 phase 3 wire; 480 volts			
11	3 phase, 3 wire; 277/480 volts, 3 phase 4 wire; 220 volts, 3 phase 3 or 4 wire;			
12	120/208 volts, 3 phase, 4 wire, lighting, heating and air conditioning			
13	120/240 volts, 120/208 volts, 60 cycle single or three phase.			
14				
15				

ELECTRIC DISTRIBUTION SERVICES, METERS AND LINE TRANSFORMERS

Line No.	Item	Electric Services	Number of Watt-hour Meters	Line Transformers	
				Number	Total Capacity (kva)
16	Number at beginning of year.....	6651	8209	2547	61705.5
17	Additions during year:				
18	Purchased.....	229	140	2500.0
19	Installed.....	116
20	Associated with utility plant acquired.....	None	None	None	None
21	Total additions.....	116	229	140	2500.00
22	Reductions during year:				
23	Retirements.....	40	87	None	None
24	Associated with utility plant sold.....	None	None	None	None
25	Total reductions.....	40	87	None	None
26	Number at End of Year.....				
27	In stock.....		509	363	8562.0
28	Locked meters on customers' premises.....		None	None	None
29	Inactive transformers on system.....		None	None	None
30	In customers' use.....		7817	2316	55509.5
31	In company's use.....		25	8	134.0
32	Number at End of Year.....		8351	2687	64205.5

CONDUIT, UNDERGROUND CABLE AND SUBMARINE CABLE — (Distribution System)
 Report below the information called for concerning conduit, underground cable, and submarine cable at end of year.

Line No.	Designation of Underground Distribution System (a)	Miles of Conduit Bank (All Sizes and Types) (b)	Underground Cable		Submarine Cable	
			Miles* (c)	Operating Voltage (d)	Feet* (e)	Operating Voltage (f)
1	Route 495 Underpass	.1	.1	13,800		
2	Harvard Acres Estates, Stow	.0	6.4	13,800		
3	Meadowbrook Mobile Home Park, Hudson	1.6	1.7	13,800		
4	Colburn & Margaret Circle, Hudson	.0	.2	4,800		
5	Main, Felton, Central St. Hudson	.7	.7	13,800		
6	Seven Star Lane, Stow, MA	.0	.09	4,800		
7	Forest Avenue, Hudson, MA	1.5	1.5	13,800		
8	Juniper Estates, Stow, MA	.5	.5	13,800		
9	Carriage Lane, Stow, MA	.0	.14	4,800		
10	Brigham Circle, Hudson, MA	.9	.9	13,800		
11	Rustic Lane, Hudson, MA	.0	.2	4,800		
12	Wildwood Subdivision, Stow, MA	.0	.6	13,800		
13	Birch Hill Estates, Stow, MA	1.8	1.8	13,800		
14	Appleton Drive, Hudson, MA	.1	.1	13,800		
15	Cedar Street, Hudson, MA	.03	.03	4,800		
16	Country Estates, Hudson, MA	.0	.34	4,800		
17	Deacon Benham Drive, Stow, MA	.0	.07	8,320		
18	Forest Road, Stow, MA	.0	.22	8,320		
19	Francis, Circle, Stow, MA	.0	.1	4,800		
20	Karen Circle, Hudson, MA	.0	.07	8,320		
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34						
	TOTALS	7.23	15.76		None	

*Indicate number of conductors per cable.

RATE SCHEDULE INFORMATION

1. Attach copies of all Filed Rates for General Consumers.
2. Show below the changes in rate schedules during year and the estimated increase or decrease in annual revenue predicated on the previous year's operations.

Date Effective	M.D.P.U. Number	Rate Schedule	Estimated Effect on Annual Revenues	
			Increases	Decreases
3/1/80	72	Residential Rate "A"	192,460	
3/1/80	69	All Electric Residential "F"	56,990	
3/1/80	70	Schedule "G" Commercial Elec.	537	
3/1/80	66	Schedule "B" Seasonal	1,115	
3/1/80	67	Schedule "C" Commercial	37,915	
3/1/80	68	Schedule "D" Power	51,983	
3/1/80	71	Standard Fuel Clause	None	

THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

..... Mayor

Scott Huebner

..... Manager of Electric Light

Ernest L. Lefini

Frederick K. Kour

Roland L. Plante

Selectmen
or
Members
of the
Municipal
Light
Board

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

ss.

19

Then personally appeared.....

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

Notary Public or
Justice of the Peace

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TOWN OF HUDSON
OPERATING REVENUES AND EXPENSES

PAGE 1

FOR THE PERIOD 03/01/81 TO 03/31/81

ACCOUNT DESCRIPTION	BUDGET ALLOWANCE	MONTH YEAR	%	MONTH PRV-YEAR	%	BUDGET ALLOWANCE	YTD-MONTH YEAR	%	YTD-MONTH PRV-YEAR	%
OPERATING REVENUE										
RESIDENTIAL SALES	.00	138,352.86	16.3	306,503.22	43.8	.00	526,970.39	18.4	918,750.53	43.0
COMMERCIAL SALES	.00	25,972.09	3.0	37,080.85	5.3	.00	82,440.90	2.8	108,203.85	5.0
POWER SALES	.00	139,031.96	16.3	264,086.25	37.7	.00	437,814.76	15.3	776,616.44	36.4
MUNICIPAL SALES:										
STREET LIGHTING HUDSON	.00	5,830.20	.6	4,621.71	.6	.00	18,921.69	.6	14,868.62	.6
STREET LIGHTING STOW ET	.00	345.67	.0	527.89	.0	.00	1,037.01	.0	1,601.13	.0
MUNICIPAL POWER HUDSON	.00	7,504.71	.8	14,527.13	2.0	.00	23,401.06	.8	44,477.12	2.0
MUNICIPAL COMM HUDSON	.00	915.55	.1	1,987.36	.2	.00	2,588.27	.0	5,795.77	.2
MUNICIPAL POWER STOW ET	.00	2,061.62	.2	4,808.61	.6	.00	6,655.31	.2	14,897.45	.6
MUNICIPAL COMM STOW ET	.00	388.62	.0	625.06	.0	.00	1,509.45	.0	1,831.94	.0
MUNICIPAL ALL ELECTRIC	.00	13,163.26	1.5	39,392.83	5.6	.00	54,051.78	1.8	119,295.94	5.5
SALES FOR RESALE	.00	6,615.16	.7	25,374.77	3.6	.00	44,167.82	1.5	127,168.86	5.9
TOT REVENUE SALES OF ELEC	.00	340,181.70	40.1	699,535.68	100.0	.00	1199,558.44	42.0	2133,507.65	100.0
FUEL CHARGE:										
RESIDENTIAL SALES-FUEL	.00	176,445.85	20.8	.00	.0	.00	763,240.48	26.7	.00	.0
COMMERCIAL SALES-FUEL	.00	20,609.26	2.4	.00	.0	.00	73,033.22	2.5	.00	.0
POWER SALES-FUEL	.00	206,132.44	24.3	.00	.0	.00	719,713.46	25.2	.00	.0
MUNICIPAL FUEL CHARGES:										
STREET LTG-STOW ET-FUEL	.00	241.00	.0	.00	.0	.00	863.75	.0	.00	.0
MUNI POWER HUDSON-FUEL	.00	9,633.98	1.1	.00	.0	.00	33,791.87	1.1	.00	.0
MUNI COMM HUDSON-FUEL	.00	742.55	.0	.00	.0	.00	2,298.74	.0	.00	.0
MUNI POWER STOW ET-FUEL	.00	2,341.10	.2	.00	.0	.00	8,278.14	.2	.00	.0
MUNI COMM STOW ET-FUEL	.00	318.00	.0	.00	.0	.00	1,398.67	.0	.00	.0
MUNI ALL ELECTRIC-FUEL	.00	25,928.40	3.0	.00	.0	.00	114,166.20	4.0	.00	.0
MISC. ELECTRIC SALES	.00	65,321.97	7.7	.00	.0	.00	(64,903.21)	2.2	.00	.0
TOTAL FUEL CHARGES	.00	507,714.55	59.8	.00	.0	.00	1651,881.32	57.9	.00	.0
OTHER OPERATING REVENUES:										
RENT FROM ELECT PROPERTY	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
OTHER ELECTRIC REVENUES	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
OTHER ELEC. REVENUES-MCS	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
TOTAL OTHER OPERATING REV	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
TOTAL INCOME	947,896.25	847,896.25	100.0	699,535.68	100.0	2851,439.76	2851,439.76	100.0	2133,507.65	100.0

TOWN OF HUDSON
OPERATING REVENUES AND EXPENSES

PAGE 2

FOR THE PERIOD 03/01/81 TO 03/31/81

ACCOUNT DESCRIPTION	BUDGET ALLOWANCE	MONTH YEAR	%	MONTH PRV-YEAR	%	BUDGET ALLOWANCE	YTD-MONTH YEAR	%	YTD-MONTH PRV-YEAR	%
EXPENSES:										
PRODUCTION	31,072.48	39,012.32	4.6	75,816.30	10.8	224,285.36	164,150.01	5.7	301,943.30	14.1
PURCHASED POWER EXPENSE	708,918.47	664,323.89	78.3	463,973.89	66.3	2161,776.21	2036,832.90	71.4	1444,998.98	67.7
TRANSMISSION EXPENSES	16,695.00	14,971.51	1.7	15,053.89	2.1	50,085.00	43,901.38	1.5	43,019.58	2.0
DISTRIBUTION EXPENSES	17,855.00	21,514.10	2.1	18,841.73	2.6	49,829.00	45,855.02	1.6	44,959.70	2.1
GENERAL & DEPRECIATION	109,679.95	102,223.03	12.0	94,238.81	13.4	317,676.99	283,363.67	9.9	265,833.23	12.4
TAXES OTHER THAN INCOME	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
TOTAL OPERATING EXPENSES	884,220.90	842,044.85	99.3	667,924.62	95.4	2303,652.56	2574,102.98	90.2	2100,754.79	98.4
INTEREST EXPENSES:										
INTEREST ON LONG TERM DBI	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
OTHER INTEREST EXPENSE	.00	520.81	.0	2.33	.0	.00	584.26	.0	2.33	.0
TOTAL INTEREST EXPENSE	.00	520.81	.0	2.33	.0	.00	584.26	.0	2.33	.0
TOTAL EXPENSES	884,220.90	842,565.66	99.3	667,926.95	95.4	2803,652.56	2574,687.24	90.2	2100,757.12	98.4
NET OPERATING PROFIT	(36,324.65)	5,330.59	.6	31,608.73	4.5	47,787.20	276,752.50	9.7	32,750.53	1.5
OTHER INCOME:										
INCOME FROM CONTRACT WORK	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
INTEREST & DIV. INCOME	8,536.33	8,536.33	1.0	4,035.59	.5	8,854.60	8,854.60	.3	5,916.30	.2
MISC NONOPERATING INCOME	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
TOTAL OTHER INCOME	8,536.33	8,536.33	1.0	4,035.59	.5	8,854.60	8,854.60	.3	5,916.30	.2
NET PROFIT BEFORE RETURN	(27,788.32)	13,866.92	1.6	35,644.32	5.0	56,641.80	285,607.12	10.0	38,666.83	1.8
LESS: RETURN TO TOWN	14,583.33	14,583.33	1.7	14,583.33	2.0	43,749.99	43,749.99	1.5	43,749.99	2.0
TOTAL RETURN TO TOWN	14,583.33	14,583.33	1.7	14,583.33	2.0	43,749.99	43,749.99	1.5	43,749.99	2.0
NET INCOME (LOSS)	(42,371.65)	(716.41)	.0	21,060.99	3.0	12,891.81	241,857.13	8.4	(5,083.16)	.2

TOWN OF HUDSON
DETAIL OF OPERATING EXPENSES

PAGE 1

FOR THE PERIOD 03/01/81 TO 03/31/81

ACCOUNT DESCRIPTION	BUDGET ALLOWANCE	MONTH YEAR	%	MONTH PRV-YEAR	%	BUDGET ALLOWANCE	YTD-MONTH YEAR	%	YTD-MONTH PRV-YEAR	%
EXPENSES:										
PRODUCTION										
OPERATION SUPERVISION	1,119.00	1,219.99	.1	1,340.92	.1	2,769.00	2,729.47	.0	3,147.20	.1
FUEL OIL	1,655.00	1,268.14	.1	29,675.89	4.2	146,693.00	85,827.83	3.0	219,739.39	10.2
FUEL NATURAL GAS	.00	.00	.0	23,201.60	3.3	.00	.00	.0	23,201.60	1.0
GENERATION EXPENSE	11,900.00	9,351.13	1.1	11,447.46	1.6	29,500.00	25,693.45	.9	28,670.01	1.3
GENERATION EXPENSE-LUB	430.00	323.77	.0	977.84	.1	3,500.00	2,148.80	.0	3,551.04	.1
MISC OTHER POWER GEN EXP.	7,406.48	6,552.29	.7	2,850.97	.4	16,725.36	14,899.19	.5	6,110.54	.2
MAINTENANCE SUPERVISION	1,119.00	1,194.40	.1	761.02	.1	2,769.00	2,695.35	.0	1,564.97	.0
MAINTENANCE OF STRUCTURES	283.00	107.02	.0	21.12	.0	849.00	143.80	.0	79.59	.0
MAINT OF GEN & ELECT PLA	7,000.00	18,533.02	2.1	5,529.08	.7	21,000.00	29,425.91	1.0	15,808.57	.7
MAINT OF MISC GEN PLANT	160.00	462.56	.0	10.40	.0	480.00	586.21	.0	70.39	.0
TOTAL PRODUCTION EXPENSE	31,072.48	39,012.32	4.6	75,816.30	10.8	224,285.36	164,150.01	5.7	301,943.30	14.1
PURCHASED POWER EXPENSE										
PURCH-SED POWER	391,953.60	350,017.70	41.2	316,481.50	45.2	1,177,019.55	1,083,090.94	37.9	878,315.29	41.1
PURCH. POWER-ENTITLEMENT	259,734.37	242,071.55	28.5	66,221.38	9.4	750,264.11	691,493.58	24.2	206,259.14	9.6
PURCHASED POWER-NEPEX	51,330.50	61,758.40	7.2	77,922.18	11.1	216,792.55	247,616.46	8.5	352,102.86	16.5
SYS. CONTROL & LOAD DISP.	1,700.00	1,618.77	.1	1,199.99	.1	5,100.00	5,736.45	.2	2,842.56	.1
OTHER EXPENSES PURCH. POW	4,200.00	8,857.47	1.0	2,148.84	.3	12,600.00	8,895.47	.3	5,479.13	.2
TOTAL PURCHASED POWER	708,918.17	664,323.89	78.3	463,973.89	66.3	2,161,776.21	2,036,832.90	71.4	1,444,998.98	67.7
TRANSMISSION EXPENSES										
OPERATION SUPER. & ENG.	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
LOAD DISPATCHING	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
STATION EXPENSES	20.00	.00	.0	.00	.0	60.00	.00	.0	13.44	.0
OVERHEAD LINE EXPENSE	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
TRANS. OF ELECT. BY OTHERS	16,225.00	14,971.51	1.7	15,053.89	2.1	48,675.00	43,875.58	1.5	43,006.14	2.0
MISCELLANEOUS TRANS EXP.	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
MAINT. SUPERVISION & ENG	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
MAINT OF STRUCTURES	200.00	.00	.0	.00	.0	600.00	.00	.0	.00	.0
MAINT. OF STATION EQUIP.	40.00	.00	.0	.00	.0	120.00	.00	.0	.00	.0
MAINT. OF OVERHEAD LINES	210.00	.00	.0	.00	.0	630.00	25.80	.0	.00	.0
MAINT. OF MISC. TRANS PLT	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
TOTAL TRANS. EXPENSE	16,695.00	14,971.51	1.7	15,053.89	2.1	50,085.00	43,901.38	1.5	43,019.58	2.0
DISTRIBUTION EXPENSES										
OPERATION SUPER. & ENG	1,119.00	1,194.40	.1	1,105.36	.1	2,769.00	2,543.22	.0	2,628.52	.1
STATION EXPENSES	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
OVERHEAD LINE EXPENSE	83.00	26.05	.0	53.17	.0	249.00	134.48	.0	133.21	.0
UNDERGROUND LINE EXPENSE	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
STREET LIGHTING & SIG EXP	400.00	511.39	.0	472.65	.0	1,200.00	1,183.32	.0	1,129.20	.0
METER EXPENSES	1,240.00	932.59	.1	1,196.84	.1	3,220.00	2,530.88	.0	3,178.01	.1

TOWN OF HUDSON
DETAIL OF OPERATING EXPENSES

PAGE 2

FOR THE PERIOD 03/01/81 TO 03/31/81

ACCOUNT DESCRIPTION	BUDGET ALLOWANCE	MONTH YEAR	%	MONTH PRV-YEAR	%	BUDGET ALLOWANCE	YTD-MONTH YEAR	%	YTD-MONTH PRV-YEAR	%
CUSTOMER INSTALL. EXPENSE	800.00	997.63	.1	429.08	.0	2,100.00	3,412.25	.1	1,208.75	.0
MISC DISTRIBUTION EXPENSE	100.00	88.86	.0	2,427.67	.3	1,340.00	(1,064.48)	.0	5,383.51	.2
MAINT. SUPERVISION & ENG.	1,119.00	1,194.40	.1	1,105.36	.1	2,769.00	2,543.22	.0	2,628.52	.1
MAINT OF STATION EQUIP	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
MAINT. OF OVERHEAD LINES	11,800.00	12,767.36	1.5	10,920.95	1.5	32,600.00	30,230.31	1.0	24,443.74	1.1
MAINT OF UNDERGROUND LINE	250.00	.00	.0	182.25	.0	750.00	.00	.0	182.25	.0
MAINT OF LINE TRANSFORMER	200.00	(1.90)	.0	.00	.0	600.00	(1.90)	.0	1,235.00	.0
MAINTENANCE OF STREET LTG	700.00	2,523.95	.2	348.00	.0	2,100.00	2,665.64	.0	2,020.24	.0
MAINT OF METERS	44.00	1,279.33	.1	600.40	.0	132.00	1,678.08	.0	788.75	.0
MAINT OF MISC. DIST PLANT	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
TOTAL DISTRIBUTION EXP	17,855.00	21,514.10	2.5	18,841.73	2.6	49,829.00	45,855.02	1.6	44,959.70	2.1
GENERAL & DEPRECIATION										
SUPERVISION	562.00	543.62	.0	489.97	.0	1,392.00	1,319.94	.0	1,185.30	.0
METER READING EXPENSES	2,060.00	1,884.03	.2	1,854.80	.2	5,430.00	5,000.15	.1	5,129.77	.2
CUST. RECORDS & COLL. EXP	6,581.00	5,835.33	.8	5,149.03	.7	17,743.00	16,003.96	.5	12,324.83	.5
UNCOLLECTIBLE ACCOUNTS	1,916.66	840.39	.0	1,274.81	.1	9,749.98	4,338.12	.1	3,029.43	.1
ADVERTISING EXPENSE	5.00	15.00	.0	30.00	.0	15.00	15.00	.0	30.00	.0
MISCELLANEOUS SALES EXP.	1,860.00	.00	.0	.00	.0	5,580.00	4,305.91	.1	.00	.0
ADMINISTRATIVE & GEN SAL.	9,485.00	10,046.47	1.1	8,595.63	1.2	23,485.00	22,844.27	.8	21,095.68	.9
OFFICE SUPPLIES & EXPENSE	500.00	7.0.72	.0	872.67	.1	1,500.00	2,093.64	.0	1,477.97	.0
OUTSIDE SERVICES EMPLOYED	1,250.00	326.90	.0	375.00	.0	3,750.00	1,356.11	.0	1,379.07	.0
PROPERTY INSURANCE	1,083.33	1,083.33	.1	1,083.33	.1	3,249.99	3,249.99	.1	3,249.99	.1
INJURIES AND DAMAGES	3,750.00	3,750.00	.4	3,916.66	.5	11,250.00	11,250.00	.3	11,749.98	.5
EMPLOYEE PEN. & BEN. DIST	12,141.95	13,228.74	1.5	11,190.74	1.5	34,627.95	29,388.01	1.0	31,987.47	1.4
EMPLOYEE PEN. & BEN. GEN.	9,939.04	10,167.63	1.1	9,160.96	1.3	28,367.04	27,056.50	.9	25,707.02	1.2
EMPLOYEE PEN. & BEN. OFF.	7,877.44	7,966.11	.9	7,033.43	1.0	19,531.44	20,141.54	.7	17,479.78	.8
REGULATORY COMM. EXPENSE	750.00	.00	.0	.00	.0	2,250.00	.00	.0	4.90	.0
MISCELLANEOUS GENERAL EXP	916.66	779.44	.0	1,271.80	.1	2,749.98	2,569.14	.0	1,473.73	.0
MAINT. OF GENERAL PLANT	2,783.33	1,393.07	.1	932.31	.1	8,349.99	5,681.25	.1	3,018.29	.1
TRANSPORTATION EXPENSE	3,683.00	1,116.71	.1	(133.51)	.0	11,049.00	(856.48)	.0	2,086.48	.0
DEPRECIATION EXPENSE	42,535.54	42,535.54	5.0	41,141.18	5.8	127,606.62	127,606.62	4.4	123,423.54	5.7
TOTAL GENERAL & DEP. EXP	109,679.95	102,223.03	12.0	94,238.81	13.4	317,676.99	283,363.67	9.9	265,833.23	12.4
TAXES OTHER THAN INCOME	.00	.00	.0	.00	.0	.00	.00	.0	.00	.0
TOTAL OPERATING EXPENSES	884,220.90	842,044.85	99.3	667,924.62	95.4	2803,652.56	2574,102.98	90.2	2100,754.79	98.4

STATEMENT OF UNAPPROPRIATED

EARNED SURPLUS

FOR THE PERIOD 03/01/81 TO 03/31/81

EARNED SURPLUS JANUARY 1	5626,428.38
NET PROFIT OR (LOSS)	241,857.13
MISC. CREDITS TO SURPLUS	.00
TOTAL	5868,285.51
APPRO. OF SUR. RET TO TWN	.00
APPRO. OF SUR. RET TO TWN	.00
APPRO. OF SURPLUS - BONDS	.00
MISC DEBITS TO SURPLUS	.00
TOTAL	.00
TOT. UNAPP. EARNED SURPLUS	5868,285.51

BALANCE SHEET

AS OF 03/31/81

AS OF 03/31/80

A S S E T S

UTILITY PLANT
 PRODUCTION PLANT \$ 722,825.08
 TRANSMISSION PLANT 1,169,616.36
 DISTRIBUTION PLANT 1,046,779.03
 GENERAL PLANT 587,969.43
 CONSTRUCTION WORK IN PROG 1,314,428.26

\$ 626,459.40
 1,384,589.24
 1,051,169.67
 545,788.37
 1,105,155.93

TOTAL UTILITY PLANT

\$ 4,841,618.16

\$ 4,713,162.61

CURRENT & ACCRUED ASSETS

CASH ACCOUNTS
 OPERATIONS CASH \$ 255,684.54
 MISCELLANEOUS CASH 82,033.94
 DEPRECIATION FUND 78,061.99
 DEPRECIATION FUND-INVEST. 1,146,393.79
 CONSTRUCTION CASH 1,554.71
 ADVANCES FROM CONTRACTORS 4,505.00
 PETTY CASH 200.00
 DEPOSITS INTEREST ACCOUNT 9,185.18
 CUSTOMER DEPOSITS ACCOUNT 85,777.97

\$ 45,035.51
 5,569.34
 141,020.40
 1,286,999.59
 12,208.05
 11,142.67
 100.00
 8,345.56
 78,702.28

TOTAL CASH ACCOUNTS

\$ 1,663,385.12

\$ 1,589,123.40

CURRENT & ACCRUED ASSETS

CUSTOMER ACC. RECEIVABLE \$ 1,005,287.15
 OTHER ACCOUNTS RECEIVABLE 13,728.43
 ACCOUNTS REC ASSOC DEPT. 18,471.97
 MATERIALS AND SUPPLIES 971,666.10
 PREPAYMENTS 107,388.16
 INTEREST & DIVIDENDS REC. .00
 ACCRUED UTILITY REVENUES 131,423.21
 MISC CUR. & ACCRUED ASSET .00

\$ 805,433.11
 21,956.19
 92,367.66
 689,849.92
 177,605.30
 14,008.69
 .00
 .00

TOT CURRENT & ACC ASSETS

\$ 2,247,965.02

\$ 1,801,220.87

DEFERRED ASSETS

PRELIMINARY SURVEY CHARGE \$ 293,458.82
 MISC. DEFERRED DEBITS 6,445.55

\$ 86,045.77
 6,450.62

TOTAL DEFERRED ASSETS

\$ 299,904.37

\$ 92,496.39

TOTAL ASSETS

\$ 9,052,872.67
 =====

\$ 8,196,003.27
 =====

BALANCE SHEET

AS OF 03/31/81

AS OF 03/31/80

LIABILITIES & SURPLUS

CURRENT & ACCRUED LIAB.

ACCOUNTS PAYABLE	\$ 1,010,476.05
RETURN TO MUNICIPALITY	43,749.99
CUSTOMERS DEPOSITS	85,777.97
CUSTOMER DEPOSIT INTEREST	9,125.18
INTEREST ACCRUED	.00
MISC. CURR & ACCRUED LIAB	52,054.58
CUST. ADV. FOR CONSTRUCT.	38,250.00
OTHER DEFERRED CREDITS	.00

TOTAL CUR & ACC LIAB.

\$ 1,239,493.77

LONG TERM DEBT

BONDS	\$.00
-------	--------

TOTAL BONDS & NOTES

\$.00

SURPLUS

LOANS REPAYMENT	\$ 1,925,000.00
INVESTMENT BY THE TOWN	20,093.39
UNAPPRO. EARNED SURPLUS	5,868,285.51

TOTAL SURPLUS

\$ 7,813,378.90

\$ 911,872.11

43,749.99

78,702.28

8,345.56

.00

65,819.66

38,600.00

.00

\$ 1,147,089.60

\$.00

\$.00

\$ 1,925,000.00

20,093.39

5,103,820.28

\$ 7,048,913.67



"Dedicated to Service"

March 18, 1981

Department of Public Utilities
State Office Building, Government Center
100 Cambridge Street
Boston, MA

Attn: James D. Simpson

Gentlemen:

We submit herewith, in triplicate, copies of rate schedules M.D.P.U. 73, 74, 75, 76, 77, 78, 79, 80, 81, 82 and 83 which will become effective on our entire system on April 1, 1981.

As required for municipal plants under Chapter 164, these schedules will be advertised in the local newspaper.

In accordance with Chapter 143, Acts of 1898, the Manager of the Hudson Light and Power Department will meet with the Selectmen of the Town of Stow on March 24, 1981 and will inform the Selectmen of the reasons for the rate changes and, further, will submit the new electric rates along with pertinent information on the increase in revenue to our Department to the Stow Board of Selectmen.

Will you kindly acknowledge receipt of these letters and the enclosed rate schedules by stamping the duplicates and return them for our files.

Very truly yours,

H. HUEHMER
Manager

HH/mak
Enclosures

SEABROOK STATION

GENERAL and FINANCIAL INFORMATION

PUBLIC SERVICE COMPANY OF NEW HAMPSHIRE

SEABROOK, NEW HAMPSHIRE

Volume 3

GENERAL AND FINANCIAL INFORMATION

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CENTRAL MAINE POWER COMPANY

Units No. 1 and No. 2

Seabrook Nuclear Power Station

Seabrook, New Hampshire

Information furnished pursuant to § 50.33
of Commission's Rules and Regulations with
respect to the particular Applicant named
above as part of Final Safety Analysis Report
and Operating License Application for the
above Units.

July 1981

Central Maine Power Company

I. ORGANIZATION AND CONTROL

(a) Name of Applicant

Central Maine Power Company (CMPCo.)

(b) Address of Applicant

Edison Drive
Augusta, Maine 04336

(c) Description of Business of Applicant

CMPCo., a Maine corporation organized in 1905, is an electric utility engaged in the generation, purchase, transmission, distribution and sale of electric energy in the southern and central part of Maine. It has its principal executive offices at Edison Drive, Augusta, Maine 04336, and its telephone number is (207) 623-3521.

CMPCo. is the largest electric utility in Maine, serving about 380,000 customers in a 10,600 square-mile area in southern and central Maine. No other electric utility operates in competition with CMPCo. in the territory which it serves. This area, in which most of the State's industry is located, includes the industrial centers of Portland, South Portland, Westbrook, Lewiston, Auburn, Rumford, Brunswick, Bath, Biddeford, Saco, Sanford, Gardiner, Augusta, Waterville, Fairfield, Skowhegan, Belfast and Rockland. The population of the service area is about 800,000, approximately 70 percent of the total population of the State. The more important industries served are pulp and paper products, cotton and wool textiles, metal trades, chemicals, plastics, electronic components, food processing, lumber and woodworking, footwear and shipbuilding.

(d) Corporate Organization

CMPCo. is a corporation organized under the laws of Maine. As of June 1, 1981, CMPCo. had 49,565 domestic shareholders owning 14,028,387 common shares and 59 foreign shareholders owning 11,556 common shares.

(e) Corporate Officers and Directors

The names and residence addresses of CMPCo.'s directors and principal officers are as follows:

Central Maine Power Company

<u>Name</u>	<u>Residence</u>
<u>Directors</u>	
Priscilla A. Clark	11 Depot Road Falmouth Foreside, Maine 04105
Galen L. Cole	71 Norway Road Bangor, Maine 04401
E. James Dufour	Canaan Road Skowhegan, Maine 04976
George H. Ellis	177 Benvenue Street Wellesley, MA 02181
Leon A. Gorman	16 Portland Street Yarmouth, Maine 04096
E. Clifford Ladd	One Woodland Road Rockland, Maine 04841
Roland L. Marcotte	17 Champlain Avenue Lewiston, Maine 04240
Charles E. Monty	91 Purinton Avenue Augusta, Maine 04330
Carlton D. Reed, Jr.	Day's Ferry Woolwich, Maine 04579
John J. Russell	218 Foreside Road Falmouth, Maine 04105
Robert F. Scott	1 Greenwood Terrace Winthrop, Maine 04364
Halsey Smith	Highview Road South Freeport, Maine 04078
Elwin W. Thurlow	5 Sylvan Road Farmingdale, Maine 04347
James H. Titcomb	17 Shawmut Avenue Sanford, Maine 04073

Central Maine Power Company

Name

Residence

Officers

E. Clifford Ladd, Chairman of the Board of Directors	One Woodland Road Rockland, Maine 04841
Elwin W. Thurlow, President and Chief Executive Officer	5 Sylvan Road Farmingdale, Maine 04347
Charles E. Monty, Sr. VP, Engineering and Production	91 Purinton Avenue Augusta, Maine 04330
Robert F. Scott, Sr. VP, Customer Services	1 Greenwood Terrace Winthrop, Maine 04364
Thomas C. Webb, Sr. VP, Finance	Worthing Road Manchester, Maine 04351
Norman J. Temple, VP, Legislative and Public Affairs	155 Dresden Avenue Gardiner, Maine 04345
Matthew Hunter, VP, Administrative Services	5 Orchard Street Farmingdale, Maine 04347
John B. Randazza, VP, Nuclear Operations	R.F.D. #1, So. Harpswell, Maine 04079
Ralph L. Bean, VP, Engineering	8 Mayflower Road Hallowell, Maine 04347
Donald F. Kelly, Assistant Vice President	25 Maple Street Gardiner, Maine 04345
Robert S. Howe, Comptroller	5 Mayfair Street Augusta, Maine 04330
Richard A. Crabtree, Treasurer	6 Skyline Drive Chelsea, Maine 04330

Central Maine Power Company

Name

Residence

Officers (contd)

David E. Marsh,
Assistant Treasurer

90 Court Street
Augusta, Maine 04330

Seward B. Brewster,
Secretary and Clerk

Pond Road
Manchester, Maine 04351

William M. Finn,
Assistant Secretary
and Assistant Clerk

38 Sewall Street
Augusta, Maine 04330

All of the directors and principal officers of CMPCo. are citizens of the United States of America. CMPCo. is not owned, controlled or dominated by an alien, foreign corporation or foreign government.

II. FINANCIAL QUALIFICATIONS

Under the Joint Ownership Agreement, CMPCo. is responsible for its Ownership Share of the operation and maintenance cost of the Units which, when the pending transactions described herein have been consummated prior to commercial operation, will be 6.04178% of those costs, and a similar percentage of the ultimate cost of decommissioning the Units.

Based upon the estimates set forth above under Part IV of the General Information, CMPCo.'s share of these costs should amount approximately to \$9,063,000 and \$9,063,000 for the first five years of operations of Units 1 and 2, respectively; and approximately \$2,538,000 to \$5,196,000 for the decommissioning of the two Units. In addition, CMPCo.'s share of fuel expenses during the period would be \$30,994,000.

As evidence of its financial qualifications to meet those costs, CMPCo. submits herewith:

- (i) 1980 Annual Report on Form 10-K and 1980 Annual Report to Stockholders (Exhibit C-1)
- (ii) Quarterly Report on Form 10-Q for the quarter ended March 31, 1981 (Exhibit C-2)

Central Maine Power Company

II. FINANCIAL QUALIFICATIONS (contd)

- (iii) Prospectus, dated April 15, 1981, relating to General and Refunding Mortgage Bonds - Series D (Exhibit C-3)
- (iv) Proposed Increase in Rates, Docket Nos. 80-25 and 80-66 (Exhibit C-4)

III. REGULATORY AGENCIES AND PUBLICATIONS

(a) Regulatory Agencies

The following regulatory agencies have jurisdiction over the rates and services of CMPCo.

Maine Public Utilities Commission
State House Annex
242 State Street
Augusta, Maine 04333

Federal Energy Regulatory Commission
825 North Capitol Street
Washington, DC 20426

(b) Publications

The following trade and news publications are used by CMPCo. for official notifications, and/or are otherwise appropriate for notices regarding this unit:

Kennebec Journal
274 Western Avenue
Augusta, Maine 04330

Maine Sunday Telegram
390 Congress Street
Portland, Maine 04101