New England Power Company

A Subsidiary of

NEW ENGLAND ELECTRIC SYSTEM

Annual Report 1980

NEW ENGLAND POWER COMPANY
25 RESEARCH DRIVE
WESTBOROUGH, MASSACHUSETTS 01581

DIRECTORS
(As of December 31, 1980)

ROBERT O. BIGELOW, *Vice President of the Company and of an affiliate*

JOAN T. BOK, *Vice Chairman of the Company and New England Electric System*

SAMUEL HUNTINGTON, *Vice President and Assistant Clerk of the Company and Vice President, Secretary and General Counsel of New England Electric System*

JOHN F. KASLOW, *President of the Company and Senior Vice President of New England Electric System*

JAMES C. NESBITT, *Vice President — Finance of the Company and of New England Electric System*

GUY W. NICHOLS, *Chairman of the Company and Chairman and President of New England Electric System*

PAUL J. SULLIVAN, *Vice President of the Company and Senior Vice President of New England Electric System*

OFFICERS
(As of December 31, 1980)

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ROBERT O. BIGELOW, *Vice President of the Company and of an affiliate*

FREDERIC E. GREENMAN, *Vice President of the Company*

RUSSELL A. HOLDEN, *Vice President of the Company and President of an affiliate*

SAMUEL HUNTINGTON, *Vice President and Assistant Clerk of the Company and Vice President, Secretary and General Counsel of New England Electric System*

EDWARD M. KEITH, *Vice President of the Company*

EDWARD A. PLUMLEY, *Vice President of the Company and of an affiliate*

PAUL J. SULLIVAN, *Vice President of the Company and Senior Vice President of New England Electric System*

JAMES C. NESBITT, *Vice President — Finance of the Company and of New England Electric System*

DONALD E. ROSE, *Treasurer of the Company and of New England Electric System*

ALFRED D. HOUSTON, *Assistant Treasurer of the Company and Vice President and Treasurer of an affiliate*

ROBERT KING WULFF, *Clerk of the Company and of an affiliate*

Transfer Agent and Dividend Paying Agent of Preferred Stock
THE FIRST NATIONAL BANK OF BOSTON .... Boston, Massachusetts

Registrar of Preferred Stock
STATE STREET BANK AND TRUST COMPANY .... Boston, Massachusetts

[This report is not to be considered an offer to sell or buy or solicitation of an offer to sell or buy any security.]

NEW ENGLAND POWER COMPANY

New England Power Company, a subsidiary of New England Electric System, is a Massachusetts corporation and is qualified to do business in Massachusetts, New Hampshire, Rhode Island, Connecticut, Maine and Vermont. The Company is subject, for certain purposes, to the jurisdiction of the regulatory commissions of these six states, the Securities and Exchange Commission and the Federal Energy Regulatory Commission. The Company's business is principally that of generating, purchasing, transmitting and selling electric energy in wholesale quantities to other electric utilities, principally its affiliates, Granite State Electric Company, Massachusetts Electric Company and The Narragansett Electric Company. In 1980, 91 percent of the Company's revenue from the sale of electricity was derived from sales for resale to affiliated companies and 9 percent from sales for resale to municipal and other utilities.

The Company, through its own generating units, entitlements and purchased power contracts has a total capability of 4,427,000 kilowatts. Of this total capability, approximately 8 percent is nuclear, 25 percent hydro and pumped hydro, 31 percent oil-fired and 36 percent convertible between coal and oil. The Company is in the process of a large coal conversion project. Conversion of 1,150,000 kilowatts of generating capacity is scheduled for completion in 1981. The Company participates as a part owner with ownership interests of between 10 percent and 12 percent, in nuclear generating units scheduled to be completed starting in 1983.

New England Power Company owns 30 percent of the stock of Yankee Atomic Electric Company, which owns a 175,800 kilowatt (net capability) nuclear generating plant, 15 percent of the stock of Connecticut Yankee Atomic Power Company, which owns a 580,000 kilowatt (net capability) nuclear plant, 20 percent of the stock of Vermont Yankee Nuclear Power Corporation, which owns a 528,000 kilowatt (net capability) nuclear plant, and 20 percent of the stock of Maine Yankee Atomic Power Company, which owns a 830,000 kilowatt (net capability) nuclear plant.

The Company is a member of the New England Power Pool which provides for the coordination of the planning and operation of the generation and transmission facilities of its members, who currently represent 99 percent of New England's generating capacity and also provides for a region-wide central dispatch of generation.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
COOPERS & LYBRAND

NEW ENGLAND POWER COMPANY
WESTBOROUGH, MASSACHUSETTS

We have examined the balance sheets of New England Power Company as at December 31, 1980 and 1979 and the related statements of income and 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.

In our opinion, the financial statements referred to above (pages 4 to 12) present fairly the financial position of New England Power Company at December 31, 1980 and 1979 and the results of its operations and changes in its 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.

Boston, Massachusetts
January 21, 1981

COOPERS & LYBRAND

NEW ENGLAND POWER COMPANY

Balance Sheets

	December 31, 1980	December 31, 1979
	(In Thousands)	
ASSETS		
Utility plant, at original cost (Note A)	$ 943,607	$ 939,448
Less accumulated provisions for depreciation	262,106	243,789
	681,501	695,659
Construction work in progress (Note J)	369,676	237,406
Net utility plant	1,051,177	933,065
Investments:		
Nuclear power companies, at equity (Note C)	40,001	38,819
Nonutility property and other investments, at cost	6,671	1,200
Total investments	46,672	40,019
Current assets:		
Cash	2,153	6,874
Accounts receivable, principally from sales of electric energy:		
Affiliated companies	110,504	88,261
Others	23,654	13,074
Fuel, materials and supplies, at average cost (Note J)	66,728	53,428
Prepaid expenses and temporary deposits	1,107	245
Total current assets	204,146	161,882
Deferred charges and other assets	5,369	4,797
Unamortized property losses (Note F)	30,726	33,068
	$1,338,090	$1,172,831
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, par value $20 per share, authorized and outstanding 6,449,896 shares	$ 128,998	$ 128,998
Premium on capital stocks	87,192	87,207
Other paid-in capital (Note H)	148,000	128,000
Retained earnings (Note I)	30,641	27,747
Total common equity	394,831	371,952
Cumulative preferred stock (Note E)	108,768	111,028
Long-term debt (Note G)	476,349	462,922
Total capitalization	979,948	945,902
Current liabilities:		
Long-term debt due within one year (Note G)	12,000	
Notes payable — commercial paper (Note D)	90,855	10,500
Accounts payable (including $3,083,000 and $9,782,000 to affiliates) (Note J)	107,103	64,880
Accrued liabilities:		
Taxes	1,607	1,465
Interest	8,357	5,854
Payroll and other expenses	818	954
Total current liabilities	220,740	83,653
Other reserves		46,700
Deferred federal income taxes (Note B)	94,954	62,472
Unamortized investment tax credits (Note B)	42,448	34,104
Commitments and contingencies (Notes J and K)		
	$1,338,090	$1,172,831

The accompanying notes are an integral part of these financial statements.

NEW ENGLAND POWER COMPANY

Statements of Income and Retained Earnings

	Year Ended December 31, 1980	1979	1978
		(In Thousands)	
Operating revenue	$776,294	$608,214	$504,749
Operating expenses:			
Fuel for generation	381,761	289,656	232,955
Purchased electric energy:			
Fossil and interchange	103,010	59,387	22,179
Nuclear entitlements	51,762	42,335	36,497
Other operation	46,086	44,053	40,297
Maintenance	25,754	24,921	17,537
Depreciation and amortization (Notes A and F)	32,700	28,700	27,500
Taxes, other than federal income (Note L)	30,023	29,651	31,422
Federal income taxes (Note B)	32,117	26,156	30,875
Total operating expenses	703,213	544,859	439,262
Operating income	73,081	63,355	65,487
Other income:			
Allowance for equity funds used during construction (Note A)	12,819	12,501	8,885
Equity in income of nuclear power companies (Note C)	3,916	3,920	3,635
Other income – net, including related taxes (Note G)	2,831	773	105
Operating and other income	92,647	80,549	78,112
Interest:			
Interest on long-term debt	36,418	35,746	33,440
Other interest	11,244	4,123	4,680
Allowance for borrowed funds used during construction – credit (Note A)	(12,944)	(8,821)	(7,622)
Total interest	34,718	31,048	30,498
Net income	**57,929**	**49,501**	**47,614**
Retained earnings at beginning of year	27,747	26,909	22,435
Reclassification of amortization reserve			1,976
Deduct:	85,676	76,410	72,025
Cash dividends declared:			
Cumulative preferred stock (Note E)	8,273	8,351	8,351
Common stock, $7.25, $6.25 and $5.70 per share, respectively	46,762	40,312	36,765
Retained earnings at end of year (Note I)	$ 30,641	$ 27,747	$ 26,909

The accompanying notes are an integral part of these financial statements.

NEW ENGLAND POWER COMPANY

Statements of Changes in Financial Position

	Year Ended December 31, 1980	1979	1978
		(In Thousands)	
Sources of Funds			
From operations:			
Net income	$ 57,929	$ 49,501	$ 47,614
Depreciation and amortization	32,700	28,700	27,500
Refun[illegible]	(46,700)	9,200	13,400
Deferred federal income taxes	32,482	15,245	2,118
Investment tax credits – net	9,665	7,500	6,227
Allowance for funds used during construction	(25,763)	(21,322)	(16,507)
	60,313	88,824	80,352
Dividends on common stock	(46,762)	(40,312)	(36,765)
Dividends on preferred stock	(8,273)	(8,351)	(8,351)
Total funds from operations	5,278	40,161	35,236
From financing transactions:			
Capital contributions from parent company	20,000	40,000	30,000
Long-term debt issues	26,174		50,000
Long-term debt retirements		(7,400)	(13,400)
Preferred stock retirements	(1,250)		
Changes in short-term debt	80,355	7,000	(40,825)
Total funds from financing transactions	125,279	39,600	25,775
Total sources of funds	130,557	79,761	61,011
Application of Funds			
Construction expenditures, excluding allowance for funds used during construction	124,703	65,563	61,424
	$ 5,854	$ 14,198	$ (413)
Increase/(Decrease) in Working Capital and Other Items			
Cash	$ (4,721)	$ (676)	$ 191
Accounts receivable	32,823	7,699	565
Fuel, materials and supplies	13,300	4,458	8,594
Other current assets	862	48	(336)
Accounts payable	(42,223)	(14,520)	(9,477)
Other current liabilities	(2,509)	15,810	(844)
Other items	8,322	1,379	894
	$ 5,854	$ 14,198	$ (413)

The accompanying notes are an integral part of these financial statements.

NEW ENGLAND POWER COMPANY

Notes to Financial Statements

NOTE A – Significant Accounting Policies

1. System of Accounts:

The accounts of the Company are maintained in accordance with the Uniform System of Accounts prescribed by regulatory bodies having jurisdiction.

2. Plant:

The Company capitalizes, as part of construction costs, an item called allowance for funds used during construction (AFDC), which represents the composite interest and equity costs of capital funds used to finance construction. AFDC is recognized as a cost of "Utility plant". Accordingly, AFDC is capitalized in the same manner as construction labor and material costs, with offsetting credits to "Other income" and "Interest". This is in accordance with an established regulatory rate-making practice under which a utility is permitted a return on, and the recovery of these capital costs through their ultimate inclusion in the rate base and in the provision for depreciation. The composite rates approximate the pre-tax cost of funds (10.20 percent in 1980, 9.84 percent in 1979 and 9.24 percent in 1978).

Tax benefits on the allowance for borrowed funds used during construction have been normalized and charged to expense (see Note B).

Costs of current repairs and minor replacements of plants and properties are charged to maintenance expense accounts as incurred. Plant retired or otherwise disposed of, together with costs of removal less salvage, is charged to accumulated provisions for depreciation.

3. Depreciation:

Depreciation is provided annually on a straight-line basis in amounts at least sufficient to amortize the undepreciated cost of depreciable properties over their estimated remaining service lives. In the opinion of management, the accumulated provisions for depreciation and the provision for depreciation shown in the accompanying financial statements are adequate for the purpose of depreciating the plants and properties over their estimated remaining service lives and the plants and properties are kept in good operating condition to render adequate and dependable service to customers.

The provisions for depreciation as a percentage of weighted average depreciable property including hydro and thermal electric generating facilities and transmission facilities were 3.0 percent in 1980, 2.97 percent in 1979 and 2.94 percent in 1978.

4. Retirement Plans:

The Company participates with other subsidiaries of New England Electric System (NEES) in funded plans which are noncontributory and provide retirement benefits for substantially all employees of the Company. Current service costs are funded annually; prior service costs are being funded over a 20 year period. Total pension expense, including amortization of prior service costs, was $1,296,000 in 1980 and $1,704,000 in 1979 and 1978.

In 1980, a restructuring of pension fund assets was accomplished and a large portion of fund assets were invested in fixed term guaranteed rate investments. This resulted in an increase, from 5.5 percent to 8.5 percent, in the estimated return on fund assets. At the same time, the assumptions for salary increases and Social Security escalation were also increased. The net effect of these changes reduced pension contributions in 1980.

A comparison of the market value of pension fund assets with the actuarial present value of accumulated benefits cannot be presented separately for the Company as the Company participates in the plans with other subsidiaries of NEES.

NOTE B – Federal Income Taxes

The Company and other subsidiaries participate with NEES in filing consolidated federal income tax returns. Federal income tax returns have been examined and reported on by the Internal Revenue Service through 1976.

Federal income taxes consist of the following components:

	1980	1979 *(In Thousands)*	1978
Current federal income taxes	$(10,030)	$ 3,411	$22,530
Deferred federal income taxes	32,482	15,245	2,118
Investment tax credits – net	9,665	7,500	6,227
Federal income taxes charged to operations	32,117	26,156	30,875
Federal income taxes charged to "Other income – net"	2,058	611	482
Total federal income tax expense	$ 34,175	$26,767	$31,357

Investment tax credits are deferred and amortized over the estimated service lives of the plant and equipment giving rise to the credits. Investment tax credits – net principally reflects reductions in current federal income taxes attributable to such investment tax credits which have been deferred.

The Company, with regulatory approval, has adopted comprehensive interperiod tax allocation (normalization). The following table details the components of deferred federal income taxes.

	1980	1979 *(In Thousands)*	1978
Allowance for borrowed funds used during construction	$ 5,538*	$ 2,198*	$ 3,659
Excess tax depreciation	5,559	6,350	6,454
Property losses (Note F)	2,250	11,972	
Construction costs and other	1,708	1,271	818
Reversal of prior years' tax deferrals	(4,805)	(2,314)	(2,381)
Refunds	22,232	(4,232)	(6,432)
	$32,482	$15,245	$ 2,118

*Excludes $416,000 in 1980 and $1,859,000 in 1979 transferred to property losses.

Total federal income taxes differ from the amounts computed by applying the statutory tax rate to income before taxes. The reasons for the differences are as follows:

	1980	1979 *(In Thousands)*	1978
Computed tax at statutory rates	$42,368	$35,083	$37,906
Reductions in tax resulting from:			
Allowance for equity funds used during construction	(5,897)	(5,751)	(4,265)
All other differences	(2,296)	(2,565)	(2,284)
Federal income taxes	$34,175	$26,767	$31,357
Effective federal income tax rate	37.1%	35.1%	39.7%

NEW ENGLAND POWER COMPANY

Notes to Financial Statements – Continued

NOTE C – Investments in Nuclear Power Companies

A summary of combined results of operations, assets and liabilities of the nuclear power companies in which the Company has investments is as follows:

	1980	1979	1978
		(In Thousands)	
Operating revenue	$275,949	$228,532	$194,074
Net income	$ 19,328	$ 21,204	$ 18,263
Company's equity in net income	$ 3,916	$ 3,920	$ 3,635
Plant	$694,672	$656,783	$620,639
Other assets	63,033	63,595	44,232
Liabilities and debt	(560,712)	(523,661)	(471,920)
Net assets	$196,993	$196,717	$192,951
Company's equity in net assets	$ 40,001	$ 38,819	$ 38,159

At December 31, 1980, $5,068,000 of undistributed earnings of the nuclear power companies were included in the Company's retained earnings.

NOTE D – Short-Term Borrowing Arrangements

The Company has lines of credit totaling $88,500,000 with a number of banks. There are no formal compensating balance arrangements, although operating balances maintained by the Company provide compensation for certain lines of credit and fees are paid in lieu of compensating balances on other lines of credit.

NOTE E – Cumulative Preferred Stock

A summary of cumulative preferred stock at December 31, 1980 and 1979 is as follows:

	Par Value	Shares Outstanding 1980	Shares Outstanding 1979	Amount 1980	Amount 1979	Current Call Price
				(In Thousands)		
6.00%	$100	80,140	80,140	$ 8,014	$ 8 014	(a)
4.56% Series	100	100,000	100,000	10,000	10,000	$104.08
4.60% Series	100	80,140	80,140	8,014	8,014	101.00
4.64% Series	100	100,000	100,000	10,000	10,000	102.56
6.08% Series	100	100,000	100,000	10,000	10,000	102.84
7.24% Series	100	150,000	150,000	15,000	15,000	106.68
8.40% Series	100	150,000	150,000	15,000	15,000	108.12
8.68% Series	100	100,000	100,000	10,000	10,000	105.62
11.04% Series (less shares held at cost for sinking fund)	25	950,000 (39,300)	1,000,000	23,750 (1010)	25,000	29.05(b)
Total		1,770,[illegible]	1,860,280	$108,768(c)	$111,028(c)	

(a) Noncallable.

(b) On September 1 of each year the Company is required to retire 50,000 shares to satisfy a sinking fund obligation.

(c) Annual dividend requirement $8,105,000 in 1980 and $8,351,000 in 1979.

NOTE F – Property Losses

In 1975 the Company cancelled plans to build a new oil-fired generating unit and in December 1979 cancelled plans to build two nuclear generating units. Commencing January 1, 1976 and June 1, 1980 respectively, the Company began amortization of the resulting losses of approximately $13,000,000 ($7,000,000 after tax) and $28,000,000 ($17,000,000 after tax) respectively, over five-year periods. Depreciation and amortization expense includes $6,100,000 in 1980 and $2,600,000 in each of the years 1979 and 1978 relating to such amortization. The Company is recovering these costs through rates.

On December 31, 1980, a nonaffiliate announced cancellation of plans for two nuclear generating units in Montague, Massachusetts. The Company had expended approximately $6,000,000 as a part owner which amount is included in the balance sheet under the caption "Unamortized property losses". The Company will request regulatory approval to amortize and recover any loss through rates.

NOTE G – Long-term Debt

A summary of long-term debt is as follows:

	Amount December 31, 1980	1979
	(In Thousands)	
First Mortgage Bonds		
Series D, 2⅞%, due February 1, 1981	$ 12,000	$ 12,000
Series E, 3¼%, due June 1, 1982	5,000	5,000
Series F, 3¼%, due January 1, 1985	25,000	25,000
Series G, 4⅜%, due February 1, 1987	10,000	10,000
Series H, 4%, due June 1, 1988	10,000	10,000
Series I, 4⅝%, due November 1, 1991	20,000	20,000
Series J, 4⅜%, due December 1, 1992	12,000	12,000
Series K, 4½%, due November 1, 1993	10,000	10,000
Series L, 6⅜%, due December 1, 1996	10,000	10,000
Series M, 6⅞%, due October 1, 1997	15,000	15,000
Series N, 7⅛%, due July 1, 1998	20,000	20,000
Series O, 7⅜%, due December 1, 1998	20,000	20,000
Series P, 8⅜%, due September 1, 1999	15,000	15,000
Series R, 7⅝%, due July 1, 2002	25,000	25,000
Series S, 8⅝%, due August 1, 2003	40,000	40,000
Series T, 8⅜%, due December 1, 2003	40,000	40,000
Series U, 10⅞%, due March 1, 2005	72,800	72,800
General and Refunding Mortgage Bonds		
Series A, 8⅝%, due January 1, 2007	50,000	50,000
Series B, 9½%, due July 1, 2008	50,000	50,000
Series C, 9½%, due March 15, 1983	90,000	
Less funds held by trustee	(63,826)	
	48? 974	461,800
Unamortized premiums and discounts	375	1,122
Total long-term debt (annual interest requirement $38,055,000 and $35,568,000)	488,349	462,922
Less amount due within one year	12,000	
Long-term debt	$476,349	$462,922

NOTE G – Long-term Debt (Continued)

The Company issued $90,000,000 of Series C general and refunding mortgage bonds in March 1980 to secure pollution control revenue bonds issued by the Massachusetts Industrial Finance Agency. At December 31, 1980, $63,826,000 of the proceeds from the issue were held by a trustee in a construction fund to be disbursed as qualified construction costs are incurred by the Company. Interest income is earned on the proceeds held by the trustee. This income, net of related Series C bond interest expense, is included in the income statement under the caption "Other income – net".

Substantially all of the properties and franchises of the Company are subject to the lien of the indentures under which first mortgage bonds and general and refunding mortgage bonds have been issued.

Pursuant to the provisions of the indentures, relating to the first mortgage bonds and general and refunding mortgage bonds, the Company may elect to satisfy its annual sinking fund obligations of $4,570,000 accruing on July 1, 1981, $4,520,000 in each of the years 1982, 1983 and 1984 and $4,270,000 in 1985 in cash, bonds, or by evidencing to the trustee additional property in amounts not less than $7,617,000 in 1981 and $7,533,000 in each of the years 1982, 1983 and 1984, and $7,117,000 in 1985.

NOTE H – Other Paid-In Capital

In 1980, 1979 and 1978 New England Electric System, the parent company, made capital contributions of $20,000,000, $40,000,000 and $30,000,000, respectively, to the Company which were credited to other paid-in capital.

NOTE I – Restrictions on Retained Earnings Available for Dividends on Common Stock

Pursuant to the provisions of the Articles of Organization and the By-Laws relating to the Dividend Series Preferred Stock and the Cumulative Preferred Stock, certain restrictions on payment of dividends on the common stock would come into effect if the "junior stock equity" were, or by reason of payment of such dividends became, less than 25 percent of "total capitalization." However, the junior stock equity at December 31, 1980 was 40 percent of total capitalization and, accordingly, none of the Company's retained earnings at December 31, 1980 was restricted as to dividends on common stock under the foregoing provisions.

Pursuant to restrictions contained in the supplemental indentures relating to first mortgage bonds and the indentures relating to general and refunding mortgage bonds, none of the Company's retained earnings at December 31, 1980 was restricted as to dividends on common stock.

NOTE J – Commitments and Contingencies

The Company's construction expenditures, excluding AFDC, are estimated to be $168,000,000 in 1981. At December 31, 1980, substantial commitments had been made related to this construction program.

Under the Company's current arrangements for fuel supply, certain of its fuel contracts are assigned to a nonaffiliate which purchases fuel under these contracts and in the open market, holds the fuel in inventory, as owner, and sells the fuel to the Company at the time of burn at prices reflecting its cost of the fuel. In addition, the Company pays monthly charges to cover the nonaffiliate's services. The agreement is terminable on three months notice. Included in fuel, materials and supplies and in accounts payable is $37,215,000 representing fuel inventory held for the Company under the agreement.

NOTE J – Commitments and Contingencies (Continued)

Agreements have been entered into with other New England utilities, as joint owner, for the construction of several nuclear generating units. Commitments in these units as of December 31, 1980 are as follows:

Unit	Location	Lead owner's estimated date of operation	Megawatt capacity Total	Megawatt capacity Company portion	Company expenditures to date(a) (In Millions)	Additional amounts committed to date(b) (In Millions)	Estimated total Company completed cost (In Millions)
Seabrook 1	N.H.	1983	1,150	115			
Seabrook 2	N.H.	1985	1,150	115	$129	$18	$363
Millstone 3	Conn.	1986	1,150	140	112	12	381
Pilgrim 2	Mass.	1987	1,150	128	42	18	253
					$283	$48	$997

(a) Included in construction work in progress
(b) Commitments to manufacturers, contractors, and others

The Company, in common with other utilities, is subject to current and future regulations relating to safety and environmental protection. This regulatory process may result in the modification of operating or planned facilities, and/or relocation of planned facilities to different sites, and/or delay in construction of facilities, and/or require cancellation of certain facilities, any of which could result in increased costs to the utility and its customers.

NOTE K – Litigation

The Company is a defendant in a federal antitrust suit filed in 1974 by the town of Norwood, Massachusetts, seeking treble damages in the amount of $45,000,000 and attorneys' fees. Norwood had originally sued the Company and another defendant, but the other defendant settled the antitrust action and other rate matters with Norwood in 1980. Norwood's antitrust claims against the other defendant included issues not present in Norwood's claims against the Company. The Company has filed an answer to the complaint denying any violations of the antitrust laws and raising affirmative defenses. The parties are currently engaged in pre-trial discovery. No trial date has been scheduled.

NOTE L – Supplementary Income Statement Information

Advertising expenses and rents were not material and there were no royalties paid. Research and development costs charged to expense were $2,891,000 in 1980, $2,883,000 in 1979 and $2,796,000 in 1978. Taxes, other than federal income taxes, charged to operating expenses are set forth by classes as follows:

	1980	1979 (In Thousands)	1978
Municipal property taxes	$27,462	$26,038	$26,082
State franchise taxes (based on income)	772	1,901	4,050
Federal and state payroll and other taxes	1,789	1,712	1,290
	$30,023	$29,651	$31,422

New England Power Service Company, an affiliated service company operating pursuant to the provisions of Section 13 of the Public Utility Holding Company Act of 1935, furnished services to the Company at the cost of such services. These costs amounted to $25,505,000, $22,878,000 and $22,346,000, including capitalized construction costs of $9,553,000, $6,179,000 and $9,253,000 for each of the years 1980, 1979 and 1978, respectively.

NEW ENGLAND POWER COMPANY

Supplementary Information on the Estimated Impact of Inflation (unaudited)

The following information depicts the impact of inflation on the Company's income and assets. This material should be treated with great caution as no method yet devised does this job clearly and simply. Rather, inflation information is still in the development stage.

The numbers in the following tables have been prepared under the guidelines established by Financial Accounting Standards Board Statement No. 33. This standard requires two separate approaches to measuring the impact of inflation, the "constant dollar" approach and the "current cost" approach.

The "constant dollar" approach uses the Consumer Price Index (CPI) to adjust the historical figures actually recorded on a company's books to reflect the effects of general inflation.

The "current cost" approach attempts to address the impact of specific inflation on an industry, and for this purpose our historical figures have been adjusted by using the Handy-Whitman Index of Public Utility Construction Costs.

Put another way, both approaches attempt to show our figures as if we had built all of our generating stations, transmission lines, etc, at 1980 costs, but they get there by slightly different routes.

There are obviously weaknesses in both of these approaches, particularly as regards regulated companies. However, these weaknesses should not detract from the conclusion pointed out by both approaches: inflation has reduced the value of the Company's earnings.

In Table 1, four adjustments are shown. These adjustments are explained below.

Adjustment 1. Depreciation expense

An adjustment is made to historical depreciation expense to show the larger amount we would need to expense in 1980, if the cost of our plant and equipment was adjusted to show 1980 inflated values. These adjusted depreciation expense numbers were determined by applying the Company's depreciation rates to the 1980 "constant dollar" and the "current cost" values calculated for our depreciable plant and equipment.

Income tax expense has not been adjusted because only historical depreciation is currently deductible for tax purposes.

Adjustment 2. Monetary assets and liabilities

Monetary assets (cash and accounts receivables for example) and monetary liabilities (such as our obligations to repay money we have borrowed) are adjusted for inflation. The former lose value due to the erosion of their purchasing power. The latter gain in value as these obligations will be paid off in cheaper dollars (dollars of less value). The Company has more monetary liabilities than monetary assets, which resulted in a net gain in purchasing power in 1980.

Adjustment 3. General vs. specific inflation

The general inflation rate for 1980, as measured by the CPI, was higher than the specific inflation rate that impacted our plant and equipment. Therefore, the increase in value of our plant and equipment during the year was $84 million less than it would have been had the value increased at the general inflation rate. This amount is shown as an adjustment under the "current cost" approach.

Adjustment 4. Regulatory impact

The final adjustment results from the fact that our regulated industry is only allowed to recover an amount that is a function of the historical cost of our investments in plant and equipment. This recovery over time, which may be viewed as a stream of revenues, is therefore considered to be a monetary asset. And, because monetary assets lose value during periods of inflation, this adjustment is required.

The sum of adjustments 1, 3, and 4 approximates the impact of inflation on the value of the plant and equipment of our regulated Company.

TABLE 1.
STATEMENT OF CONSOLIDATED INCOME ADJUSTED FOR INFLATION

Year ended December 31, 1980 (millions of dollars)	Constant dollar approach	Current cost approach
Net income – as shown on the books	$ 58	$ 58
ADJUSTMENT 1. DEPRECIATION EXPENSE	(32)	(45)
Adjusted net income for 1980	$ 26*	$ 13
ADJUSTMENT 2. MONETARY ASSETS AND LIABILITIES	$ 75	$ 75
ADJUSTMENT 3. GENERAL VS SPECIFIC INFLATION**		$(84)
ADJUSTMENT 4. REGULATORY IMPACT	$(84)	$ 13

* If adjusted net income were further adjusted for the regulatory impact shown in Adjustment 4, the result would become a net loss of $58 million under the constant dollar approach.

** At December 31, 1980, the current cost of utility plant and equipment was about $1,994 million while the net historical cost recoverable through depreciation was about $1,051 million.

The following table shows selected financial data adjusted for the effects of inflation. This data is shown in millions of average 1980 dollars. Some of this data was derived from Table 1 presented above.

TABLE 2.
FIVE YEAR COMPARISON OF SELECTED SUPPLEMENTARY FINANCIAL DATA ADJUSTED FOR EFFECTS OF INFLATION

Year ended December 31,	1980	1979	1978	1977	1976
Operating revenue excluding fuel recovery	$256	$283	$306	$323	$339
Fuel recovery revenue	520	407	332	382	335
Total operating revenue	$776	$690	$638	$705	$674
HISTORICAL COST INFORMATION ADJUSTED FOR GENERAL INFLATION (CONSTANT DOLLAR)					
Income (excluding Adjustment 4 Regulatory impact)	$ 26	$ 28			
HISTORICAL COST INFORMATION ADJUSTED FOR SPECIFIC PRICE INCREASES (CURRENT COST)					
Income (excluding Adjustment 4 Regulatory impact)	$ 13	$ 13			
Excess of increase in general price level over increase in specific prices after adjustment for impact of regulation (Adjustment 3 plus Adjustment 4)	$ 71	$ 88			
GENERAL INFORMATION					
Net assets at historical cost at year end	$377	$399			
Net gain from inflation adjusted monetary assets and liabilities	$ 75	$ 87			
Average Consumer Price Index	246.8	217.4	195.4	181.5	170.5

NEW ENGLAND POWER COMPANY

Operating Statistics

	Year Ended December 31, 1980	1979	1978	1977	1976
SOURCES OF ENERGY (THOUSANDS OF KWH):					
Net Generation – Thermal	11,833,763	11,631,788	12,765,597	11,152,702	11,065,277
Net Generation – Conventional Hydro	1,181,580	1,422,315	1,346,073	1,596,709	1,789,011
Generation – Pumped Storage	369,038	331,575	354,718	227,003	259,107
Nuclear Entitlements	1,947,488	2,409,483	2,603,776	2,458,568	2,631,962
Purchased Energy from Nonaffiliates	2,428,141	2,041,926	903,810	1,829,260	1,652,791
Energy for Pumping	(529,478)	(476,053)	(506,933)	(322,311)	(367,195)
Total Generated and Purchased	17,230,532	17,361,034	17,467,041	16,941,931	17,030,953
Losses, Company Use, etc.	596,173	707,996	797,996	709,328	664,639
Total Energy Sold	16,634,359	16,653,038	16,669,045	16,232,603	16,366,314
SALES OF ENERGY (THOUSANDS OF KWH):					
Resale:					
Affiliated Companies	15,987,486	15,801,903	15,479,356	15,076,143	14,944,016
Less – Generation by Affiliated Company (A)	(949,023)	(582,993)	(552,800)	(558,002)	(500,327)
Net Sales to Affiliated Companies	15,038,463	15,218,910	14,926,556	14,518,141	14,443,689
Other Utilities	267,616	142,948	279,016	279,834	356,701
Municipals	1,290,037	1,254,583	1,426,513	1,375,867	1,479,582
Total Sales for Resale	16,596,116	16,616,441	16,632,085	16,173,842	16,279,972
Ultimate Customers	38,243	36,597	36,960	58,761	86,342
Total Energy Sold	16,634,359	16,653,038	16,669,045	16,232,603	16,366,314
OPERATING REVENUE (IN THOUSANDS):					
Revenue from electric sales					
Resale:					
Affiliated Companies	$768,275	$599,325	$498,859	$502,584	$444,730
Less – G and T credits (A)	(71,306)	(45,431)	(40,601)	(40,416)	(37,028)
Net sales to Affiliated Companies	696,969	553,894	458,258	462,168	407,702
Other Utilities	12,252	5,107	7,256	13,226	18,895
Municipals	56,773	44,948	41,471	44,081	40,579
Total Revenue from Sales for Resale	765,994	603,949	506,985	519,475	467,176
Ultimate Customers	1,742	1,466	1,267	2,215	2,744
Refund provision		(5,500)	(10,900)	(11,500)	(10,700)
Total Revenue from Electric Sales	767,736	599,915	497,352	510,190	459,220
Other Operating Revenue, principally rentals	8,558	8,299	7,397	8,441	6,411
Total Operating Revenue	$776,294	$608,214	$504,749	$518,631	$465,631
MAXIMUM DEMAND – KW – ONE HOUR PEAK	3,132,700	3,159,000	3,078,700	3,171,800	3,154,900

(A) The generation and transmission facilities of an affiliate are operated as an integrated part of the Company's power supply and the affiliate receives credits (G and T credits) against its power bills for all costs of facilities so integrated.

NEW ENGLAND POWER COMPANY

Selected Financial Data

	Year Ended December 31, 1980	1979	1978	1977	[illegible]
			(In Thousands)		
Operating revenue:					
Electric sales (excluding fuel cost recovery)	$ 247,337	$ 241,485	$ 234,481	$ 229,003	$ 227,928
Fuel cost recovery	520,399	[illegible]58,430	262,871	281,187	231,292
Other	8,558	8,299	7,397	8,441	6,411
Total operating revenue	$ 776,294	$ 608,214	$ 504,749	$ 518,631	$ 465,631
Net income	$ 57,929	$ 49,501	$ 47,614	$ 42,785	$ 44,215
Total assets	$1,338,090	$1,172,831	$1,102,860	$1,044,101	$ 994,062
Long-term debt	$ 476,349	$ 462,922	$ 465,413	$ 423,625	$ 386,887
Preferred dividends	$ 8,2[illegible]3	$ 8,351	$ 8,351	$ 8,351	$ 8,351
Common dividends	$ 46,7[illegible]2	$ 40,312	$ 36,765	$ 36,120	$ 37,087

Per share data is not relevant because the Company's common stock is wholly owned by New England Electric System.

Financial Review

Operating revenue in 1980 totaled $776 million. This was an increase of $168 million or 28 percent over 1979. The increase in 1979 over 1978 was $103 million or 20 percent. The significant rise in operating revenues in recent years is principally due to the recovery of higher fuel costs. The balance of the increase reflects rate increases and a small increase in kilowatthour sales.

The following table summarizes the changes in operating revenue:

Increase (Decrease) in Operating Revenue

	1980	1979
	(In Millions)	
Fuel recovery	$136	$ 91
Rate increases	28	10
Sales growth	3	—
Miscellaneous	1	2
	$168	$103

The increase in operating expenses as shown in the following table, is principally due to the increased cost of fuel used for generation and included in purchased electric energy. However, those increased fuel costs are recovered in fuel clause revenues.

Increase (Decrease) in Operating Expenses

	1980	1979
	(In Millions)	
Total fuel cost	$136	$ 96
Purchased energy excluding fuel	9	4
Operation and maintenance	3	11
Depreciation and amortization	4	1
Taxes	8	(7)
	$160	$105

Other operation and maintenance expenses increased $3 million or 4 percent in 1980 and $11 million or 19 percent in 1979. The increase in 1979 reflects a $6 million increase in the cost of maintenance of generating facilities including costs associated with preparing for burning coal.

Depreciation and amortization expenses in 1980 included amortization of the preliminary costs of the proposed Charlestown nuclear project which was cancelled in December, 1979. Amortization of these costs over five years began on June 1, 1980, and is being recovered through rates.

For a discussion of federal income taxes see note B of Notes to Financial Statements.

The allowance for funds used during construction (AFDC) increased by $4 million in 1980 and $5 million in 1979. These increases were due to increased construction work in progress and higher AFDC rates. See note A of Notes to Financial Statements.

The increase in other income in 1980 is principally due to income from interest on cash investments.

In October, 1980 the Company asked the Federal Energy Regulatory Commission (FERC) for an $89 million rate increase, effective January 1, 1981. The FERC allowed, subject to refund pending final decision, $20 million of this increase related to coal conversion to be effective January 2, 1981, $59 million effective June 1, 1981 and disallowed $10 million.

A milestone was reached in 1980 in the Company's rate proceedings before the FERC. Three prior rate cases, which had been pending since 1976, were finally resolved. Because of reserves previously established, the refunds for these cases had no material impact on 1980 earnings. The FERC also approved a settlement on the level of rates for 1980. The settlement provided for a $36 million annual increase in the Company's rates.

Construction expenditures in 1980, excluding allowance for funds used during construction (AFDC), totaled $125 million and included about $64 million for coal conversion work at the Brayton Point Station.

The FERC allows expenditures for coal conversion to be placed in the rate base as incurred. This was done and our current rates reflect these expenditures.

Cash generated internally in 1980 totaled $30 million. Approximately twenty-five million dollars (after-tax) were used for refunds in the settlement of rate cases and the balance was applied to construction costs.

Estimated construction expenditures for 1981, excluding AFDC are $168 million. This includes approximately $79 million for coal conversion costs and $66 million for jointly-owned nuclear generating units.

Internally generated funds currently provide a relatively small portion of the Company's capital needs. Internal funds will provide a larger portion when construction is completed on the jointly-owned nuclear plants and they are placed in service.

In March 1980 the Company issued $90 million in tax-exempt pollution control bonds through the Massachusetts Industrial Finance Agency. The proceeds of this issue are being used to finance pollution control facilities for the coal conversion project at Brayton Point.

A dual offering of $50 million of bonds and $50 million of preferred stock, tentatively scheduled for competitive bidding in December 1980, was postponed because of high interest rates and unsettled markets.

In 1981, the Company expects to issue $50 million of preferred stock and up to $100 million of bonds, a portion of which will be used to refund $12 million of maturing 2 7/8 percent first mortgage bonds.

A discussion of the effects of inflation appears on pages 13 and 14.

NEW ENGLAND POWER COMPANY

Selected Quarterly Financial Information (Unaudited)

1980	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
		(In Thousands)		
Operating revenue	$193,690	$151,421	$199,922	$231,261
Operating income	$ 18,678	$ 13,237	$ 21,040	$ 18,437
Net income	$ 14,616	$ 9,534	$ 17,105	$ 16,674
1979				
Operating revenue	$139,807	$132,311	$165,895	$170,201
Operating income	$ 17,029	$ 12,085	$ 16,317	$ 17,924
Net income	$ 13,765	$ 8,824	$ 13,562	$ 13,350

Per share data is not relevant because the Company's common stock is wholly owned by New England Electric System.

A copy of New England Power Company's Annual Report on SEC Form 10-K, for the year ended December 31, 1980 will be available on or about April 1, 1981, without charge, upon written request to James C. Nesbitt, Vice President-Finance, New England Power Company, 25 Research Drive, Westborough, Massachusetts 01581.

EXHIBIT F-2

File No. 0-1229

SECURITIES AND EXCHANGE COMMISSION
500 North Capitol Street, N.W.
Washington, D.C. 20549

FORM 10-Q

Quarterly Report Under Section 13 of
Securities Exchange Act of 1934

For Quarter Ended March 31, 1981 Commission File Number 0-1229

NEW ENGLAND POWER COMPANY

(Exact name of registrant as specified in charter)

MASSACHUSETTS (State or other Jurisdiction of incorporation or organization)	04-1663070 (I.R.S. Employer Identification No.)

25 Research Drive, Westborough, Massachusetts 01581
(Address of principal executive offices)

Registrant's telephone number, including area code - 617-366-9011

Indicate by check mark whether the registrant (1) has filed all annual, quarterly and other reports required to be filed with the Commission and (2) has been subject to the filing requirements for at least the past 90 days. Yes X No____

Common stock, par value $20 per share, authorized and outstanding 6,449,896 shares.

PART I

FINANCIAL INFORMATION

NEW ENGLAND POWER COMPANY

Westborough, Massachusetts

QUARTERLY REPORT
MARCH 1981

These financial statements should be considered in conjunction with the explanatory notes to the financial statements herein and in the Company's 1980 Annual Report. In the opinion of the Company, the statements reflect all adjustments necessary to a fair statement of the results of its operations for the periods.

NEW ENGLAND POWER COMPANY
Statements of Income and Retained Earnings
Periods ended March 31
(Unaudited)

	Three Months 1981	Three Months 1980	Twelve Months 1981	Twelve Months 1980
	(In Thousands)			
Operating revenue	$268,486	$193,690	$851,089	$662,097
Operating expenses:				
Fuel for generation	147,684	98,580	430,866	326,353
Purchased electric energy:				
Fossil and interchange	37,179	23,660	116,529	72,570
Nuclear entitlements	13,874	11,148	54,488	43,846
Other operation	12,682	10,654	48,114	43,864
Maintenance	6,752	5,767	26,738	24,824
Depreciation and amortization	9,350	7,350	34,700	28,925
Taxes, other than federal income	9,489	8,744	30,768	29,585
Federal income taxes	10,794	9,109	33,801	27,125
Total operating expenses	247,804	175,012	776,004	597,092
Operating income	20,682	18,678	75,085	65,005
Other income:				
Allowance for equity funds used during construction	3,363	2,653	13,530	12,466
Equity in income of nuclear power companies (Note A)	665	993	3,588	3,93[illegible]
Other income—net	1,139	126	3,844	416
Operating and other income	25,849	22,450	96,047	81,822
Interest:				
Interest on long-term debt	9,651	8,899	37,171	35,660
Other interest	4,752	1,652	14,344	5,113
Allowance for borrowed funds used during construction—credit	(5,350)	(2,717)	(15,577)	(9,303)
Total interest	9,053	7,834	35,938	31,470
Net income	16,796	14,616	60,109	50,352
Retained earnings at beginning of period	30,641	27,747	28,020	26,977
	47,437	42,363	88,129	77,329
Deduct:				
Cash dividends declared:				
Cumulative preferred stock	2,021	2,088	8,206	8,352
Common stock	13,867	12,255	48,374	40,957
Retained earnings at end of period	$ 31,549	$ 28,020	$ 31,549	$ 28,020

Per share data is not relevant because the Company's common stock is wholly owned by New England Electric System.

NEW ENGLAND POWER COMPANY
Balance Sheets
(Unaudited)

ASSETS	March 31, 1981	December 31, 1980
	(In Thousands)	
Utility plant, at original cost	$ 943,729	$ 943,607
Less accumulated provisions for depreciation	269,921	262,106
	673,808	681,501
Construction work in progress	419,221	369,676
Net utility plant	1,093,029	1,051,177
Investments:		
Nuclear power companies, at equity (Note A)	39,157	39,251
Nonutility property and other investments, at cost	7,930	7,421
Total investments	47,087	46,672
Current assets:		
Cash	2,058	2,153
Accounts receivable, principally from sales of electric energy:		
Affiliated companies	112,871	110,504
Others	16,559	23,654
Fuel, materials and supplies, at average cost	74,794	66,728
Prepaid expenses and temporary deposits	1,767	1,107
Total current assets	208,049	204,146
Deferred charges and other assets	5,323	5,369
Unamortized property losses	29,201	30,726
	$1,382,689	$1,338,090

CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, par value $20 per share, authorized and outstanding 6,449,896 shares	$ 128,998	$ 128,998
Premium on capital stocks	87,192	87,192
Other paid-in capital	148,000	148,000
Retained earnings	31,549	30,641
Total common equity	395,739	394,831
Cumulative preferred stock:		
Series without mandatory redemption requirements	86,028	86,028
Series with mandatory redemption requirement (less 48,500 and 39,300 shares held in treasury)	22,517	22,740
Total cumulative preferred stock	108,545	108,768
Long-term debt	491,457	476,349
Total capitalization	995,741	979,948
Current liabilities:		
Long-term debt due within one year	—	12,000
Notes payable—commercial paper	86,955	90,855
Notes payable—associated companies	10,700	—
Accounts payable (including $3,715,000 and $3,083,000 to affiliates)	114,738	107,103
Accrued liabilities:		
Taxes	8,598	1,607
Interest	7,846	8,357
Payroll and other accrued liabilities	1,378	818
Dividends declared	13,867	—
Total current liabilities	244,082	220,740
Deferred federal income taxes	97,549	94,954
Unamortized investment tax credits	45,317	42,448
	$1,382,689	$1,338,090

NEW ENGLAND POWER COMPANY
Note to Financial Statements

Note A

A summary of combined results of operations, assets and liabilities of the nuclear power companies in which the Company has investments is as follows:

	Three Months 1981	Three Months 1980	Twelve Months 1981	Twelve Months 1980
	(In Thousands)			
Operating revenue	$ 77,300	$ 62,402	$290,848	$239,869
Net income	$ 4,625	$ 4,382	$ 19,571	$ 22,157
Company's equity in net income	$ 665	$ 993	$ 3,588	$ 3,935

	March 31, 1981	December 31, 1980
	(In Thousands)	
Plant	$ 688,938	$ 694,672
Other assets	61,148	63,033
Liabilities and debt	(551,753)	(560,712)
Net assets	$ 198,333	$ 196,993
Company's equity in net assets	$ 39,157	$ 39,251

At March 31, 1981, $4,974,000 of undistributed earnings of the nuclear power companies were included in the Company's retained earnings.

NEW ENGLAND POWER COMPANY
Statements of Changes in Financial Position
Periods Ended March 31
(Unaudited)

	Three Months 1981	Three Months 1980	Twelve Months 1981	Twelve Months 1980
	(In Thousands)			
Sources of Funds				
From operations:				
Net income	$ 16,796	$ 14,616	$ 60,109	$ 50,352
Depreciation and amortization	9,350	7,350	34,700	28,925
Refunds	—	1,473	(48,173)	7,161
Deferred federal income taxes	2,595	1,578	33,499	16,258
Investment tax credits—net	3,394	1,915	11,144	7,641
Allowance for funds used during construction	(8,713)	(5,371)	(29,107)	(21,769)
	23,422	21,561	62,172	88,568
Dividends on common stock	(13,867)	(12,255)	(48,374)	(40,957)
Dividends on preferred stock	(2,[illegible]21)	(2,088)	(8,206)	(8,352)
Net funds from operations	7,534	7,218	5,592	39,259
From financing transactions:				
Capital contributions from parent company	—	—	20,000	40,000
Long-term debt issues	15,053	900	40,327	900
Long-term debt retirements	(12,000)	—	(12,000)	(7,400)
Preferred stock retirements	—	—	(1,250)	—
Changes in short-term debt	6,800	8,375	78,780	18,875
Net funds from financing transactions	9,853	9,275	125,857	52,375
Sources of funds	17,387	16,493	131,449	91,634
Application of Funds				
Construction expenditures, excluding allowance for funds used during construction	41,055	19,547	146,210	72,723
	$(23,668)	$ (3,054)	$(14,761)	$ 18,911
Increase/(Decrease) in Working Capital and Other Items				
Cash	$ (95)	$ (235)	$ (4,581)	$ (2,780)
Accounts receivable	(4,728)	6,127	21,968	11,891
Fuel, materials and supplies	8,066	4,364	17,002	14,632
Other current assets	660	6,364	(4,842)	5,914
Accounts payable	(7,635)	4,385	(54,243)	(21,260)
Other current liabilities	(20,614)	(25,489)	2,366	8,184
Other items	678	1,430	7,569	2,330
	$(23,668)	$ (3,054)	$(14,761)	$ 18,911

NEW ENGLAND POWER COMPANY
Financial Review

Revenues

Operating revenue in the first quarter of 1981 totaled $268 million which was an increase of $75 million or 38 percent over the first quarter of 1980. Operating revenue for the twelve months ended March 1981 totaled $851 million which was an increase of $189 million or 28 percent over the twelve months ended March 1980. This significant rise in operating revenues is principally due to the recovery of higher fuel costs. The balance of the increase reflects rate increases and a small increase in kilowatthour sales due to very cold winter weather. The following table summarizes the changes in operating revenue:

Increase (Decrease) in Operating Revenue

	Three Months 1981 vs 1980	Twelve Months 1981 vs 1980
	(In Millions)	
Fuel recovery	$62	$148
Rate increases	12	37
Sales growth	1	4
	$75	$189

Operating Expenses

The increase in operating expenses as shown in the following table, is principally due to the increased cost of fuel used for generation and included in purchased electric energy. However, the increased fuel costs are recovered in fuel clause revenues.

The following table summarizes the changes in operating expenses:

Increase (Decrease) in Operating Expenses

	Three Months 1981 vs 1980	Twelve Months 1981 vs 1980
	(In Millions)	
Total fuel cost	$66	$154
Purchased energy excluding fuel	-	5
Operation and maintenance	3	6
Depreciation and amortization	2	6
Taxes	2	8
	$73	$179

Other operation and maintenance expenses increased $3 million or 18 percent for the first quarter of 1981 and $6 million or 9 percent for the 12 months ended March 1981. The increases are primarily due to an increase in the maintenance of generating units as well as continuing inflationary pressures on all costs.

The increase in depreciation and amortization expenses is primarily due to the amortization of our proposed Charlestown nuclear project. Amortization of these costs over five years began on June 1, 1980, and is being recovered through rates.

The allowance for funds used during construction (AFDC) increased by $3 million for the quarter and $7 million for the 12 months ended March 31, 1981 as compared to the corresponding prior periods. These increases were due to increased construction work in progress and higher AFDC rates.

Other Income

The increases in other income are principally due to interest income on cash investments.

Other Interest Expense

The increase in other interest expense of $3 million in the quarter and $9 million in the twelve month period ended March 31, 1981 as compared to the corresponding prior periods is principally due to the increase in short term borrowings.

Rates

In October, 1980 the Company filed with the Federal Energy Regulatory Commission (FERC) for an $89 million rate increase, to be effective January 1, 1981. The FERC allowed, subject to refund pending final decision, $20 million of this increase related to coal conversion to be effective January 2, 1981. The FERC further ruled that approximately $59 million of the balance of the rate increase may go into effect, subject to refund on June 1, 1981.

Capital Expenditures and Financing

Construction expenditures excluding AFDC, totaled $41 million for the quarter and $146 million for the twelve months ended March 31, 1981, including $25 million and $87 million respectively, for coal conversion work at Brayton Point Station. The first unit of which began burning coal on a permanent basis in late March.

The FERC allows expenditures for coal conversion to be placed in the rate base as incurred. This was done and our current rates reflect these expenditures.

Cash generated internally including changes in working capital totaled $31 million for the quarter and $46 million for the twelve months ended March 31, 1981.

In February of this year the Company refunded $12 million of 2 7/8 percent first mortgage bonds.

Part II. Other Information

Item 6. Exhibits and Reports on Form 8-K.

(b) Reports on Form 8-K

None

SIGNATURE

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.

NEW ENGLAND POWER COMPANY

By s/ D. E. Rose

D.E. Rose, Treasurer
Authorized Officer

May 14, 1981

NEW ISSUE

EXHIBIT F-3

In the opinion of Palmer & Dodge, Boston, Massachusetts, Bond Counsel, the interest on the 1980 Bonds is exempt from Federal income taxes under existing law, except for interest on any 1980 Bond during any period while it is held by a person who is a "substantial user" of the Project Facilities or a "related person" within the meaning of Section 103(b)(8) of the Internal Revenue Code of 1954, as amended. Under existing statutes, the 1980 Bonds and any income derived therefrom are exempt from taxation under the laws of The Commonwealth of Massachusetts, including local property taxes and personal income taxes, but may be included in the measure of Massachusetts estate and inheritance taxes and of certain Massachusetts corporation excise and franchise taxes. See "Tax Exemption" herein.

$90,000,000

Massachusetts Industrial Finance Agency

9½% Pollution Control Revenue Bonds

(New England Power Company Project — 1980 Series)

The 1980 Bonds will be special, limited obligations of the Massachusetts Industrial Finance Agency payable only from certain General and Refunding Mortgage Bonds delivered by, and other funds available pursuant to a Loan Agreement between the Agency and

New England Power Company

(a subsidiary of New England Electric System)

Dated: March 15, 1980 **Due: March 15, 1983**

Interest on the 1980 Bonds will be payable semi-annually on March 15 and September 15 of each year beginning on September 15, 1980. Principal and interest on coupon 1980 Bonds are payable at the principal corporate trust office of Boston Safe Deposit and Trust Company, Boston, Massachusetts, Trustee, and also at the principal corporate trust office of Morgan Guaranty Trust Company of New York, New York, Paying Agent. The 1980 Bonds will be issued as coupon bonds in the denomination of $5,000 each, registrable as to principal only, or as fully registered bonds in denominations of $5,000 or any multiple thereof. Coupon bonds and fully registered bonds are exchangeable at the principal corporate trust office of the Trustee. The 1980 Bonds are subject to redemption prior to maturity as described herein.

PRICE: 100%

(Accrued interest from March 15, 1980 to be added)

The 1980 Bonds are offered when, as and if issued and received by the Underwriters, subject to the unqualified approval of legality by Palmer & Dodge, Boston, Massachusetts, Bond Counsel, and to certain other conditions. With respect to matters pertaining to New England Power Company, the Agency and the Underwriters will receive the opinion of Robert D. Hartshorne, Corporation Counsel, and Robert King Wulff, Assistant General Counsel of the Company. Certain legal matters will be passed upon for the Underwriters by Ballard, Spahr, Andrews & Ingersoll, Philadelphia, Pennsylvania. Delivery of the 1980 Bonds is expected on or about March 26, 1980.

Goldman, Sachs & Co.

L. on, Read & Co. Inc.

Shearson Loeb Rhoades Inc.

Dated: March 14, 1980

The information contained in this Official Statement has been obtained from New England Power Company and other sources which are deemed reliable by the Underwriters. No representation or warranty is made as to the accuracy or completeness of such information, and nothing contained in this Official Statement is or shall be relied on as a promise or representation of the Underwriters. This Official Statement is submitted in connection with the sale of securities referred to herein, and may not be reproduced or be used, in whole or in part, for any other purpose. The delivery of this Official Statement at any time does not imply that the information herein is correct as of any time subsequent to its date.

No dealer, salesman, or any other person has been authorized by the Agency, New England Power Company, or the Underwriters to give any information or to make any representation other than as contained in this Official Statement in connection with the offering described herein and, if given or made, such other information or representation must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer of any securities, other than those described on the cover page, or an offer to sell or a solicitation of an offer to buy in any jurisdiction in which it is unlawful to make such offer, solicitation or sale.

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$90,000,000

Massachusetts Industrial Finance Agency

9½% Pollution Control Revenue Bonds

(New England Power Company Project — 1980 Series)

Due March 15, 1983

INTRODUCTORY STATEMENT

This Official Statement is provided to furnish information relating to the Pollution Control Revenue Bonds (New England Power Company Project — 1980 Series) (the "1980 Bonds") of the Massachusetts Industrial Finance Agency (the "Agency") to be issued in the aggregate principal amount of $90,000,000.

The principal amount of the 1980 Bonds will be loaned by the Agency to New England Power Company, a Massachusetts corporation (the "Company"), for the purpose of financing certain pollution control facilities (the "Project Facilities") to be constructed at Units 1, 2, and 3 of the Company's Brayton Point Station, which will qualify as "air or water pollution control facilities" or "solid waste disposal facilities" for the purpose of Section 103(b)(4) of the Internal Revenue Code of 1954, as amended (the "Code"). The loan will be made pursuant to a Loan Agreement to be dated as of March 15, 1980 (the "Loan Agreement") between the Company and the Agency, under which the Company will agree to make payments to the Trustee under the Indenture referred to below sufficient to pay when due the principal of and premium, if any, and interest on the 1980 Bonds. The Company's payment obligation will be evidenced by the issue and delivery to the Trustee of $90,000,000 principal amount of the Company's General and Refunding Mortgage Bonds, Series C (the "Series C G&R Bonds"), providing for payments of principal, premium, if any, and interest corresponding to the principal, premium, if any, and interest payments due on the 1980 Bonds. The Series C G&R Bonds will be issued under a Second Supplemental Indenture dated as of March 15, 1980 (the "Supplemental Indenture") to the General and Refunding Mortgage Indenture and Deed of Trust dated as of January 1, 1977 (as supplemented by the Supplemental Indenture and by the previous supplemental indenture thereto, the "G&R Indenture") from the Company to New England Merchants National Bank, as trustee (the "G&R Trustee"). The Series C G&R Bonds will be secured (ratably with all other bonds issued or to be issued under the G&R Indenture) by a lien on substantially all the property of the Company, subordinate to the lien of the Company's Indenture of Trust and First Mortgage dated as of November 15, 1936, and indentures supplemental thereto (the "First Mortgage"), all as more fully described under "The General and Refunding Mortgage Bonds."

The 1980 Bonds will be issued under a Trust Indenture dated as of March 15, 1980 (the "Indenture") between the Agency and Boston Safe Deposit and Trust Company, Trustee (the "Trustee"), under which the Agency will assign to the Trustee all of its rights under the Loan Agreement, including its right to receive payments thereunder (other than certain payments received for indemnification and reimbursement of expenses), the Series C G&R Bonds, the moneys and securities held in the Con-

struction Fund and the Bond Fund under the Indenture, and the investment earnings on and proceeds of any of the foregoing. The Trustee will be registrar and paying agent for the 1980 Bonds. Principal and interest on coupon 1980 Bonds will also be payable at the principal corporate trust office of Morgan Guaranty Trust Company of New York, Paying Agent. The Indenture provides for the issuance of additional parity bonds from time to time ("Additional Bonds") to finance completion of the Project Facilities, to finance any additional pollution control facilities in Massachusetts under the Loan Agreement, or to refund Bonds issued under the Indenture as described below under "The Indenture — Additional Bonds". The 1980 Bonds, together with any Additional Bonds issued under the Indenture, are herein referred to as the "Bonds".

The 1980 Bonds do not constitute a general obligation of the Agency or a debt or pledge of the faith and credit of The Commonwealth of Massachusetts, but are special obligations of the Agency payable solely from the revenues and funds pledged for their payment as provided in the Loan Agreement and the Indenture. The Agency has no taxing power.

There follow in this Official Statement brief descriptions of the Project Facilities, the 1980 Bonds, the Loan Agreement, the Indenture, the Series C G&R Bonds, and the G&R Indenture. Such descriptions are qualified in their entirety by reference to such documents, copies of which may be examined at the principal corporate trust office of the Trustee. During the offering period copies of the documents may be obtained from the Underwriters listed on the cover page hereof.

THE AGENCY

The Agency is a body politic and corporate and a public instrumentality of The Commonwealth of Massachusetts authorized by the Constitution and laws of The Commonwealth of Massachusetts, including specifically Massachusetts General Laws, Chapter 23A, §29 *et seq.* and, to the extent made applicable thereby, Chapter 40D (collectively, the "Act"), to issue the 1980 Bonds for the purpose of financing the Project Facilities and to enter into the Loan Agreement and the Indenture.

THE PROJECT FACILITIES

The Company's Brayton Point Station is located in Somerset, Massachusetts and consists of four generating units. Units 1, 2, and 3 thereof (the "Plant") were originally designed to burn coal but were converted to oil burning in the late 1960's to take advantage of then favorable oil prices. In conformity with the national policy of reducing foreign oil consumption, the Company is now converting the Plant back to coal.

The Project Facilities which are to be financed from proceeds of the 1980 Bonds are pollution control facilities required in connection with the conversion of the Plant from oil to coal burning. These facilities will include electrostatic precipitators designed to remove particulates from flue gas, a dry fly ash handling system designed to move and hold (pending final disposal off-site) fly ash from the precipitators with minimal emissions into the atmosphere, that portion of a closed-cycle wet bottom ash sluicing system designed to remove bottom ash from the Plant's boilers with minimal emissions into the atmosphere and without leaching sluice water into the ground or the waters surrounding the Plant, and additional minor systems designed primarily to minimize emissions into the atmosphere. See "Conversion to Coal" in the Appendix hereto.

Use of Proceeds

It is anticipated that the proceeds from the sale of the 1980 Bonds will be applied approximately as follows:

Cost of the Project Facilities	$88,700,000
Underwriting Discount	900,000
Legal, Printing, and Miscellaneous Expenses	400,000
Total	$90,000,000

THE 1980 BONDS

The 1980 Bonds will be dated March 15, 1980, will bear interest from such date at the rate per annum stated on the cover page hereof and will mature on March 15, 1983. Interest on the 1980 Bonds will be payable semi-annually on March 15 and September 15 of each year beginning on September 15, 1980.

The 1980 Bonds are being issued to provide intermediate-term financing for the Project Facilities. The Company and the Agency anticipate that Additional Bonds will be issued by the Agency to refund the 1980 Bonds and provide long-term financing for the Project Facilities. See "The Indenture" for information concerning the application of the proceeds of any Additional Bonds issued to refund 1980 Bonds prior to their date of redemption or stated maturity.

The 1980 Bonds are subject to redemption prior to maturity as set forth below.

Optional Redemption in Whole or in Part

The 1980 Bonds may be redeemed at any time on or after March 15, 1982 in whole or in part by lot at the option of the Agency (to be exercised only at the direction of the Company) at 100½% of the principal amount of the 1980 Bonds so redeemed, plus interest accrued to the redemption date.

Extraordinary Optional Redemption in Whole

The 1980 Bonds may be redeemed at any time in whole at the option of the Agency (to be exercised only at the direction of the Company) at 100% of the principal amount thereof, plus interest accrued to the redemption date, if any of the following events shall have occurred:

(i) Damage or destruction to the Plant or the Project Facilities to such extent that in the opinion of the Company's board of directors (expressed in a resolution) and of an architect or engineer acceptable to the Trustee, both filed with the Agency and the Trustee, (1) the Plant or the Project Facilities, as the case may be, cannot be reasonably repaired, rebuilt, or restored within a period of six months to their condition immediately preceding such damage or destruction, or (2) the Company is thereby prevented from carrying on its normal operations at the Plant for a period of not less than six months.

(ii) Loss of title to or use of a substantial part of the Plant or the Project Facilities as a result of the exercise of the power of eminent domain which, in the opinion of the Company's board of directors (expressed in a resolution) and of an architect or engineer acceptable to the Trustee, both filed with the Agency and the Trustee, results or is likely to result in the Company's being thereby prevented from carrying on its normal operations at the Plant for a period of not less than six months.

(iii) A change in the Constitution of Massachusetts or of the United States or legislative or administrative action (whether local, state, or Federal) or a final decree, judgment, or order of any court or administrative body (whether local, state, or Federal) which, in the opinion of nationally recognized bond counsel, causes the Loan Agreement to become void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or, in the opinion of the Company's board of directors (expressed in a resolution), imposes unreasonable burdens or excessive liabilities upon the Company with respect to the Plant or the Project Facilities or the operation thereof.

(iv) The acquisition and construction or operation of the Project Facilities or the Plant shall have been enjoined or shall otherwise have been prohibited by any order, decree, rule, or regulation of any court or of any local, state, or Federal regulatory body, administrative agency, or other governmental body for a period of not less than six months.

Special Mandatory Redemption

The 1980 Bonds are subject to mandatory redemption at any time in whole (or in part if, in the opinion of nationally recognized bond counsel, such partial redemption will preserve the tax-exempt status of interest on the remaining 1980 Bonds) at 100% of the principal amount of the 1980 Bonds so redeemed, plus accrued interest to the redemption date, in the event it is finally determined by the Internal Revenue Service or a court of competent jurisdiction, as a result of a proceeding in which the Company has participated or been given notice and an opportunity to participate, that, as a result of a failure by the Company to observe any covenant, agreement, or representation in the Loan Agreement, interest payable on the 1980 Bonds is includable for Federal income tax purposes in the gross income of any holder of a 1980 Bond (other than a holder who is a "substantial user" or a "related person" within the meaning of Section 103(b)(8) of the Code). Any such determination will not be considered final for this purpose until the conclusion of any appellate review or the expiration of the period for seeking appellate review. Any such redemption shall be made on the 120th day after the date such determination has become final or on such earlier date as the Agency (to be exercised only at the direction of the Company) may designate. If such redemption occurs in accordance with the terms of the Indenture, then such failure by the Company to observe such covenant, agreement, or representation in the Loan Agreement will not in and of itself constitute a default under the Loan Agreement or the Indenture.

The Loan Agreement provides that in the event the Company receives notice from the Trustee pursuant to the terms of the Indenture that a proceeding which could lead to a final determination that interest on the Bonds is taxable has been instituted against a bondholder, the Company shall promptly notify the Trustee and the Agency whether it intends to contest such proceeding. In the event that the Company chooses so to contest, it will use its best efforts to obtain a prompt final determination in such proceeding and will keep the Trustee and the Agency informed of the progress thereof. See "The Indenture — Substitution of Collateral" for information concerning the availability of funds in a special mandatory redemption after a substitution of collateral.

Notice of Redemption

Notice of any redemption will be published at least once a week for two successive weeks in a newspaper or financial journal of general circulation in the City of New York, New York, and in a newspaper or financial journal of general circulation in the City of Boston, Massachusetts, the first such publication to be not less than 30 nor more than 60 days before the redemption date. In addition, notices of redemption will be mailed by registered or certified mail to the registered owner of each 1980 Bond to be redeemed, to the owner of each unregistered 1980 Bond to be redeemed who has filed his name and address with the Trustee, and to Moody's Investors Service, Inc., Standard & Poor's Corporation, and The Daily Bond Buyer. Failure to mail any such notice or any defect in respect of such mailing will not affect the validity of such redemption. In the event that all of the 1980 Bonds to be redeemed are registered as to principal, notice by registered or certified mail to the owners thereof shall be sufficient, and published notice need not be given. After the date specified in such notice, the 1980 Bonds so called will cease to accrue interest, provided funds for their payment have been deposited with the Trustee, and except for the purpose of payment, such 1980 Bonds will no longer be deemed outstanding under the Indenture.

Registration

The 1980 Bonds will be issued as coupon bonds in the denomination of $5,000 each, registrable as to principal only, or, at the option of the holder, as fully registered bonds in the denomination of $5,000 or any multiple thereof. Coupon Bonds may be registered as to principal and may be exchanged for fully registered Bonds of any authorized denomination of the same maturity. All such registrations, exchanges, or transfers shall be at the principal corporate trust office of the Trustee. The Trustee may make a charge for such transfers sufficient to reimburse it for any tax, fee, or other governmental charge required to be paid with respect to such registration or transfer. The Trustee is not required to register, transfer, or exchange Bonds for a period of 15 business days preceding any interest payment date or the date of selection of any Bonds for redemption or to register, transfer, or exchange any Bonds selected or called for redemption.

THE LOAN AGREEMENT

The following, in addition to information provided elsewhere herein, summarizes the Loan Agreement, to which reference is made in its entirety for the detailed provisions thereof.

The Loan Agreement provides for the financing by the Agency of the Project Facilities to be acquired and constructed by the Company. The Agency will obtain funds to finance the Project Facilities by issuing the 1980 Bonds and will loan the principal amount of the 1980 Bonds to the Company by depositing the proceeds thereof (exclusive of accrued interest) with the Trustee to be held in a Construction Fund under the Indenture and used for payment of the costs of the Project Facilities. To evidence its obligation to repay the loan, the Company will issue and deliver the Series C G&R Bonds to the Trustee concurrently with the issue of the 1980 Bonds.

The Loan Agreement makes similar provision for the issue and use of proceeds of Additional Bonds, including the requirement of delivery by the Company of a corresponding series of its General and Refunding Mortgage Bonds to the Trustee in connection therewith.

Payment of Debt Service

The Company agrees to pay to the Trustee (by making payments of principal of and interest and premium, if any, on the Series C G&R Bonds or otherwise) all such amounts as, when added to any balance of available moneys then in the Bond Fund under the Indenture, may be necessary to provide for the prompt payment when due (whether at maturity, upon acceleration or redemption, or otherwise) of the principal of and premium, if any, and interest on the 1980 Bonds. The obligation of the Company to make such payments is absolute and unconditional, is binding and enforceable in all circumstances whatsoever, and is not subject to any setoff, recoupment, or counterclaim.

Payments by the Company to the Trustee for deposit in the Bond Fund shall discharge the obligation of the Company to the extent of such payments; provided that if any moneys in the Bond Fund are invested in accordance with the Indenture and a loss results therefrom so that there are insufficient funds to pay or repay principal of and premium, if any, and interest on the Bonds when due, the Company shall not be so discharged and shall pay to the Trustee as aforesaid an amount equal to the deficiency.

Construction of the Project Facilities

Subject to the right to delete any portion thereof, the Company agrees to complete the Project Facilities, with no change or addition that would cause any of the Project Facilities to fail to qualify as "pollution control facilities" under the Act, or as "air or water pollution control facilities" or "solid waste disposal facilities" within the meaning of Section 103(b)(4) of the Code. The Company agrees to complete the Project Facilities at its own expense if the proceeds of the 1980 Bonds and of any Additional Bonds deposited in the Construction Fund under the Indenture are insufficient to complete the Project Facilities. Prior to completion thereof, the Company may delete any portion of the Project Facilities if, in the opinion of nationally recognized bond counsel, the tax-exempt status of the interest on 1980 Bonds will not be affected thereby, and shall delete any portion of the Project Facilities, if necessary, in the opinion of nationally recognized bond counsel, to maintain the tax-exempt status of interest on any 1980 Bonds. In the event of any such deletion, the Company agrees to restore to the Construction Fund the full amount of any disbursements requisitioned in respect of such deleted portion.

Other Covenants of the Company

The Company, among other things, further covenants that it will (i) take no action which would impair the exemption from Federal income taxes of interest on the 1980 Bonds or any Additional Bonds, (ii) use the Project Facilities and any other pollution control facilities financed pursuant to the Loan Agreement ("Additional Facilities") only in furtherance of the purpose of controlling pollution and otherwise in compliance with the Act, and (iii) maintain its corporate existence and not dissolve or otherwise dispose of all or substantially all of its assets and not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, except in compliance with the conditions of the G&R Indenture, which provides, among other things, that the successor corporation shall expressly assume in writing the Company's obliga-

tions under the G&R Indenture and all bonds issued thereunder, including the Series C G&R Bonds, and except on the further condition that such successor corporation shall expressly assume in writing the Company's obligations under the Loan Agreement and the Indenture.

Amendment

The Loan Agreement may be amended from time to time, in accordance with the Indenture as described below, but only with the consent of the Trustee.

THE INDENTURE

The following, in addition to information provided elsewhere herein, summarizes the Indenture, to which reference is made in its entirety for the detailed provisions thereof.

The Indenture constitutes an assignment by the Agency to the Trustee, in trust to secure payment of the 1980 Bonds and any Additional Bonds issued thereunder, of all of the Agency's rights under the Loan Agreement and the Series C G&R Bonds (except the Agency's rights to payment of expenses and indemnification).

The Indenture provides for the issuance of the 1980 Bonds, the issuance of Additional Bonds, the redemption of the Bonds, and all other terms pertaining to the Bonds.

Construction Fund

The net proceeds of the 1980 Bonds (other than accrued interest) will be deposited in the Construction Fund and disbursed upon Company requisitions to pay the cost of acquisition or construction and installation of the Project Facilities, including, but not limited to, the cost of all financing charges, engineering, financial, and legal services, and certain interest on Bonds. The Company will not make any requisition from the Construction Fund if, immediately after the payment thereof, less than substantially all of such proceeds theretofore withdrawn from the Construction Fund will have been withdrawn to pay the cost of "air or water pollution control facilities" or "solid waste disposal facilities" within the meaning of Section 103(b)(4) of the Code. Any balance in the Construction Fund after completion of the Project Facilities must be used for such purpose, consistent with the Act, as will not, in the opinion of nationally recognized bond counsel, impair the exemption from Federal taxation of interest on the 1980 Bonds.

Bond Fund

There will be deposited in a separate account in the Bond Fund under the Indenture the accrued interest received upon the sale of each series of Bonds, together with all amounts payable on the General and Refunding Mortgage Bonds issued in respect of such series (the Series C G&R Bonds in the case of the 1980 Bonds) and any other moneys paid into the Bond Fund for the benefit of such series. The moneys in each account in the Bond Fund, with respect to an outstanding series of

Bonds, will be applied solely to the payment of the principal of and premium, if any, and interest on the series of Bonds for which such account was established, except that following an event of default under the Indenture moneys in the Bond Fund will be applied ratably to all Bonds in the manner described under "Defaults and Remedies" below.

Investments

Moneys in the Construction Fund may be invested at the direction of the Company, pending their use, in (i) obligations issued or guaranteed by the United States, (ii) obligations issued or guaranteed by any person controlled or supervised by and acting as an instrumentality of the United States pursuant to authority granted by the Congress of the United States, (iii) obligations issued or guaranteed by any state or political subdivision thereof, provided that such obligations are rated for investment purposes at not less than "A" by Moody's Investors Service, Inc. or by Standard & Poor's Corporation, (iv) commercial paper rated not less than "P-2" by Moody's Investors Service, Inc., or not less than "A-2" by Standard & Poor's Corporation, (v) certificates of deposit of, or bankers' acceptances drawn on and accepted by, commercial banks which are members of the Federal Deposit Insurance Corporation and which have capital, surplus, and undistributed profits of at least $25,000,000, and (vi) repurchase agreements with any such commercial bank secured by obligations described in clauses (i) and (ii) above.

Moneys in the Bond Fund may be invested in Investment Obligations, with maturities on or before the time when such moneys are required to be available. Investment Obligations means (i) noncallable direct or general obligations of, or noncallable obligations the payment of the principal of and interest on which are unconditionally guaranteed by, the United States or (ii) certificates of deposit issued by, or other banking arrangements of, any bank or trust company which is a member of the Federal Reserve System, and secured by obligations described in (i) above in an amount sufficient fully to secure at all times the payment of the face amount of such certificates of deposit or other banking arrangements and the interest payable thereon.

The Company will not request, authorize, or permit any investment of funds held under the Indenture which would cause any Bonds to be classified as "arbitrage bonds" as defined in Section 103(c) of the Code.

Additional Bonds

Additional Bonds of series other than the 1980 Bonds may be issued to finance completion of the Project Facilities or any Additional Facilities or to refund any series of Bonds issued under the Indenture to the extent permitted by the terms thereof. Additional Bonds will be equally and ratably secured under the Indenture with the 1980 Bonds offered hereby, except that moneys set aside from time to time for certain purposes, including the payment of Bonds previously called for redemption or upon the defeasance of a series of Bonds, will be held solely for the benefit of such Bonds. Prior to or concurrently with the issuance of any Additional Bonds, the Company will deliver to the Trustee additional General and Refunding Mortgage Bonds in the same aggregate principal amount, with corresponding interest rates, maturity and redemption dates, and premiums.

Defaults and Remedies

The following events are defined in the Indenture as "events of default":

(i) Failure to pay the principal of or premium, if any, on any Bond when due;

(ii) Failure for a period of thirty days to pay interest upon any Bond;

(iii) The occurrence of any "default" as defined in the G&R Indenture; or

(iv) Failure by the Company for sixty days after notice to perform any of its covenants or agreements contained in the Indenture, in any indenture supplemental thereto, in any Bond or in the Loan Agreement; provided, however, that if such default be such that it cannot be cured by the Company within such sixty-day period, it shall not constitute an event of default if curative action is instituted by the Company within such sixty-day period and thereafter is diligently pursued until such default is cured.

Upon the occurrence of an event of default, the Trustee may, and upon the request of holders of not less than 25% in principal amount of the outstanding Bonds shall, declare the remaining principal of the Bonds and the interest accrued thereon immediately due and payable, and may pursue any one or more of various remedies provided for in the Indenture. A majority in principal amount of the outstanding Bonds may annul any such declaration or may waive any event of default (other than a failure to pay the principal of or interest or premium, if any, on any Bond when due and payable) and its consequences. No Bondholder will have any right to institute proceedings or pursue any other remedy under the Indenture unless the Trustee has been requested to do so by the holders of not less than 25% in principal amount of the outstanding Bonds and offered indemnity against the expenses and liabilities to be incurred in connection therewith, and has failed or refused within a reasonable period of time to comply with such request.

Upon an acceleration of the bonds outstanding under the G&R Indenture, the principal, together with interest accrued thereon, of all Bonds then outstanding under the Indenture shall become immediately due and payable without the necessity of any action by the Trustee or any Bondholder; but a rescission or annulment of the acceleration of the maturity of such bonds pursuant to the G&R Indenture will constitute a waiver of the event of default described in clause (iii) above and of its consequences.

Moneys held or received by the Trustee after an event of default has occurred and while it is continuing will be applied (after payment of certain prior charges, including amounts to which the Agency and the Trustee are entitled) as follows:

(i) Unless the principal of all the Bonds has become or been declared due and payable,

First: To the payment of all installments of interest then due on the Bonds, in the order of the maturity of such installments including (to the extent permitted by law) interest on overdue installments of interest at the rate borne by the Bonds on which such interest shall then be due, and, if the amount available is insufficient to pay in full any particular installment, then to the payment of such installment ratably, according to the amounts due thereon; and

Second: To the payment of the unpaid principal of any of the Bonds which have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due dates, with interest

on such Bonds from the respective dates upon which they become due, and, if the amount available is insufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment thereof ratably, according to the amount of principal due on such date.

(ii) If the principal of all the Bonds shall have become or been declared due and payable, to the payment of the principal and interest then due and unpaid upon all of the Bonds, without preference or priority of principal over interest or of interest over principal, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest.

Supplemental Indentures; Amendment of Loan Agreement

The Indenture may be amended by supplemental indenture under certain conditions without the consent of the Bondholders and otherwise (with certain exceptions relating to provisions governing the dates and amounts of payments on the Bonds and provisions governing amendments to the Indenture) with the consent of the holders of at least 60% in aggregate principal amount of the Bonds then outstanding which would be affected by the action proposed to be taken; provided that no amendment may be made which adversely affects the rights of some but less than all the outstanding Bonds without the consent of the holders of at least 60% in aggregate principal amount of the Bonds so affected.

The Loan Agreement may be amended with the consent of the Trustee, provided that any amendment which would adversely affect any Bondholder must be consented to in the same manner as an amendment to the Indenture. The Trustee may not, however, consent to any amendment to the Loan Agreement which would (i) decrease the amounts payable under any General and Refunding Mortgage Bonds or the Loan Agreement, (ii) change the date of payment or prepayment provisions under any General and Refunding Mortgage Bonds, or (iii) change provisions of the Loan Agreement with respect to amendment thereof or payment of debt service. The Trustee as the holder of General and Refunding Mortgage Bonds may consent to amendments to the G&R Indenture, subject to the same conditions.

Substitution of Collateral

The Company is entitled to obtain the release of a portion of the General and Refunding Mortgage Bonds held by the Trustee in respect of any series of Bonds by either (i) surrendering to the Trustee for cancellation a like principal amount of outstanding Bonds of such series having corresponding maturities and interest rates, or (ii) depositing with the Trustee in the account for such series in the Bond Fund any combination of cash and Investment Obligations (as described under "Investments", above) the principal amount of which and the interest thereon when due will be sufficient to pay when due the principal of and premium, if any, and interest on a principal amount of outstanding Bonds of such series equal to the principal amount of, and with maturities and interest rates corresponding to those of, the General and Refunding Mortgage Bonds so released. Such cash and Investment Obligations in respect of any series of Bonds shall be maintained by the Trustee in a separate sub-account and (so long as no event of default has occurred and is continuing) shall, with the investment earnings thereon, be applied exclusively to the payment of the principal of and premium, if any, and interest on such series of Bonds in the same manner as payments on the surrendered General and Refunding Mortgage Bonds would have been applied.

If the 1980 Bonds become due prior to maturity through a special mandatory redemption and the substituted collateral is not sufficient to pay the redemption price thereof because of penalty

provisions relating to redemption of the Investment Obligations or otherwise, the Company agrees to pay to the Trustee any such deficiency. The obligation of the Company to pay such deficiency is not secured by General and Refunding Mortgage Bonds.

Defeasance

The lien of the Indenture will terminate with respect to any series of Bonds, and such series of Bonds will no longer be considered outstanding under the Indenture, when there is deposited with the Trustee in the account for such series in the Bond Fund any combination of cash and Investment Obligations (as described under "Investments", above) the principal amount of which and the interest thereon when due will be sufficient to pay when due the principal of and premium, if any, and interest on the Bonds of such series, and certain other conditions have been met. Such cash and Investment Obligations will thereafter be pledged solely to the payment of the principal of and premium, if any, and interest on such series of Bonds.

Concerning the Trustee; Certain Bondholder Action

The Trustee shall be entitled to be indemnified by the Company for any loss, liability, or expense incurred without negligence or bad faith on its part arising out of or in connection with the acceptance or administration of the trust. The holders of a majority in aggregate principal amount of the Bonds then outstanding may direct the method and place of conducting all proceedings to be taken by the Trustee for the protection of the rights of the Bondholders.

THE GENERAL AND REFUNDING MORTGAGE BONDS

The following brief summary of the Series C G&R Bonds, the G&R Indenture, and the First Mortgage, which has been supplied by the Company, uses terms defined in those documents, and is qualified in its entirety by reference thereto. Copies of the G&R Indenture and the First Mortgage may be examined at the Company's principal executive office located at 25 Research Drive, Westborough, Massachusetts 01581.

All payments by the Company of principal, premium, if any, and interest on the Series C G&R Bonds are to be made to the Trustee on the date when the corresponding payments are required to be made on the 1980 Bonds. The principal amount, interest rate, and maturity of the Series C G&R Bonds correspond to the principal amount, interest rate, and maturity of the 1980 Bonds. The Supplemental Indenture contains provisions for the Series C G&R Bonds which correspond to the optional, extraordinary optional, and special mandatory redemption provisions of the 1980 Bonds described under "The 1980 Bonds". The Series C G&R Bonds will be issuable only in fully registered form in the name of the Trustee and will be nontransferable except as provided in the Indenture.

Security and Priority

The Series C G&R Bonds, when duly issued, will, in the opinion of Robert D. Hartshorne, Corporation Counsel, and Robert King Wulff, Assistant General Counsel of the Company, be secured, together with all other General and Refunding Mortgage Bonds heretofore and hereafter issued under the G&R Indenture, by a mortgage lien on substantially all the principal properties and franchises then owned by the Company, subject only to the lien of the First Mortgage, liens permitted by the G&R Indenture, and property excepted in the granting clauses in the G&R Indenture.

The G&R Indenture contains an after-acquired property clause which by its terms and to the extent permitted by law covers the interest of the Company in all after-acquired property. The First

Mortgage has a similar clause. Such after-acquired property may be subjected to a lien to secure a purchase money obligation, not in excess of 60% of the Cost or Fair Value, whichever is less, of such property. Certain types of property are excepted from the lien of the G&R Indenture, including, among others: fuel; nuclear cores and materials; all gas, oil, and other mineral properties and personal property related thereto, supplies; vehicles; cash; securities; contracts; and accounts receivable. While the principal currently operating generating stations, dams, and substations are on land owned by the Company, the principal transmission lines are often on lands of others pursuant to easement rights. Ownership of generating stations now under construction is held in undivided joint ownership with other utilities.

No debt may be created by the Company ranking prior to or on a parity with the Series C G&R Bonds with respect to the security provided by the G&R Indenture, except additional General and Refunding Mortgage Bonds issued in the manner summarized below, bonds issued under the First Mortgage (the "First Mortgage Bonds") pledged with the G&R Trustee under the G&R Indenture, obligations supported by additions and enlargements to property already subject to certain types of prior liens (none of which currently exist), and purchase money obligations existing or created in connection with the acquisition of after-acquired property. Prior liens and purchase money obligations, other than First Mortgage Bonds, shall not exceed 25% of the sum of all outstanding General and Refunding Mortgage Bonds and obligations representing liens prior to the G&R Indenture.

In addition, the G&R Indenture provides that the Company will not dissolve or otherwise dispose of all or substantially all of its assets and will not consolidate with or merge into another corporation or permit one or more other corporations to consolidate with or merge into it, unless, among other things, the successor corporation executes and delivers to the G&R Trustee, and causes to be recorded, an indenture supplemental to the G&R Indenture, in form satisfactory to the G&R Trustee, whereby the successor corporation expressly assumes the Company's obligations under the G&R Indenture and all bonds issued thereunder.

General and Refunding Mortgage Bonds will be further secured by First Mortgage Bonds which the Company issues and pledges with the G&R Trustee. Upon any application to issue any General and Refunding Mortgage Bonds (including the Series C G&R Bonds) or certain other actions, the Company will be required to deposit, as a pledge with the G&R Trustee, First Mortgage Bonds (the "Pledged Bonds") in the maximum amount then issuable (not exceeding the aggregate amount of General and Refunding Mortgage Bonds then and theretofore issued and with exceptions for certain minimum amounts), after permitting the Company to retain at its option an amount of unfunded Additional Property or retired First Mortgage Bonds adequate to cover sinking fund and improvement fund requirements under the First Mortgage. The Pledged Bonds, when duly issued, will, in the opinion of Robert D. Hartshorne, Corporation Counsel, and Robert King Wulff, Assistant General Counsel of the Company, be secured, together with all First Mortgage Bonds now issued and outstanding under the First Mortgage, by a direct first mortgage lien on substantially all the property of the Company, and after-acquired property to the extent permitted by law subject only to excepted property and permitted liens. Additional First Mortgage Bonds may be issued against a like amount of First Mortgage Bonds or against 60% of the Net Amount of Additional Property; however, in the G&R Indenture the Company has covenanted to issue First Mortgage Bonds only for pledging with the G&R Trustee. The Company has also covenanted in the G&R Indenture not to permit certain modifications to the First Mortgage which could reduce the amounts of First Mortgage Bonds issuable in the future for the purpose of pledging. The Pledged Bonds are nontransferable.

Based upon the amount of retired First Mortgage Bonds and the approximate Net Amount of Additional Property (as defined in the First Mortgage) against which First Mortgage Bonds might

be issued, the Company estimates $15 million of First Mortgage Bonds will be pledged with the G&R Trustee upon the issue of the Series C G&R Bonds. Five million dollars of these First Mortgage Bonds will be issued against retired First Mortgage Bonds. The relationship of the total principal amount of Pledged Bonds to General and Refunding Mortgage Bonds will vary from time to time depending upon the ability of the Company to issue additional Pledged Bonds and certain other conditions.

The First Mortgage requires, as to all property used to support the issuance of additional First Mortgage Bonds and certain other actions under the First Mortgage, that all licenses and permits necessary for the operation of property be obtained prior to such use. As a result of changes in state and Federal laws since the First Mortgage was drafted in the mid-1930's (particularly with respect to the requirements of operating licenses for nuclear generating plants and for environmental permits), this provision now prevents the bonding of most major new facilities during construction. The property additions of major new generating units in which the Company proposes to participate, therefore, will not be available to support the issuance of additional Pledged Bonds until after the completion and licensing of the particular units. Capital expenditures in connection with coal conversion will, however, be available to support additional Pledged Bonds. After the issue of the Series C G&R Bonds, there will be $50 million of Pledged Bonds and $190 million of General and Refunding Mortgage Bonds outstanding. The deposit of Pledged Bonds with the G&R Trustee will not increase the total amount of property in which holders of General and Refunding Mortgage Bonds have a direct or indirect security interest, since the G&R Indenture constitutes a junior lien on substantially the same property that is subject to the prior lien of the First Mortgage. The principal benefit to holders of General and Refunding Mortgage Bonds provided by the Pledged Bonds will be that, in the event of a reorganization or insolvency of the Company, if values allocated to the holders of General and Refunding Mortgage Bonds and publicly held First Mortgage Bonds were less than the principal amount of and interest on all First Mortgage Bonds, including the Pledged Bonds, the allocation to the holders of General and Refunding Mortgage Bonds may be increased, in the opinion of the Company, by reason of their participation in the lien of the First Mortgage through the Pledged Bonds. (If there were a default under the G&R Indenture, interest and principal due on the Pledged Bonds would be paid to the G&R Trustee; however, in no event would the total principal and interest paid to holders of the General and Refunding Mortgage Bonds exceed the amounts provided for in such bonds.) As the bonds now outstanding under the First Mortgage mature or are redeemed, publicly held First Mortgage Bonds will represent a decreasing share of the security afforded by the lien of the First Mortgage and, to the extent such bonds are replaced by Pledged Bonds, Pledged Bonds will represent an increasing share in the lien of the First Mortgage. Upon the retirement of all publicly held First Mortgage Bonds (in 2005, or earlier if First Mortgage Bonds are called), the First Mortgage will be discharged and the General and Refunding Mortgage Bonds will become first mortgage bonds.

Under the Atomic Energy Act, neither the Trustee nor any other transferee of the Company's property may operate a nuclear generating station without authorization from the Nuclear Regulatory Commission (the "NRC").

Additional General and Refunding Mortgage Bonds

Additional General and Refunding Mortgage Bonds of any series may be issued as follows:

(i) against 60% of the Available Net Additional Property;

(ii) to refund a like amount of First Mortgage Bonds of any series which have not been used for certain other purposes;

(iii) to refund a like amount of bonds originally issued under a mortgage (the lien of which is prior to the lien of the G&R Indenture) existing on property at or immediately prior to the time of acquisition by the Company of such property;

(iv) to refund a like amount of General and Refunding Mortgage Bonds of any series which have not been used for certain other purposes; and

(v) against the deposit of money.

Money so deposited may be withdrawn in amounts equal to the principal amount of General and Refunding Mortgage Bonds otherwise issuable against Available Net Additional Property or to refund bonds.

When issuing General and Refunding Mortgage Bonds against Additional Property or the deposit of money, the Company must demonstrate that Net Earnings (including revenues subject to refund unless there has been issued a final decision, which has not been stayed, of a regulatory commission or of a court ordering a refund of such revenues) for any 12 consecutive calendar months within the preceding 15 calendar months are at least twice the annual interest charges on all General and Refunding Mortgage Bonds outstanding and applied for and on all equal or prior lien indebtedness excluding Pledged Bonds. Except in certain instances, no earnings test is required in connection with the refunding of a like amount of bonds.

Based on preliminary financial results, at February 29, 1980, the Company had approximately $135 million of Available Net Additional Property. Of the $90 million principal amount of the Series C G&R Bonds, approximately $80 million will be issued against such Available Net Additional Property; $5 million will be issued against a like principal amount of First Mortgage Bonds, Series C, which were retired at maturity on July 1, 1979; and approximately $5 million will be issued against cash.

Replacement Fund under the G&R Indenture

So long as any bonds remain outstanding under the First Mortgage, the Company will comply with the requirements of the improvement fund obligations of the First Mortgage as described below. When said obligations cease, the Company will be obligated under the G&R Indenture to pay annually as a replacement fund 1.3% of its average investment in depreciable hydroelectric property on the last day of each month of the previous calendar year and 3.0% of such average investment in depreciable property other than hydroelectric property or such other percentage as from time to time is authorized by the Securities and Exchange Commission (the "SEC") upon application by the Company. The replacement fund requirement may be satisfied by cash, General and Refunding Mortgage Bonds of any series, or an Available Amount of Additional Property. Additional Property evidenced under either the improvement fund of the First Mortgage or the replacement fund may be used to offset certain retirements in computing Available Net Additional Property.

Improvement Fund under the First Mortgage

Under the First Mortgage there is an improvement fund, in effect so long as any Series D through P and R through U First Mortgage Bonds remain outstanding (and so long as any Series V through X Bonds remain issued and pledged) with an annual requirement, payable July 1, which is the greater of 1.5% of the average investment in depreciable property at the beginning and end of the preceding calendar year, or the total of 1.3% of such average investment in depreciable hydroelectric property and 2.1% of such average investment in depreciable property other than hydroelectric property. (Said 1.3% and 2.1% are subject to change as provided in the First Mortgage.) The annual improve-

ment fund may be satisfied by cash, First Mortgage Bonds of any series, or certain credits, principally the evidencing of certain property additions and acquisitions. Additional Property evidenced under the improvement fund is used to offset certain retirements in computing Net Amount of Additional Property.

Periodic Examination of Property under the G&R Indenture

So long as any First Mortgage Bonds remain outstanding, the Company will comply with the requirements for examination of property of the First Mortgage, as described below. When those obligations cease, an examination and report as to maintenance must be made at least once in every five calendar years by an independent engineer. Deficiencies so reported must be made good with all reasonable speed.

Periodic Examination of Property under the First Mortgage

Examination and certification as to maintenance must be made every two years by an engineer who every four years must be an independent engineer. Deficiencies reported in any certificate must be made good before paying dividends on capital stock or issuing First Mortgage Bonds based on property additions.

Dividend Restriction under the G&R Indenture

So long as any of the Series A through C G&R Bonds are outstanding, the Company may not declare or pay any dividend (other than dividends payable solely in shares of common stock), or make any other distribution on, or purchase, any shares of its common stock at any time outstanding (other than by new common stock financing), if thereafter the amount of the dividends, distributions, and purchases (at cost) after June 30, 1976, would exceed its Net Income subsequent thereto less preferred stock dividends paid or declared, plus $41 million and additional amounts as may be authorized by the SEC.

None of the Company's retained earnings at December 31, 1979, was restricted as to dividends on common stock.

Modification of the G&R Indenture

The G&R Indenture may be modified under certain conditions without the consent of holders of the General and Refunding Mortgage Bonds and otherwise with the consent of the holders of 66⅔% of all General and Refunding Mortgage Bonds at the time outstanding (or, if one or more but less than all the series of General and Refunding Mortgage Bonds would be materially adversely affected, 66⅔% of the total G&R Bonds of the one or more series so affected). No such modification may (a) affect the payment of principal, premium, and interest on any General and Refunding Mortgage Bonds, or extend the maturity or time of payment, without the consent of the holders of the General and Refunding Mortgage Bonds affected, (b) permit the creation by the Company of any lien not otherwise permitted ranking prior to or on a parity with the lien of the G&R Indenture, or (c) reduce the above specified percentages of General and Refunding Mortgage Bonds at the time outstanding. No modification may be made which would conflict with the Trust Indenture Act of 1939 as then in effect. The Trustee is not obligated to execute a supplemental indenture which would affect its own rights, duties, or immunities under the G&R Indenture.

The G&R Trustee

If the G&R Trustee acquires any conflicting interest it must either eliminate the conflicting interest or resign. There are limitations on the rights of the G&R Trustee in respect of certain payments and property received by the G&R Trustee within four months prior to default. The G&R Trustee may become the owner or pledgee of General and Refunding Mortgage Bonds as freely as if it were not the G&R Trustee.

The holders of a majority in principal amount of the General and Refunding Mortgage Bonds outstanding may require the G&R Trustee to take certain action, except when forbidden by law or when the G&R Trustee in good faith by its responsible officers determines that such action would involve the G&R Trustee in personal liability or would be unjustly prejudicial to the other General and Refunding Mortgage Bondholders.

The G&R Trustee also provides the Company with depository and other normal banking services, including participation in the Company's line of bank credit described in Note D of Notes to Financial Statements included in the Appendix to this Official Statement. Joan T. Bok, Vice Chairman of the Company, is a member of the board of directors of the G&R Trustee.

Defaults under the G&R Indenture

The following are termed events of default: failure to pay principal when due; failure for 30 days to pay interest; failure for 60 days to pay any sinking, replacement, or analogous fund installment; default under the First Mortgage Indenture or certain other mortgages (but not including the Indenture); failure for 60 days after notice from the Trustee to perform any other covenant or agreement; and certain events of bankruptcy, insolvency, or reorganization. The Trustee may withhold notice to the General and Refunding Mortgage Bondholders of any default, except in the payment of principal, interest, or any sinking, replacement, or analogous fund installment, if its responsible officers in good faith determine that withholding such notice is in the interests of the General and Refunding Mortgage Bondholders.

Evidence to be Furnished Trustee under the G&R Indenture

Evidence is required periodically as to the absence of default in connection with certain annual sinking and replacement fund requirements and as to compliance with certain other terms of the G&R Indenture. Further, prior to issuance of additional General and Refunding Mortgage Bonds, release of property, withdrawal of cash, and various other actions under the G&R Indenture, evidence as to the absence of default and as to compliance with certain terms of the G&R Indenture is required.

UNDERWRITING

The underwriters (the "Underwriters"), for whom Goldman, Sachs & Co., Dillon, Read & Co. Inc., and Shearson Loeb Rhoades Inc. are acting as representatives, have severally agreed, subject to certain conditions, to purchase the 1980 Bonds from the Agency at a price equal to 99% of the principal amount thereof, plus accrued interest to the date of delivery. The Underwriters have agreed to purchase all of the 1980 Bonds if any 1980 Bonds are purchased. After the 1980 Bonds are released for sale to the public, the public offering price and other selling terms may from time to time be varied by

the Underwriters, and the 1980 Bonds may be offered and sold to certain dealers (including dealers depositing such 1980 Bonds into investment accounts) and others at prices lower than the public offering price set forth on the cover page hereof. The Company has agreed to indemnify the Underwriters and the Agency, and the Underwriters have agreed to indemnify the Company and the Agency, against certain civil liabilities.

TAX EXEMPTION

Under Section 103 of the Code interest on obligations of a state or political subdivision or instrumentality of a state is not exempt from Federal income tax if such obligations are "industrial development bonds" as that term is defined in Section 103(b)(2) of the Code. However, Section 103 of the Code provides that, if certain statutory requirements for exemption are met, the interest on industrial development bonds is not subject to Federal income tax. One of these exemptions provides that if substantially all of the proceeds of an industrial development bond issue are used to provide air or water pollution control facilities or sewage and solid waste disposal facilities, the interest on such bonds is exempt from Federal income tax. Under Section 103(b)(8) of the Code, this exemption is not applicable to any bond if the holder of such bond is a "substantial user" of the facilities or a "related person" as those terms are defined in the Code and applicable regulations.

In the opinion of Palmer & Dodge, Boston, Massachusetts, Bond Counsel, the interest on the 1980 Bonds is exempt from Federal income taxes under existing law, except for interest on any 1980 Bond during any period while it is held by a person who is a "substantial user" of the Project Facilities or a "related person" within the meaning of Section 103(b)(8) of the Code. Under existing statutes, the 1980 Bonds and any income derived therefrom, including upon any sale, exchange, or transfer of a 1980 Bond, are exempt from taxation under the laws of The Commonwealth of Massachusetts, including local property taxes in Massachusetts and Massachusetts personal income taxes, but the 1980 Bonds and the income therefrom may be included in the measure of Massachusetts estate and inheritance taxes and of certain Massachusetts corporation excise and franchise taxes.

LEGAL MATTERS

Legal matters incident to the valid authorization and issuance of the 1980 Bonds by the Agency, and with regard to the tax-exempt status thereof as stated above, are subject to the unqualified approving opinion of Palmer & Dodge, Boston, Massachusetts, Bond Counsel. The text of such opinion will be printed on the 1980 Bonds. Palmer & Dodge is also serving as counsel to the G&R Trustee. Certain legal matters will be passed upon for the Agency by Gaston Snow & Ely Bartlett, Boston, Massachusetts, Counsel to the Agency. Neither Counsel to the Agency nor Bond Counsel have participated in the preparation of the Appendix hereto. The Agency and the Underwriters will receive opinions with respect to the validity of the Company's obligations under the Loan Agreement and the Series C G&R Bonds from Robert D. Hartshorne, Corporation Counsel, and Robert King Wulff, Assistant General Counsel of the Company. The statements as to matters of law and legal conclusions in this Official Statement under "The General and Refunding Mortgage Bonds" have been reviewed by Messrs. Hartshorne and Wulff. Statements as to matters of law and legal conclusions in this Official Statement under "The 1980 Bonds", "The Loan Agreement", "The Indenture", and "Tax Exemption" have been reviewed by Palmer & Dodge. Certain legal matters will be passed upon for the Underwriters by Ballard, Spahr, Andrews & Ingersoll, Philadelphia, Pennsylvania.

ACCOUNTANTS

The financial statements of the Company included in the Appendix to this Official Statement have been examined by Coopers & Lybrand, independent certified public accountants, and are included therein in reliance upon the accompanying report of said firm and upon their authority as experts in accounting and auditing.

RESPONSIBILITY FOR OFFICIAL STATEMENT

The Agency has consented to the use of this Official Statement. The contents of the Official Statement are the responsibility of the Company, except that the Agency is responsible for the statements herein under "The Agency" and the Underwriters are responsible for the statements under "Underwriting". The Company has relied upon Palmer & Dodge, Bond Counsel, as to the statements under "Tax Exemption" above.

APPENDIX

New England Power Company

AVAILABLE INFORMATION

The information contained herein as an Appendix to the Official Statement has been obtained from New England Power Company (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 (SEC). Such reports include information, as of particular dates, concerning its directors and officers, their remuneration, the principal holders of its securities, and any material interest of such persons in transactions with the Company. Such reports and information can be inspected at the Public Reference Room of the SEC at 1100 L Street, N.W., Washington, D.C.

THE COMPANY

The Company is a Massachusetts corporation and a wholly owned subsidiary of New England Electric System (NEES), a registered holding company under the Public Utility Holding Company Act of 1935 (the 1935 Act). The executive offices of the Company are at 25 Research Drive, Westborough, Massachusetts 01581 (Telephone 617-366-9011). The other operating subsidiaries wholly owned by NEES which, together with the Company, are referred to herein as the NEES System are, Massachusetts Electric Company (Mass. Electric), The Narragansett Electric Company (Narragansett), and Granite State Electric Company (Granite State). New England Power Service Company (NEPSCO) and New England Energy Incorporated (NEEI) are also wholly owned subsidiaries of NEES. The Company is one of several utility stockholders of Yankee Atomic Electric Company, Connecticut Yankee Atomic Power Company, Maine Yankee Atomic Power Company, and Vermont Yankee Nuclear Power Corporation (the Yankee Companies). Its stock ownership in these companies is 30%, 15%, 20%, and 20%, respectively.

CONSTRUCTION EXPENDITURES AND FINANCING

The Company's estimated construction expenditures for 1980-1982 are shown below and include allowance for funds used during construction (AFDC).

	1980	1981	1982	Total
		(In Millions)		
Generation	$181	$216	$159	$556
Transmission & Substations	14	19	16	49
Other Facilities	2	2	4	8
Nuclear Fuel	8	11	9	28
Total	$205	$248	$188	$641
Total includes AFDC of:	$ 29	$ 40	$ 51	$120

Expenditures for jointly owned generating facilities, which are included in the above table, are described under "Additions to Generation". Expenditures of $79 million in 1980, $95 million in 1981, and $3 million in 1982 for coal conversion at the Brayton Point Station are included in the estimated generation expenditures. Actual construction expenditures may vary from the estimates because of changes in forecasted load, economic conditions, and percentages of ownership in jointly owned facilities; cost fluctuations; licensing delays; and other factors which could produce changes in the Company's plans. (See "Load Growth and NEESPLAN" for information on these matters.)

In addition to the proceeds of the $90 million pollution control financing, the Company expects funds required to pay for the construction program will be provided from internal sources and from short-term borrowings. It is expected that these borrowings will be repaid from the proceeds of additional permanent securities including capital contributions from NEES. The Company will be required to retire $12 million of First Mortgage Bonds which mature on February 1, 1981, and $5 million which mature on June 1, 1982. The Company provides for its short-term borrowing needs through the sale of commercial paper and the issuance of notes to commercial banks. In addition, the Company issues notes to NEES. The Company currently has bank lines of credit which aggregate $88.5 million. Such lines of credit are reviewed from time to time and changes are made to reflect expected borrowing needs. The exact nature, timing, and amounts of future issues and of additional permanent financing have not been determined at this time.

CAPITALIZATION

The capitalization of the Company as of December 31, 1979, and as adjusted as of that date to reflect the issuance of the Series C G&R Bonds as discussed in the note below, is as follows:

	As of December 31, 1979		
	Actual	Pro Forma	
	(In Thousands)		
Long-term Debt:			
First Mortgage Bonds	$363,365	$363,365	36.7%
General and Refunding Mortgage Bonds	99,557	144,557*	14.6%
Total Long-term Debt (See Note G of Notes to Financial Statements for details)	462,922	507,922	51.3%
Cumulative Preferred Stocks (See Note E of Notes to Financial Statements for details)	111,028	111,028	11.2%
Common Stock Equity:			
Common Stock, par value $20 per share 6,449,896 shares authorized and outstanding	128,998	128,998	
Premium on capital stocks	87,207	87,207	
Other paid-in capital	128,000	128,000	
Retained earnings	27,747	27,747	
Total Common Stock equity	371,952	371,952	37.5%
Total Capitalization	$945,902	$990,902	100.0%

*Assumes the issuance of the Series C G&R Bonds after reduction of $45,000,000 expected to be on deposit with the Trustee in the Construction Fund at December 31, 1980.

STATEMENTS OF INCOME

The following statements of income for the years 1975 through 1979 have been examined by Coopers & Lybrand, independent certified public accountants, as set forth in their report elsewhere in this Appendix. These statements should be read in conjunction with the other financial statements and the related notes appearing elsewhere herein and to which the alphabetical note references below apply.

	Year Ended December 31,				
	1979	1978	1977	1976	1975
	(In Thousands)				
Operating revenue (Note K)	$608,214	$504,749	$518,631	$465,631	$434,758
Operating expenses:					
Fuel for generation	289,656	232,955	234,945	195,523	210,028
Purchased electric energy:					
Fossil and interchange	59,387	22,179	44,479	35,009	22,934
Nuclear entitlements	42,335	36,497	34,435	31,099	31,666
Other operation	44,053	40,297	38,887	34,871	32,250
Maintenance	24,921	17,537	17,074	17,651	14,649
Depreciation and amortization (Notes A and F)	28,700	27,500	26,600	25,600	22,000
Taxes, other than federal income (Note M)	29,651	31,422	31,480	29,764	22,929
Current federal income taxes (Note B)	3,411	22,530	23,501	27,125	6,432
Deferred federal income taxes (Note B)	15,245	2,118	336	1,525	14,095
Investment tax credits — net (Note B)	7,500	6,227	3,861	2,796	1,037
Total operating expenses	544,859	439,262	455,598	400,963	378,020
Operating income	63,355	65,487	63,033	64,668	56,738
Allowance for equity funds used during construction (Note 3)	12,501	8,885	5,920	3,338	2,388
Equity in income of nuclear power companies (Note C)	3,920	3,635	3,631	3,615	3,473
Other income — net, including related taxes	73	105	(62)	(27)	281
Operating and other income	80,549	78,112	72,522	71,594	62,880
Interest:					
Interest on long-term debt	35,746	33,440	31,587	28,986	27,025
Other (Notes D and K)	4,123	4,680	2,797	1,887	4,364
Interest to parent company			225		276
Allowance for borrowed funds used during construction — credit (Note 3)	(8,821)	(7,622)	(4,872)	(3,494)	(1,922)
Total interest	31,048	30,498	29,737	27,379	29,743
Net income	$ 49,501	$ 47,614	$ 42,785	$ 44,215	$ 33,137
Ratio of earnings to fixed charges (1)	2.94	3.19	3.18	3.62	2.75
Supplemental ratio of earnings to fixed charges (2)	2.70	2.92	2.92	3.11	2.44

Notes to Statements of Income

(1) In determining the ratios of earnings to fixed charges, earnings were arrived at by adding to net income, excluding undistributed income of nuclear power companies, all income taxes and fixed charges. Fixed charges consist of interest and amortization of debt premiums, discount and expense on all indebtedness. The pro-forma ratio of earnings to fixed charges for the year ended December 31, 1979 is 2.47 after giving effect to (a) the issuance of the Series C G&R Bonds, at an assumed rate of interest of 8.0%, after reduction of $45,000,000 expected to be on deposit with the Trustee in the Construction Fund at December 31, 1980, (b) an average short-term debt of $34,000,000, assumed to be outstanding during the pro-forma year at an effective interest rate of 13%. A difference of 1/8% of the assumed interest rate on the pollution control bonds will change the ratio approximately .003.

(2) The supplemental ratios of earnings to fixed charges were arrived at as described above except for the following (a) net income includes undistributed income of nuclear power companies, (b) the pro-rata share of interest expense and income taxes of the nuclear power companies and imputed interest related to the companies fuel supply arrangements are included in the net earnings available for fixed charges and (c) the pro-rata share of interest expense of the nuclear power companies and imputed interest related to the companies fuel supply arrangements are included in fixed charges. The pro-forma supplemental ratio of earnings to fixed charges on this basis would be 2.33.

(3) The Company capitalizes, as part of construction costs, an item called allowance for funds used during construction (AFDC), which represents the composite interest and equity costs of capital funds used to finance construction. AFDC is recognized as a cost of "Utility Plant" and, accordingly, is capitalized in the same manner as construction labor and material costs, with offsetting credits to "Other Income" and "Interest". This is in accordance with an established regulatory ratemaking practice under which a utility is permitted a return on and the recovery of these capital costs through their ultimate inclusion in the rate base and in the provision for depreciation. The composite rates approximate the pre-tax cost of funds (9.84% in 1979, 9.24% in 1978, 8.76% in 1977 and 8.50% in 1976 and 1975).

Tax benefits on the allowance for borrowed funds used during construction have been normalized and charged to expense (see Note B).

Selected Quarterly Information — Unaudited

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
		(In Thousands)		
1979				
Operating revenue	$139,807	$132,311	$165,895	$170,201
Operating income	17,029	12,085	16,317	17,924
Net income	13,765	8,824	13,562	13,350
1978				
Operating revenue	$129,295	$110,880	$132,756	$131,818
Operating income	18,004	13,984	16,371	17,128
Net income	13,035	9,592	12,725	12,262

Per share data is not relevant because all of the Company's common stock is owned by NEES.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF STATEMENTS OF INCOME

The following discussion presents management's analysis of the Statements of Income with respect to 1979 and 1978 as compared with their respective preceding years.

Operating revenue of $608 million, derived principally from the sale of electric energy, increased by $103 million in 1979 after a decrease of $14 million in 1978. The changes in operating revenue were principally due to fluctuations in fuel costs, which are recovered through the Company's fuel adjustment clause and rate increases.

The impact of these factors is summarized in the following table:

Increase (Decrease) in Operating Revenue

	1979	1978
	(In Millions)	
Rate increases	$ 10	$ 8
Fuel recovery	96	(18)
Other	(3)	(4)
	$103	$(14)

Total operating expenses increased by $105 million in 1979 following a decrease of $16 million in 1978 as shown in the following table:

Increase (Decrease) in Operating Expenses

	1979	1978
	(In Millions)	
Fuel for generation and purchased electric energy	$100	$(22)
Other operation and maintenance	11	2
Depreciation and amortization	1	1
Taxes, other than federal income	(2)	0
Federal income taxes	(5)	3
	$105	$(16)

Fuel for generation and purchased electric energy increased by 34% in 1979 after a 7% decrease in such costs in 1978 primarily due to changing fuel prices. Higher fuel costs in 1979 were largely the result of substantial increases in the price of fuel used for generation and fuel included in purchased power. The lower fuel costs in 1978 were largely the result of being allowed to burn less expensive higher sulphur oil and the availability of a greater share of "old oil entitlements" for imported residual fuel oil purchased during that year.

Other operation and maintenance expenses increased $11 million or 19% in 1979 reflecting a $6 million increase in the cost of maintenance of generating facilities including costs associated with preparing for and burning coal. Other factors contributing to the 1979 increase were higher transmission rents and continued inflationary pressures on all costs. Similar expenses had increased only 3% in 1978 reflecting improvements in cost control and productivity.

The fluctuations in income taxes down 15% in 1979 and up 11% in 1978 are primarily due to changes in taxable income and a reduction in the Federal income tax rate in 1979. More detailed information concerning income taxes can be found in Note B of Notes to Financial Statements.

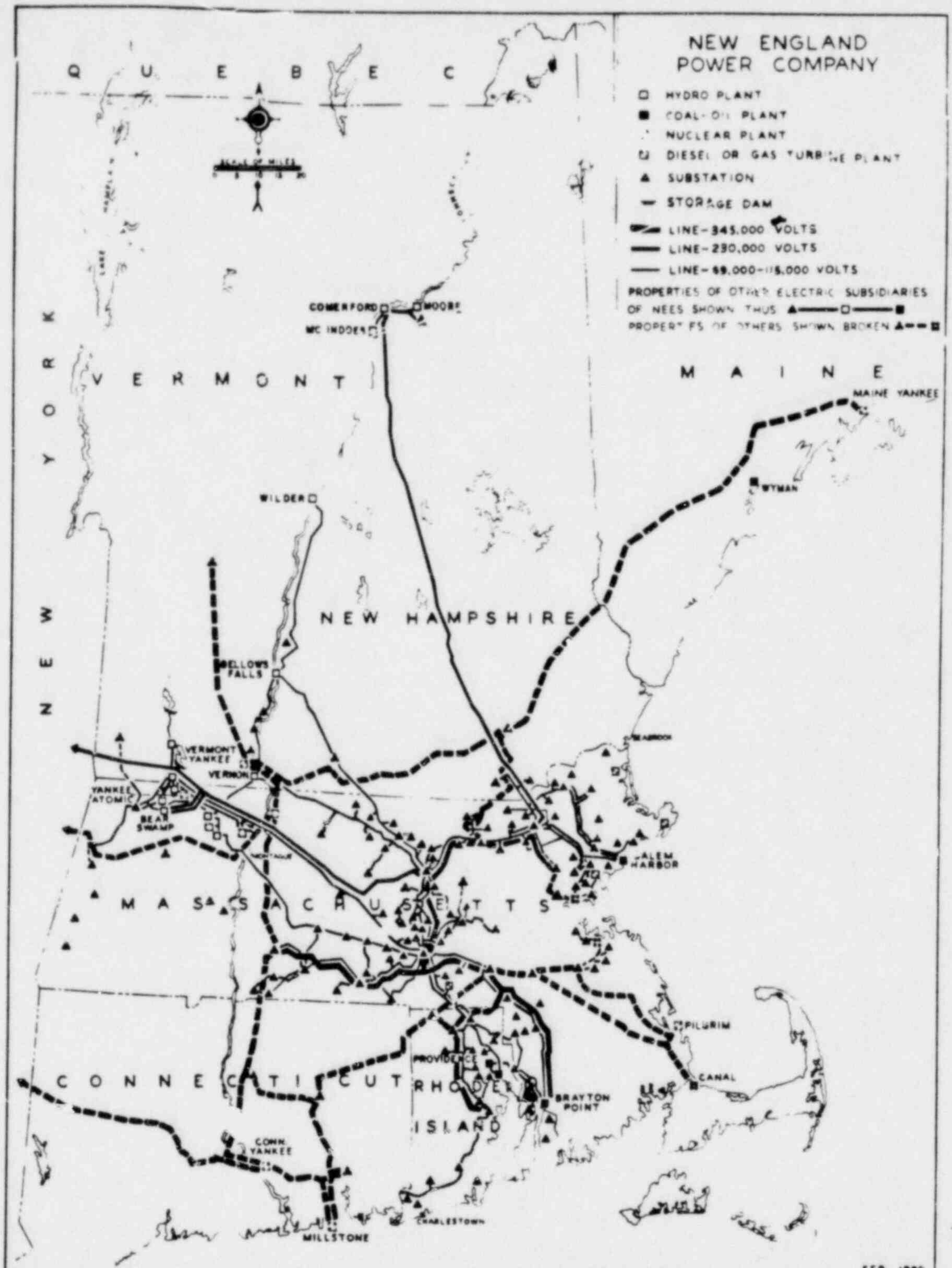
The allowance for funds used during construction (AFDC) increased by $5 million in 1979 and $6 million in 1978. These increases were due to increased construction work in progress and higher AFDC rates. See Note 3 of Notes to Statements of Income.

Total operating revenue and net income for the twelve months ended February 29, 1980, were $641,671,000 and $48,315,000, respectively. The foregoing figures, which have been prepared on the same basis as the statement of income for the year ended December 31, 1979, are unaudited and, in the opinion of the Company, reflect all adjustments (consisting only of normal recurring accruals) necessary to a fair statement of the results of its operations for such period. See Note K of Notes to Financial Statements. The foregoing figures do not reflect the effect of a proposed rate increase filed by the Company on February 20, 1980, which, if granted, would be retroactive to January 2, 1980. (See footnote (d) under "Rates".)

OPERATING STATISTICS

	Year Ended December 31,				
	1979	1978	1977	1976	1975
Sources of Energy (Thousands of Kwh):					
Net Generation — Thermal	11,631,788	12,765,597	11,152,702	11,065,277	11,182,411
Net Generation — Conventional Hydro	1,422,315	1,346,073	1,596,709	1,789,011	1,504,676
Generation — Pumped Storage	331,575	354,718	227,003	259,107	361,312
Nuclear Entitlements	2,409,483	2,603,776	2,458,568	2,631,962	2,422,128
Purchased Energy from Nonaffiliates	2,041,926	903,810	1,829,260	1,652,791	1,249,177
Energy for Pumping	(476,053)	(506,933)	(322,311)	(367,195)	(509,592)
Total Generated and Purchased	17,361,034	17,467,041	16,941,931	17,030,953	16,210,112
Losses, Company Use, etc.	707,996	797,996	709,328	664,639	691,842
Total Energy Sold	16,653,038	16,669,045	16,232,603	16,366,314	15,518,270
Sales of Energy (Thousands of Kwh):					
Resale:					
Affiliated Companies	15,801,903	15,479,356	15,076,143	14,944,016	14,157,675
Less — Generation by Affiliated Company (A)	(582,993)	(552,800)	(558,002)	(500,327)	(782,288)
Net Sales to Affiliated Companies	15,218,910	14,926,556	14,518,141	14,443,689	13,375,387
Other Utilities	142,948	279,016	279,834	356,701	71[illegible],310
Municipals	1,254,583	1,426,513	1,375,867	1,479,582	1,351,355
Total Sales for Resale	16,616,441	16,632,085	16,173,842	16,279,972	15,446,052
Ultimate Customers	36,597	36,960	58,761	86,342	72,218
Total Energy Sold	16,653,038	16,669,045	16,232,603	16,366,314	15,518,270
Operating Revenue (In Thousands):					
Revenue from electric sales					
Resale:					
Affiliated Companies	$ 599,325	$ 498,859	$ 502,584	$ 444,730	$ 399,999
Less — G and T credits (A)	(45,431)	(40,601)	(40,416)	(37,028)	(41,802)
Net Sales to Affiliated Companies	553,894	458,258	462,168	407,702	358,197
Other Utilities	5,107	7,256	13,226	18,895	30,709
Municipals	44,948	41,471	44,081	40,579	37,794
Total Revenue from Sales for Resale	603,949	506,985	519,475	467,176	426,700
Ultimate Customers	1,466	1,267	2,215	2,744	1,[illegible]85
Refund provision	(5,500)	(10,900)	(11,500)	(10,700)	—
Total Revenue from Electric Sales	599,915	497,352	510,190	459,220	428,685
Other Operating Revenue, principally rentals	8,299	7,397	8,441	6,411	6,073
Total Operating Revenue	$ 608,214	$ 504,749	$ 518,631	$ 465,631	$ 434,758
Maximum Demand — Kw — One Hour Peak	3,159,000	3,078,700	3,171,800	3,154,900	2,979,800

(A) The generation and transmission facilities of an affiliate are operated as an integrated part of the Company's power supply and the affiliate receives credits (G and T credits) against its power bills for all costs of facilities so integrated.


NEW ENGLAND
POWER COMPANY
HYDRO PLANT
COAL-OIL PLANT
NUCLEAR PLANT
DIESEL OR GAS TURBINE PLANT
SUBSTATION
STORAGE DAM
LINE-345,000 VOLTS
LINE-230,000 VOLTS
LINE-69,000-115,000 VOLTS
PROPERTIES OF OTHER ELECTRIC SUBSIDIARIES
OF NEES SHOWN THUS
PROPERTIES OF OTHERS SHOWN BROKEN
QUEBEC
NEW YORK
VERMONT
MAINE
NEW HAMPSHIRE
MASSACHUSETTS
CONNECTICUT
RHODE ISLAND
COMERFORD
MOORE
MC INDOES
MAINE YANKEE
WYMAN
WILDER
BELLOWS FALLS
VERMONT YANKEE
VERNON
YANKEE ATOMIC
BEAR SWAMP
SALEM HARBOR
PILGRIM
CANAL
PROVIDENCE
BRAYTON POINT
CONN YANKEE
MILLSTONE
CHARLESTOWN
FEB. 1980

THE COMPANY'S BUSINESS

The Company's business is principally that of generating, purchasing, transmitting, and selling electric energy in wholesale quantities. Of these sales of energy, 91% are to affiliated companies for resale, and 9% to municipal and other utilities for resale. The Company is the wholesale supplier of substantially all of the electric energy requirements of its retail affiliates, Mass. Electric, Narragansett, and Granite State. Narragansett, however, receives credits against its purchases of power from the Company for the cost of generation from its Providence units which are integrated with the Company's facilities to achieve maximum economy and reliability. Discussions of generating properties, load growth, and fuel supplies include the related properties of Narragansett. Purchases, sales, and revenues are on the basis of the Company's net sales to Narragansett.

PROPERTIES

The properties of the Company include fossil-fuel base load and intermediate load steam-generating units; conventional and pumped storage hydroelectric stations; internal combustion peaking units; entitlements in the nuclear generating units of the Yankee Companies; and an integrated system of transmission lines and substations (see Map). This integrated system is interconnected with other major electric utilities in the Northeast region, including utilities in New York State, and is also indirectly interconnected with utilities in Canada. For details of mortgage liens on the Company's properties, see Note G of Notes to Financial Statements.

The Company's net capability at December 31, 1979, and the net generation for the twelve months ended December 31, 1979, from all sources, including entitlements in nuclear generating companies, were as follows:

Source	Location	Energy Source	Net Capability (MW)	Net Generation (000 of MWH)
Fossil Fuel Units				
Brayton Point Station	Somerset, Mass.			
Units 1, 2, and 3		Oil-Coal(a)	1,162	5,688
Unit 4		Oil	455	2,319
Salem Harbor Station	Salem, Mass.			
Units 1, 2, and 3		Oil-Coal(a)	317	1,723
Unit 4		Oil	455	1,841
Other System Stations(b)	Mass., Me., and R.I.	Oil-Gas(c)	434	644
Hydroelectric Stations				
Conventional	Mass., N.H., and Vt.	Water	589	1,422
Pumped Storage				
Bear Swamp	Rowe, Mass.		602	(145)
Nuclear Entitlements	Conn., Me., Mass., and Vt.	Nuclear	384	2,410
Other (d)			57	1,427
Total			4,455	17,329

(a) See "Conversion to Coal" for information relating to these units.

(b) Includes (i) Narragansett units which are operated as an integral part of the Company's power supply; (ii) an interest in a jointly owned unit in Yarmouth, Maine; and (iii) diesel and gas turbine units.

(c) Three generating units at Manchester Street, Providence, R.I. with a net capability of 143 MW burn oil or, when available, gas. Two of these units burned gas for four months in 1979. Another generating unit with a net capability of 101 MW located at South Street, Providence can be converted to burn coal, if current environmental restrictions are eased.

(d) Includes megawatts and megawatthours from contracted purchases (some of which are life of the unit contracts and others for terms of years), unit sales contracts, economy interchanges through the New England Power Exchange, and other minor purchases and sales.

The Company has approximately 2,230 circuit miles of transmission lines and 108 substations. Additionally, the Company has contractual arrangements with other utilities providing for the transmission of power.

Each of the Yankee Companies owns a nuclear generating plant. The utility stockholders, including the Company, purchase the entire output of these plants in the same percentages as their respective stock ownerships. The purchasing companies pay for such output on the basis of their respective shares of total fixed and operating costs of the plants plus a return on equity. Each of the utility stockholders has agreed, subject to certain conditions, to provide its entitlement percentage of the capital requirements of each Yankee Company. The Company uses the equity method of accounting for its investments in these companies which are unconsolidated subsidiaries. The cost to the Company of decommissioning generating units owned by the Yankee Companies has not yet been determined. It is expected, however, that all such costs will ultimately be included in the cost of electric energy generated by such units and recovered through the rate making process.

The 175 MW unit of Yankee Atomic Electric Company in Rowe, Massachusetts, experienced a turbine failure during February. The unit will not return to operation until the turbine is repaired or replaced. The repair of the turbine is currently being assessed, but it is estimated that repair will take a minimum of four months.

The Company is a member of the New England Power Pool (NEPOOL) which, under the NEPOOL Agreement, provides for coordination of the planning and operation of the generation and transmission facilities of its members and incorporates generating capacity reserve obligations, provisions regarding the use of major transmission lines, and provisions for payment for facilities usage. Approximately 99% of the generating capacity in New England is represented in NEPOOL. The NEPOOL Agreement further provides for New England-wide central dispatch of generation through the New England Power Exchange. Under NEPOOL, operating and capital economies are made possible and reserves are established on a region-wide rather than an individual company basis. Therefore, the electric energy available to the NEES System and other participants is determined by the aggregate available to NEPOOL. At the time of maximum demand, which occurred on December 19, 1979, NEPOOL participants had 21,587 MW of capacity to meet the pool's peak load of 15,169 MW.

LOAD GROWTH AND NEESPLAN

In 1979 the peak load of the Company was 3,159 megawatts and occurred on December 19. The summer peak was 3,025 megawatts and occurred on August 2. The growth of System load is the subject of a comprehensive load forecasting program, with continuing review based on current infor-

mation and developments. Plans for providing additional generating capability are developed from these load forecasts.

For a number of years prior to the winter of 1973-1974, the Company and the NEES System had consistently experienced a compound growth rate approaching 8% per year. Like most utilities in the United States, the NEES System experienced an abrupt and significant reduction in load as a result of various events related to the international oil crisis of 1973-1974. The 1974 System peak was 5.7% below the 1973 level.

Since 1974 System peak load growth (adjusted to normal weather conditions) has increased at an average rate of 3% per year. Projections of long-term peak demand indicate continued growth at this rate in the absence of a concerted load management and conservation program — such as that proposed in NEESPLAN discussed below.

Because of the sudden reduction in rate of growth as compared with the pre-1974 period, the Company currently has capacity, built on the basis of earlier load forecasts, which is in excess of what would otherwise be necessary to meet present load. As a result of uncertainties in future load growth, it is not clear how long this capacity, substantially built at pre-oil-crisis costs, will continue to be adequate. If the growth rate were to continue at 3%, present capacity would be sufficient to meet projected load and reserve requirements through the year 1985. Completion on time of the new units described below in which the Company is a joint owner would provide sufficient additional capacity to meet a 3% growth rate until the late 1980's. Achievement of the load management and conservation goals of NEESPLAN will extend this date into the 1990's.

In October 1979 a 15-year plan for the NEES System companies (NEESPLAN) was announced. The plan is based on two principal objectives: to minimize increases in the cost of electricity to customers, and to reduce System reliance on foreign oil. The System will undertake, through a major conservation and load management program, to reduce its annual peak load growth to 1.9% from a projected 3.1%, thereby reducing substantially the need for additional new generating capacity. It is estimated that such reductions would result in a decrease in the Company's capital requirements during the period 1980 to 1995 of approximately 40%.

The conservation and load management program will include new rate incentives to encourage shifts of electricity use from peak periods of demand to off-peak periods, and special rates for customers who install heat storage devices. In addition, NEESPLAN contemplates the use of an automatic load control system. NEPSCO has patented technology for such a system which is being developed under contract with Emerson Electric Co. of St. Louis, Missouri. Additional elements of the conservation and load management program involve solar applications and cogeneration.

With achievement of the conservation and load management goals of NEESPLAN, the Company will still require the full amount of additional capacity represented by its interests in the units described below under Additions to Generation in order to meet the reduced System load during the period through 1995. The need during that period for new capacity in addition to these units would be limited, however, to 200 megawatts on the basis of NEESPLAN projections. It is proposed that 100 megawatts of this additional new capacity will utilize energy sources such as lowhead hydro, the burning of solid waste and wood, and wind power.

A second major objective of NEESPLAN is to reduce the Company's reliance on foreign oil for power production from 73% of total energy requirements to 10% by 1995. This would be accomplished (i) by conversion to coal of six oil-fired units totaling 1479 megawatts (see "Conversion to

Coal", below) and (ii) by providing a major portion of the remaining oil requirements from domestic sources developed through expansion of the exploration and development activities of NEEI (see "Fossil Fuel Supply — Oil Procurement Program" below). The conversion of the six oil-fired units would reduce the Company's annual oil requirements by 15 million barrels.

ADDITIONS TO GENERATION

To provide for new generating capacity, options available to the Company include additional nuclear or coal capacity, expansion into alternate sources, and the possible purchase of Canadian energy. The other possibilities, oil-fired and gas-fired generation, are effectively precluded by Federal law, except for peaking use. The Company has elected to meet its requirements for major new generating capacity through participation with other New England utilities in the construction, under joint ownership agreements, of the nuclear generating units shown in the following chart. These units are designed to meet New England's future power supply needs under plans developed by NEPOOL.

Environmental and safety standards must be satisfied before and after construction of new large generating units. Many of these standards and the technology available to meet them are changing rapidly. To meet these standards on a continuing basis, changes may be required in planned units, as well as modifications in units already under construction or in operation. Furthermore, it has been necessary for the Company to make substantial investments in new facilities prior to the issuance of required construction permits and operating licenses, with no assurance that such licenses will be issued. Moreover, the lead owners of the proposed nuclear units, in which the Company is joint owner, may defer completion of these units beyond the scheduled dates. If completion of a proposed unit is delayed for any reason, the estimated total cost will increase or in the extreme case might require the Company to turn to other sources.

The Company estimates that in 1980, 1981, and 1982 it will invest $89 million, $112 million, and $116 million, respectively, including AFDC and fuel, in the proposed nuclear units shown below:

Unit	Location	Estimated Date of Operation (a)	Capacity Megawatts Total	Capacity Megawatts Company Portion	Estimated Total Company Cost	Company Expenditures (b)	Additional Amounts Committed (c)
					(In Millions)	(In Millions)	(In Millions)
Seabrook No. 1	N.H.	1983	1,150	115	$288	$ 96	$35
Seabrook No. 2	N.H.	1985	1,150	115			
Pilgrim No. 2	Mass.	1985	1,150	128	217	34	21
Millstone No. 3	Conn.	1986	1,150	140	311	87	25
Montague No. 1	Mass.	(d)	1,150	149	(d)	6	
Montague No. 2	Mass.	(d)	1,150	149			
						$223	$81

(a) Most recent official estimate by lead owner (see "Pilgrim Unit No. 2" below).

(b) Included in construction work in progress, through December 31, 1979.

(c) Commitments to manufacturers, contractors and others.

(d) Date of operation and cost indefinite.

Although the Company believes nuclear power is the most viable and economic means of generating additional electricity at this time, events at Three Mile Island Nuclear Unit No. 2 in Pennsylvania (TMI) have caused widespread concern about the safety of nuclear generating plants. The TMI incident has prompted extensive public controversy concerning the further development of nuclear energy in the United States. A presidential commission which investigated the TMI incident has issued numerous recommendations on safety aspects of nuclear power, and the President has supported implementing many of these recommendations. The NRC has already instituted new requirements in response to the TMI incident and is considering significant further revisions. The NRC announced that, until it completed its review of the TMI incident, it would not issue any new construction permits or operating licenses for nuclear facilities. On February 29, 1980, the NRC issued a license for fuel loading and low power testing to a utility. The TMI incident has precipitated increased opposition to nuclear power and the filing of legislation in Congress and various state legislatures to severely restrict or eliminate nuclear power as an energy source. While the ultimate effect of this controversy cannot be predicted, it is likely to cause costly delays and modifications to the planned units in which the Company has an interest.

Seabrook Units

The lead owner of the Seabrook units, Public Service Company of New Hampshire (PSNH), has acquired the necessary permits for construction of the units. On December 31, 1979, Unit 1 and that portion of the project common to both units were about 31% complete and Unit 2 was about 6% complete.

PSNH has experienced difficulty in obtaining external financing and in maintaining cash flow adequate to fund continued construction of the units. Currently, PSNH owns 50% of, and finances one-half of the total construction costs for, the Seabrook units.

PSNH has attempted to reduce its ownership interest in the Seabrook units by selling an aggregate 22% of the units to other utilities. PSNH has advised the Company that this reduction would enable it to continue construction of the units on the current schedule for completion. PSNH's offer to sell resulted in commitments to purchase only 15% of the 22% offered. Before these transfers can be completed, the transfers must be approved by the NRC and the Massachusetts Department of Public Utilities (MDPU). PSNH believes that the proceedings before the MDPU will not be completed before June 1980, at the earliest, and possibly not during 1980.

In order to alleviate its financial situation, PSNH has filed with regulatory bodies for rate increases to improve revenues, and has received interim rate relief sufficient to permit external financing. PSNH is also considering the possibility of deferring for up to four years the completion of Unit 2 or both units as a means of reducing its immediate cash needs.

Another joint owner, The United Illuminating Company (UI), currently owning 20% of the units, has offered to sell 10% of the units and has received a commitment to purchase 3%.

The Company did not elect to purchase, on the terms offered, any of the ownership interests offered by PSNH or UI.

PSNH has obtained from certain Seabrook participants, including the Company, advance payments to be applied against a portion of their shares of the estimated construction costs of the Seabrook units.

Construction of the Seabrook Units may be suspended if court appeals or other challenges in licensing or other proceedings are decided adversely. An NRC decision in 1976 not to suspend the construction permit for the units has been appealed to the U. S. Court of Appeals for the First Circuit.

Millstone Unit No. 3

This unit is being constructed on a site in Waterford, Connecticut where two other nuclear units are currently located. The NRC issued a construction permit for this unit in 1974 and on December 31, 1979, the unit was about 32% complete. Due to unfavorable rate treatment in Connecticut, subsidiaries of Northeast Utilities, the lead owners of the unit, were forced to defer completion of the unit until 1986. In light of this deferral, construction activity on this unit has been reduced.

Pilgrim Unit No. 2

This unit is to be constructed on a site in Plymouth, Massachusetts where one nuclear unit is currently located. The NRC has not issued a construction permit for this unit and construction has not started. Boston Edison Company, as lead owner of the unit, is currently developing a revised construction schedule based on receiving a construction permit in 1981; on that basis the unit will commence commercial operation in 1987. The MDPU has investigated the capacity needs of Boston Edison and the construction program required to meet those needs. A decision from the MDPU is expected in the near future.

Montague Units

The NRC has not issued construction permits for these units and construction has not started. In June 1978, subsidiaries of Northeast Utilities, lead owners of the units, suspended licensing and virtually all other activities on these units indefinitely.

Cancellation of NEP Units

The Company had reached a tentative agreement in 1974 to acquire a site owned by the Federal Government in Charlestown, Rhode Island, to locate two planned 1150 MW nuclear units. In June 1979, the Federal agency responsible for the disposition of this property issued a decision rejecting use of this site for a nuclear power plant. The Company challenged this decision in the U. S. District Court for the District of Columbia. On December 4, 1979, the Court dismissed the Company's challenge, and the Company has decided not to appeal this adverse decision. On December 17, 1979, the Company, as lead owner, cancelled these units. The Company had invested about $31 million in the project prior to cancellation. See Note F of Notes to Financial Statements with respect to the accounting for and recovery of the Company's investment in these units.

CONVERSION TO COAL

NEESPLAN contemplates the conversion to coal of six of the Company's large steam generating units which have been fueled by imported residual fuel oil: three units at Brayton Point (1162 MW) and three units at Salem Harbor (317 MW). Completion of this conversion program would reduce the Company's annual oil requirements by 15 million barrels. There is also the possibility that a unit at Providence (101 MW) may be converted to coal.

A program to convert Units 1, 2, and 3 at Brayton Point to long-term coal burning in conformance with applicable state and Federal environmental requirements has been approved by Federal and state environmental agencies. The Department of Energy (DOE), which had previously ordered the Company to stop burning oil at these units, has concurred with the program. Work began on the Brayton Point program in January 1980, and coal burning on a permanent basis is scheduled by the end of 1981. The estimated cost of this conversion is approximately $180 million. The work includes major modifications of the units, as well as installation of an extensive pollution control system. In connection with the long-term conversion of the Brayton Point units, the Company requested, and the Environmental Protection Agency (EPA) has granted, permission for the interim conversion to coal of two of these units, using existing facilities, until August 1980. After the interim coal burn, the coal handling system at Brayton Point will be removed from service for rebuilding on a permanent basis. This interim coal burning, which began December 1, 1979, will reduce oil requirements by approximately 420,000 barrels per month and, based on current fuel prices, will save approximately $4 million per month for customers of the NEES System.

The economic and environmental feasibility of converting the Salem Harbor units to coal has not yet been finally determined. If a more thorough analysis proves its economic practicability and the Company determines to convert the Salem Harbor units to coal, such conversion will require approvals similar to those required for Brayton Point. The Company has applied under the Federal Clean Air Act for permission to burn coal in two units at Salem Harbor on a temporary basis. The granting of this pending application would require action by the President of the United States. For details, see "Environmental Requirements — Air".

Prior to the 1978 DOE order, referred to above, prohibiting the burning of oil at the Brayton Point units, the Federal Energy Administration (now DOE) had issued a formal notice of its intention to issue such orders for Salem Harbor Units 1, 2, and 3 as well as the Brayton Point units. In a proceeding which is still pending in the U.S. District Court in Boston, the Company has opposed such action by DOE. No prohibition order has been issued for the Salem Harbor Units. The Company would continue to oppose any such order, unless conversion of the Salem Harbor Units to coal is determined to be economically and environmentally feasible.

FOSSIL FUEL SUPPLY

Except for the December coal burn at Brayton Point and a four month use of natural gas at Providence, the Company burned oil in all its fossil fuel generating units during 1979. Of the 19.2 million barrels of residual fuel oil used, approximately 86% was imported.

Like all other New England utilities, the Company has experienced a precipitous rise in the cost of oil since the oil embargo of 1973. From an average cost in that year of $3.77 per barrel, the average cost has increased to $15.19 per barrel burned in 1979.

The price of residual fuel oil purchased by the Company generally follows the trend of the world crude oil prices, which are determined primarily by the Organization of Petroleum Exporting Countries (OPEC). After stabilizing prices in 1977 and 1978, OPEC announced substantial increases in 1979 resulting in a year-end cost to the Company of $21.27 per barrel.

The availability and price of oil to the Company may be affected by many factors, including actions of the Federal government, and actions of foreign governments in oil producing and refining

countries, actions of suppliers in allocating supplies or honoring their contracts, as well as the success of NEEI's oil and gas exploration and development program described below. Over the past several years, the Federal government has implemented a variety of programs to control the price and availability of oil. While some programs have been discontinued or placed on a standby basis, many are still in effect. Changing conditions or new policies could lead to modifications in Federal oil controls. The Company believes, however, that new programs would recognize the essential service provided by public utilities.

The price and availability of oil may also be affected by state and Federal air pollution control requirements. These requirements are reviewed and approved by EPA. In 1979 the EPA approved an increase from 1% to 2.2% in the sulfur content in fuel oil burned by the Company at Brayton Point and Salem Harbor. For details, see "Environmental Requirements".

Oil Procurement Program

The Company has consistently pursued an aggressive buying policy to obtain the lowest available prices for oil. It has continued to secure a reliable supply of oil through use of a flexible fuel buying program and oil storage facilities.

The Company obtains its oil requirements through short-term contracts with oil suppliers and purchases on the spot market. Its contracts provide for maximum annual purchases (21.6 million barrels in 1979) and minimum annual purchases (8.2 million barrels in 1979), thus enabling the Company to reduce its contract purchase in the event of favorable spot market prices or when coal or gas burning is permitted. These contracts have been a major factor in helping the Company maintain one of the lowest average fossil fuel costs in New England. The Company expects a significant narrowing between the maximum and minimum quantities which can be negotiated for contracts in 1980 and subsequent years.

Oil storage facilities are currently maintained by the Company and Narragansett with total capacity of approximately 2.7 million barrels. In the past, the Company has been able to lease additional storage facilities as the need arose.

New England Energy Incorporated (NEEI) was formed as a wholly owned subsidiary of NEES in 1974 as part of the System effort to secure reliable, long-term supplies of fuel at reasonable cost to the System's customers. NEEI, in partnership with Samedan Oil Corporation, a subsidiary of Noble Affiliates, Inc., has engaged in oil and gas exploration and development in the United States, including offshore leases. As of December 31, 1979, NEEI's share of the partnership's probable reserves of oil and gas, measured in equivalent barrels, was approximately 11 million barrels, approximately 8 million of which were proven reserves, based on estimates by NEEI's consulting geologist. A large percentage of these reserves is natural gas.

NEEI's activities are regulated by the SEC under the 1935 Act. With SEC approval, NEEI has sold oil and gas produced from its exploration and development program (NEEI Production) and used the proceeds to purchase residual fuel oil for sale to the Company. Through December 31, 1979, NEEI had sold approximately 643,000 equivalent barrels of its production resulting in savings of about $1,500,000 passed or to be passed directly to the Company's customers. Total NEEI production for 1979 was approximately 475,000 equivalent barrels, and the estimate for 1980 is approximately

one million equivalent barrels. As this production increases, NEEI expects to negotiate additional methods of converting NEEI's btu entitlements, whether in the form of crude oil, gas, or gas condensate, into reliable supplies of fuel oil for the Company at advantageous prices. One such arrangement has already been agreed to under which NEEI's entitlement to gas condensate from an offshore prospect will be delivered by pipeline to an oil company. In return, the oil company will supply fuel oil to NEEI for delivery to the Company.

NEEI also purchases fuel oil under contract for sale to the Company, and has authority to engage in various other procurement and inventory activities for the System.

Coal

The Company had available at December 31, 1979, approximately 217,000 tons of environmentally nonconforming coal that is the btu equivalent of 812,000 barrels of oil. Currently, the Company is burning available coal with regulatory approval and making purchases on the spot market. The Company and NEEI are engaged in discussions with a number of coal mining and development interests to secure a reasonably priced supply of environmentally conforming coal for future requirements, including possible long-term supply contracts.

NUCLEAR FUEL SUPPLY

As noted above, the Company participates with other New England utilities in the ownership of several nuclear units. The respective utilities primarily responsible for these units must arrange advance commitments for certain stages of the nuclear fuel cycle. The Company has been advised by those responsible for the units now in operation that adequate near-term commitments have been made for uranium concentrate, conversion to hexafluoride, enrichment of that gas, and fabrication of fuel assemblies. They anticipate that these contracts will be renegotiated or replaced as their expiration dates approach. The prices and terms of these new commitments cannot be predicted at this time. The lead owners of the nuclear units that are planned or under construction will also be negotiating and contracting for future commitments related to each of these elements of the fuel cycle. There have been instances of suppliers defaulting or refusing to perform in accordance with their contractual commitments.

Federal authorities have deferred indefinitely the commercial reprocessing of spent fuel and are currently developing policies for its disposal. Resolution of these issues could eventually affect the fuel supply and operation of the nuclear units in which the Company participates. These nuclear units all have on-site storage capacity for spent fuel through at least the late 1980's.

REGULATION

The Company is subject to the jurisdiction of the state commissions of Massachusetts, New Hampshire, and Vermont. Participation in joint ownership projects in other states subjects the Company to the jurisdiction of additional state regulatory bodies. As a subsidiary of a registered holding company, many of the Company's activities are subject to the jurisdiction of the SEC under the 1935 Act.

In New Hampshire a statute prohibits a company engaged in the generation of electrical energy by water power within that state from transmitting such energy outside of New Hampshire unless the company first obtains the consent of the New Hampshire Public Utilities Commission. The Company now exports power, such consent to the extent deemed necessary having been obtained. The Com-

mission has initiated an investigation into whether or not it should alter its former approvals, and hearings are currently in progress. The Company is opposing any export limitation and has filed a motion to dismiss for lack of jurisdiction.

Under the Federal Power Act, the Federal Energy Regulatory Commission (FERC) has jurisdiction over the Company with respect to certain rates, accounts, and hydroelectric facilities. In 1979, the Company received long-term license renewals for three of its hydroelectric facilities. All of the Company's hydroelectric facilities now have long-term licenses with expiration dates ranging from 1993 to 2020. In February 1980, an intervenor filed a motion for reconsideration of the FERC order issuing a long-term license for one of these facilities (the Wilder Project).

The NRC has broad jurisdiction over nuclear units. All existing plants must meet NRC's environmental and safety requirements. Following the TMI incident, the NRC conducted an intensive review of the design and operational aspects of nuclear power plants and the emergency procedures for coping with potential accidents. As a result of the review, limited shutdowns are required at nuclear plants of the Yankee Companies in order to make certain safety modifications. See "Additions to Generation" for further information concerning nuclear plants.

In 1978 the Public Utility Regulatory Policies Act was enacted by Congress. The legislation provides for, among other things: state commission consideration of Federal utility rate standards, including those relating to cost-of-service pricing, declining block rates, time-of-day rates, interruptible service rates and master metering; provisions as to power pooling, interconnections, and wheeling of power; provisions for review of the recovery of fuel costs through fuel adjustment clauses; restrictions and penalties on the use of oil as a boiler fuel in certain existing and new electric power plants; and requirements for utilities to inform residential customers about the installation of energy-saving devices and to participate in the financing thereof. The full effect of the act on the Company cannot be predicted at this time because of the complexity of the legislation and uncertainties concerning its interpretation and implementation.

The Company intends to keep within the Federal voluntary wage and price standards as it understands them. The Company cannot predict the exact effect on its operations of these standards, but believes that any impact in 1980 will be minimal.

RATES

The Company's resale to its affiliates and others is subject to the jurisdiction of the FERC. The Company's rates contain a fuel adjustment clause which automatically allows the rates for sales of power to be adjusted on a current basis to reflect changes in the Company's cost of fuel.

Portions of the Company's revenue (totaling about $146 million at December 31, 1979) for 1976, 1977, 1978, and 1979 are subject to refund. A reserve for possible refunds has been estimated and recorded. See Note K of Notes to Financial Statements for a more detailed description of potential refund obligations.

The tabulation below lists the Company's applications to the FERC for changes in its wholesale rates since 1976. It shows in each case the amount, on an annual basis, of the proposed increase or decrease from the existing rate level, the date on which the proposed new rate became effective subject to refund, and the annual amount of increase or decrease being collected pending final order by the Commission or, in the case of W-1, in accordance with such final order.

Company Rate Designation	Rate Increase (Decrease) Requested	Effective Date	Amount of Increase (Decrease) (Annual Basis) (e)
R-10	$39,800,000	3-1-76(a)	$39,800,000
R-11	$ (500,000)	2-1-77(b)	$ (500,000)
R-12	$14,300,000	6-1-78(b)	$14,300,000
W-1	$ 1,200,000	7-1-79(c)	$(3,700,000)
W-2	$50,900,000	(d)	—

(a) On July 19, 1979, the FERC issued a decision which reduced the requested R-10 rate increase by about $21 million and would result in the Company having to refund about $19 million collected during the 11 months the rate was in effect. The Company has filed an application for rehearing with the FERC and is awaiting a decision on the application.

(b) The R-11 and R-12 rates were collected subject to refund from February 1, 1977, through May 31, 1978, and from June 1, 1978, through June 30, 1979, respectively. Initial decisions by the FERC Administrative Law Judges have been issued which, if adopted by the full Commission, would result in reductions in the rate levels and refunds to customers. Exceptions to the initial decision in the R-11 case were filed by the Company and the intervenors, and the Company plans to file exceptions in the R-12 case.

(c) A settlement of the W-1 rate case was reached with the intervenors and approved by the full Commission during September 1979. As a result revenues collected since July 1, 1979, are no longer subject to refund.

(d) On November 1, 1979, the Company filed its new W-2 rate to be effective January 1, 1980. On December 31, 1979, the FERC issued an order granting summary judgment with regard to certain issues presented in the filing and suspending the effective date of the increase until June 1, 1980. The order had the effect of reducing the increase by about $6 million. The Company filed an application for rehearing on the summary judgment and requested a shorter suspension period. On February 13, 1980, the FERC denied rehearing but indicated that, if the Company should elect to make a supplementary filing, it would consider granting an effective date of January 2, 1980, with respect to that portion of the W-2 increase reflecting costs of converting to or burning coal. On February 20, 1980 the Company made such a filing.

(e) The Company has established a reserve for possible refunds associated with the R-10, R-11, and R-12 rate cases. The after-tax cost of the provision for reserve has been charged against net income.

ENVIRONMENTAL REQUIREMENTS

The Company is subject to Federal, state, and local regulation of, among other things, air and water quality; storage, transportation, and disposal of hazardous substances and wastes; and environmental land use restrictions.

All agencies of the Federal government must prepare, for all major Federal actions significantly affecting the quality of the human environment, a detailed statement of the environmental impact of each action. The New England states have environmental laws which require various agencies to pre-

pare reports of the environmental impact of certain proposed actions; the Massachusetts' statute mandates minimization of environmental impact in connection with various state actions.

In Massachusetts, before electric generation and transmission facilities are constructed, the Massachusetts Energy Facilities Siting Council must approve the proposed construction location. In cases where an approval for a facility by a state or local agency has been unduly delayed, the Council may issue a certificate of environmental impact and public need, which would eliminate the necessity for such agency's approval.

Other New England states require, in certain circumstances, regulatory approval for site selection or construction of electric generating facilities. Connecticut, Maine, Massachusetts and Rhode Island also have programs of coastal zone management which might restrict construction of power plants and other electrical facilities in coastal areas.

As discussed above, the Company is converting three units at Brayton Point to coal. Environmental expenditures relating thereto were $1 million in 1979 and are estimated at $50 million and $30 million for 1980 and 1981, respectively. Additional expenditures will be required if the Salem Harbor Station is converted to coal burning.

Pursuant to an agreement with certain Federal and state agencies and private environmental groups, approved by the FERC, the Company is constructing fish passage facilities at one of its dams on the Connecticut River. Expenditures for this purpose were approximately $2.3 million in 1979 and are estimated at $7.0 million in 1980, and $1.0 million in 1981. Fish passage facilities will also be constructed at two upstream dams if salmon return in sufficient numbers to the Connecticut River. The total cost of these additional facilities is estimated at $15.8 million.

In 1979 the Company received EPA approval of the existing water intake system for Salem Harbor Station and will apply shortly for similar approval for the Brayton Point Station. The Company may be required by the EPA to make structural modifications to the water intake system at its Brayton Point Station. No cost estimate is currently available.

The Company estimates additional capital expenditures for environmental control facilities at $5.8 million in 1980, and $6.0 million in 1981.

Air

Pursuant to Federal regulations, each New England state has issued an implementation plan that limits air pollutants emitted from facilities such as generating stations. The EPA has issued regulations which are not currently in effect concerning the prevention of significant deterioration of air quality in areas where the existing air quality exceeds minimum ambient air quality standards. The EPA has also issued regulations requiring the states to revise their regulations to provide for the continued maintenance of ambient air quality standards. The New England states are revising their pollution control regulations to conform to these requirements. It is possible that revised regulations could restrict possible future fossil-fired plant siting or adversely affect fuel selection.

In August 1979, the Company applied to the Governor of Massachusetts for a temporary emergency suspension of certain portions of the Massachusetts implementation plan. The suspension would allow two units at Salem Harbor Station to burn coal on a temporary basis in order to alleviate a regional energy emergency. A public hearing was held August 24, 1979, and on September 4, 1979,

the Governor petitioned the President of the United States to declare an energy emergency in Massachusetts. The matter is still pending.

Massachusetts has regulations to prevent air pollution. The Company has been notified, on occasion, of minor violations of these regulations.

Water

A Federal statute prohibits the discharge of any pollutant (including heat), except in compliance with a discharge permit issued by the EPA for an initial term of no more than five years. The Company and Narragansett have received required permits for all their steam-generating plants. Occasional minor violations of the terms of these permits have occurred.

In March 1979, a citizens group brought suit against the EPA alleging failure of the EPA to regulate and require discharge permits on existing and proposed dams. In May 1979, the Company, along with other electric utilities, filed a motion to intervene in the suit because an adverse determination could increase costs and adversely affect the Company's ability to operate its hydroelectric facilities.

Nuclear

The NRC, along with other Federal and state agencies, has extensive regulations pertaining to environmental and safety aspects of nuclear reactors, including the storage of spent fuel and radiation emission standards. There are also design controls and inspection programs to mitigate any possibility of nuclear accidents and to reduce any damages therefrom. For details on the effects of the TMI incident, see Additions to Generation and Regulation.

Other

The Company participates from time to time along with the other NEES subsidiaries in administrative rulemaking proceedings and law suits initiated by their representative trade associations.

RESEARCH AND DEVELOPMENT

The NEES System, acting principally through NEPSCO, is engaged in various research and development projects. Areas in which work is being carried out include coal-oil mixture combustion, methods of reducing stack emissions, methods of avoiding biological entrainment and entrapment in plant cooling water, and an automatic load control system. Total research and development costs expensed by the Company were approximately $3 million in each of the years 1978 and 1979.

LITIGATION

On October 2, 1975, suit was filed against the Company in the U.S. District Court for the District of Massachusetts by the Ghana Supply Commission (Ghana) alleging that an intermediary in the chain of supply of residual fuel oil from Ghana to the Company had failed to make payment in full for oil supplied. The complaint further alleges that the Company was on notice of this failure and that, as a result, the Company's possession and use of such residual fuel oil was wrongful. The

damages claimed are approximately $15,500,000. The Company has filed an answer denying liability. The parties are now engaged in pretrial discovery and a trial date has been set for spring 1980.

On August 21, 1974, the Town of Norwood, a municipal light department purchasing power from Boston Edison Company (Boston Edison), filed a complaint in the U.S. District Court for the District of Massachusetts against Boston Edison and the Company for alleged antitrust violations. A material part of the complaint is against Boston Edison's pricing policy; however, certain violations were also alleged against the Company (individually and in combination with Boston Edison) including: the refusal to arrange and pay for transmission of power which the Company had offered to sell to Norwood; imposition of restrictive conditions on the sale of this power; and a division of markets between Boston Edison and the Company. In addition, Norwood has alleged that the NEPOOL Agreement is a restrictive agreement designed to preclude wholesale competition. Norwood has requested an injunction against the alleged violations and trebled damages in the amount of $45 million plus attorneys' fees. The defendants have filed answers to the complaint denying any violations of the antitrust laws and raising affirmative defenses. The Company has filed motions for partial summary judgment on the discriminatory dealing claim and the NEPOOL claim. The parties are currently engaged in pretrial discovery. The case is not now scheduled for trial, and it is presently anticipated that it will not be so scheduled until 1982 or later.

EMPLOYEE RELATIONS

The Company employed 759 persons as of December 31, 1979. Of these, approximately 480 employees are represented by The Brotherhood of Utility Workers of New England, Inc. under a collective bargaining agreement which expires on March 6, 1982, The International Brotherhood of Electrical Workers under a collective bargaining agreement which expires on March 6, 1982, and the Utility Workers Union of America, AFL-CIO under a collective bargaining agreement which expires on March 20, 1980. Negotiations with the Utility Workers Union of America for a new collective bargaining agreement are currently underway.

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

NEW ENGLAND POWER COMPANY
Westborough, Massachusetts

We have examined the balance sheets of New England Power Company as at December 31, 1979 and 1978 and the related statements of income, retained earnings and changes in financial position for the five years ended December 31, 1979. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our report dated January 22, 1979, our opinion on the 1978, 1977 and 1976 financial statements was qualified as being subject to the effects, if any, of such refunds as might have been required had the outcome of three pending rate proceedings been known. As more fully explained in Note K, based upon a review of regulatory decisions issued during 1979, management has concluded that any differences between refunds finally required in all three pending rate proceedings and its overall provision for refunds will not be material. Accordingly, our present opinion on the 1978, 1977 and 1976 financial statements as presented herein is no longer qualified.

In our opinion, the financial statements referred to above present fairly the financial position of New England Power Company at December 31, 1979 and 1978, and the results of its operations and the changes in its financial position for each of the five years in the period ended December 31, 1979, in conformity with generally accepted accounting principles applied on a consistent basis.

COOPERS & LYBRAND

Boston, Massachusetts
January 25, 1980

NEW ENGLAND POWER COMPANY

BALANCE SHEETS

	December 31, 1979	December 31, 1978
	(In Thousands)	
ASSETS		
Utility plant, at original cost (Note A)	$ 939,448	$ 925,194
Less — accumulated provisions for depreciation	243,789	218,849
	695,659	706,345
Construction work in progress (Note J)	237,406	199,916
Net utility plant	933,065	906,261
Investments:		
Nuclear power companies, at equity (Note C)	38,819	38,159
Nonutility property and other investments, at cost	1,200	1,278
Total investments	40,019	39,437
Current assets:		
Cash	6,874	7,550
Accounts receivable, principally from sales of electric energy:		
Affiliated companies	88,261	82,503
Others	13,074	11,133
Fuel, materials and supplies, at average cost (Note J)	53,428	48,970
Prepaid expenses and temporary deposits	245	197
Total current assets	161,882	150,353
Deferred charges and other assets	4,797	1,703
Unamortized property losses (Note F)	33,068	5,106
	$1,172,831	$1,102,860
CAPITALIZATION AND LIABILITIES		
Capitalization:		
Common stock, par value $20 per share, authorized and outstanding 6,449,896 shares	$ 128,998	$ 128,998
Premium on capital stocks	87,207	87,207
Other paid-in capital (Note H)	128,000	88,000
Retained earnings (Note I)	27,747	26,909
Total common equity	371,952	331,114
Cumulative preferred stock (Note E)	111,028	111,028
Long-term debt (Note G)	462,922	465,413
Total capitalization	945,902	907,555
Current liabilities:		
Long-term debt due within one year (Note G)		5,000
Short-term debt (Note D)	10,500	3,500
Accounts payable (including $9,782,000 and $1,077,000 to affiliates) (Note J)	64,880	50,360
Accrued liabilities:		
Taxes	1,465	17,204
Interest	5,854	5,943
Payroll and other expenses	954	936
Total current liabilities	83,653	82,943
Other reserves (Note K)	46,700	37,500
Deferred federal income taxes (Note B)	62,472	47,227
Unamortized investment tax credits (Note B)	34,104	27,635
Commitments and contingencies (Note J, K and L)		
	$1,172,831	$1,102,860

The accompanying notes are an integral part of these financial statements.

NEW ENGLAND POWER COMPANY

STATEMENTS OF RETAINED EARNINGS

	Year Ended December 31,				
	1979	1978	1977	1976	1975
			(In Thousands)		
Retained Earnings at beginning of year	$26,909	$22,435	$24,121	$25,344	$24,217
Net income (refer to "Statements of Income")	49,501	47,614	42,785	44,215	33,137
Reclassification of amortization reserve		1,976			
Total	76,410	72,025	66,906	69,559	57,354
Deduct cash dividends declared:					
Cumulative preferred stock (Note E)	8,351	8,351	8,351	8,351	6,442
Common stock, $6.25, $5.70, $5.60, $5.75, and $4.25 respectively	40,312	36,765	36,120	37,087	25,568
Retained earnings at end of year (Note I)	$27,747	$26,909	$22,435	$24,121	$25,344

The accompanying notes are an integral part of these financial statements.

NEW ENGLAND POWER COMPANY

STATEMENTS OF HANGES IN FINANCIAL POSITION

	Year Ended December 31,				
	1979	1978	1977	1976	1975
	(In Thousands)				
Sources of Funds					
From operations:					
Net income	$ 49,501	$ 47,614	$ 42,785	$ 44,215	$ 33,137
Depreciation and amortization	28,700	27,500	26,600	25,600	22,000
Provision for refunds (Note K)	9,200	13,400	13,000	11,100	
Deferred federal income taxes	15,245	2,118	336	1,525	14,095
Investment tax credits — net	7,500	6,227	3,861	2,796	1,037
Allowance for funds used during construction	(21,322)	(16,507)	(10,792)	(6,832)	(4,310)
	88,824	80,352	75,790	78,404	65,959
Dividends on common stock	(40,312)	(36,765)	(36,120)	(37,087)	(25,568)
Dividends on preferred stock	(8,351)	(8,351)	(8,351)	(8,351)	(6,442)
Total funds from operations	40,161	35,236	31,319	32,966	33,949
From financing transactions:					
Common stock					25,000
Capital contribution from parent company	40,000	30,000	10,000	20,000	
Preferred stock					25,000
Long-term debt — Issues		50,000	50,000		80,000
— Retirements	(7,400)	(13,400)	(2,400)	(20,000)	
Changes in short-term debt	7,000	(40,825)	(5,775)	35,100	(104,750)
Total funds from financing transactions	39,600	25,775	51,825	35,100	25,250
Total sources of funds	79,761	61,011	83,144	68,066	59,199
Application of Funds					
Construction expenditures, excluding allowance for funds used during construction	65,563	61,424	54,323	51,089	60,918
	$ 14,198	$ (413)	$ 28,821	$ 16,977	$ (1,719)
Increase (Decrease) in Working Capital and Other Items					
Cash	$ (676)	$ 191	$ (97)	$ (2,315)	$ 6,488
Accounts receivable	7,699	565	7,105	32,909	1,410
Fuel, materials and supplies	4,458	8,594	5,990	6,731	(14,800)
Other current assets	48	(336)	278	(434)	(395)
Accounts payable	(14,520)	(9,477)	11,392	(2,925)	11,242
Accrued and other liabilities	15,810	(844)	5,561	(16,291)	(7,787)
Other items	1,379	894	(1,408)	(698)	2,123
	$ 14,198	$ (413)	$ 28,821	$ 16,977	$ (1,719)

The accompanying notes are an integral part of these financial statements.

NEW ENGLAND POWER COMPANY

NOTES TO FINANCIAL STATEMENTS

NOTE A — Significant Accounting Policies

1. System of Accounts:

The accounts of the Company are maintained in accordance with the Uniform System of Accounts prescribed by regulatory bodies having jurisdiction.

2. Plant: See Note 3 of Notes to Statements of Income.

Costs of current repairs and minor replacements of utility plant are charged to maintenance expense accounts as incurred. Plant retired or otherwise disposed of, together with costs of removal less salvage, is charged to accumulated provisions for depreciation.

3. Depreciation:

Depreciation is provided annually on a straight-line basis in amounts at least sufficient to amortize the undepreciated cost of depreciable properties over their estimated remaining service lives. In the opinion of management, the accumulated provisions for depreciation and the provision for depreciation shown in the accompanying financial statements are adequate for the purpose of depreciating the plants and properties over their estimated remaining service lives and the plants and properties are kept in good operating condition to render adequate and dependable service to customers.

The provisions for depreciation as a percentage of weighted average depreciable property including hydro and thermal electric generating facilities and transmission facilities were 2.97% for 1979, 2.94% for 1978, 2.89% for 1977, 2.83% for 1976 and 2.79% for 1975.

4. Retirement Plans:

The funded plans in effect are noncontributory and provide retirement benefits for substantially all employees. Current service costs are funded annually; prior service costs are being funded over periods of up to 20 years. Total pension expenses, for the years 1979 through 1975, including amortization of prior service costs, were $1,704,000 in each of the years 1979 and 1978, $1,387,000 in 1977, $1,280,000 in 1976 and $860,000 in 1975 (reflecting the effect of a five month strike). The market value of pension fund assets exceeded the actuarially computed value of vested benefits as of April 1, 1979, the latest actuarial valuation date. Unfunded prior service costs are estimated to be $5,000,000 at December 31, 1979.

NOTE B — Federal Income Taxes

The Company and other subsidiaries participate with New England Electric System in filing consolidated federal income tax returns. Federal income tax returns have been examined and reported upon by the Internal Revenue Service through 1976.

Total federal income taxes differ from the amounts computed by applying the statutory tax rate to income before taxes. The reason for the differences are as follows:

	1979	1978	1977	1976	1975
			(In Thousands)		
Computed tax at statutory rates	$35,083	$37,906	$33,902	$36,380	$26,402
Reductions in tax resulting from:					
Allowance for equity funds used during construction	(5,751)	(4,265)	(2,842)	(1,602)	(1,147)
All other differences	(2,565)	(2,284)	(3,216)	(3,201)	(3,388)
Federal income taxes (including $611,000, $482,000, $146,000, $131,000 and $303,000 charged to other income for the years 1979 through 1975, respectively)	$26,767	$31,357	$27,844	$31,577	$21,867
Effective federal income tax rate	35.1%	39.7%	39.4%	41.7%	39.8%

The Company has adopted comprehensive interperiod tax allocation (normalization) consistent with regulatory approval. The following table details the components of deferred federal income taxes.

	1979	1978	1977	1976	1975
			(In Thousands)		
Allowance for borrowed funds used during construction	$ 2,198*	$ 3,659	$ 2,339	$ 1,677	$ 923
Excess tax depreciation	6,350	6,454	6,602	6,935	7,179
Refund provision	(4,232)	(6,432)	(6,240)	(5,328)	
Property losses (Note F)	11,972			(118)	6,127
Reversal of prior years' tax deferrals	(2,314)	(2,381)	(2,237)	(2,310)	(1,162)
Construction costs and other	1,271	818	(128)	669	1,028
	$15,245	$ 2,118	$ 336	$ 1,525	$14,095

*Excludes $1,859,000 transferred to Property losses.

Investment tax credits are deferred and amortized over the estimated service lives of the plant and equipment giving rise to the credits. Investment tax credits — net principally reflects reductions in current federal income taxes attributable to such investment tax credits which have been deferred.

NEW ENGLAND POWER COMPANY

NOTES TO FINANCIAL STATEMENTS — Continued

NOTE C — Investments in Nuclear Power Companies

A summary of the combined results of operations of the nuclear power companies in which the Company has investments is as follows:

	1979	1978	1977	1976	1975
			(In Thousands)		
Operating revenue	$228,532	$194,074	$184,977	$166,480	$174,039
Net income	$ 21,204	$ 18,263	$ 18,049	$ 17,672	$ 17,515
Company's equity in net income	$ 3,920	$ 3,635	$ 3,631	$ 3,615	$ 3,473

A summary of combined assets and liabilities of the nuclear power companies in which the Company has investments is as follows:

	1979	1978
	(In Thousands)	
Plant	$656,783	$620,639
Other assets	63,595	44,232
Liabilities and debt	(523,661)	(471,920)
Net assets	$196,717	$192,951
Company's equity in net assets	$ 38,819	$ 38,159

At December 31, 1979, $4,636,000 of undistributed earnings of the nuclear power companies were included in the Company's retained earnings.

NOTE D — Short-Term Borrowing Arrangements

The Company has available lines of credit with a number of banks totaling $88,500,000, the terms of which provide for borrowings at the prime rate at the time of borrowing. The terms of compensating balance arrangements vary among banks and generally provide that average balances be maintained which vary from 7.5% of the line of credit to 20% of the amount borrowed. Information as to short-term borrowings is summarized as follows:

	1979	1978
	(In Thousands)	
Commercial paper outstanding at end of year	$10,500	$ 3,500
Weighted average interest rate on borrowings outstanding at end of year	13.3%	10.1%
Maximum amount of borrowings at any month end	$17,000	$60,200
Weighted daily average borrowings during year	$ 3,204	$24,353
Weighted average interest rate during year	11.1%	7.4%

NOTE E — Cumulative Preferred Stock

A summary of cumulative preferred stock for 1979 and 1978 is as follows:

	Par Value	Shares Authorized and Outstanding	Amount	Dividends Declared	Current Call Price
			(In Thousands)		
6%	$100	80,140	$ 8,014	$ 481	(a)
4.60% Series	100	80,140	8,014	368	$101.00
4.56% Series	100	100,000	10,000	456	104.08
4.64% Series	100	100,000	10,000	464	102.56
6.08% Series	100	100,000	10,000	608	102.84
8.68% Series	100	100,000	10,000	868	105.62
8.40% Series	100	150,000	15,000	1,260	108.12
7.24% Series	100	150,000	15,000	1,086	106.68
11.04% Series	25	1,000,000	25,000	2,760	29.05(b)
Total (annual dividend requirement $8,351,000)			$111,028	$8,351	

(a) Noncallable.

(b) No shares may be redeemed through certain refunding operations prior to September 1, 1980. Beginning in 1980 the Company will redeem 50,000 shares per year at $26.285 per share to satisfy a sinking fund obligation.

NOTE F — Property Losses

In 1975 the Company cancelled plans to build a new oil-fired generating unit. Commencing January 1, 1976, with regulatory accounting approval, the Company began amortization of the resulting loss of approximately $13,000,000 ($7,000,000 after-tax) over a five-year period. Depreciation and amortization expense includes $2,600,000 relating to such amortization in each of the years 1976 through 1979. The Company has received approval from the Federal Energy Regulatory Commission (FERC) for the recovery of these costs through rates.

On December 17, 1979, the Company announced cancellation of plans to build two nuclear units at an abandoned Naval Auxiliary Landing Field in Charlestown, Rhode Island. The U.S. General Services Administration, which was responsible for disposition of the site and had tentatively agreed in 1974 to transfer the site to the Company, issued a decision in 1979 banning the use of the site for a nuclear plant. The Company has requested approval from the FERC for the recovery of the cost of the nuclear units in a request for increased rates filed in late 1979. In an order issued December 31, 1979, the FERC stated that the prudence of the investment in the nuclear units, together with the appropriate amortization period, would be decided during hearings with respect to such rate increase.

On January 25, 1980, the Company received accounting approval from the FERC to amortize the estimated loss of $31,000,000 ($19,000,000 after-tax) related to the project over a five-year period commencing with the effective date of the new rate schedules, June 1, 1980. While the recovery of costs related to the nuclear units through rates is subject to approval by the FERC, management believes that these expenditures were prudent. Management further believes that the FERC will continue to permit the recovery of prudently incurred costs through rates.

NEW ENGLAND POWER COMPANY

NOTES TO FINANCIAL STATEMENTS — Continued

NOTE 6 — Long-term Debt

A summary of long-term debt is as follows:

	Amount December 31, 1979	1978
	(In Thousands)	
First Mortgage Bonds		
Series C, 2¾%, due July 1, 1979		$ 5,000
Series D, 2⅞%, due February 1, 1981	$ 12,000	12,000
Series E, 3¼%, due June 1, 1982	5,000	5,000
Series F, 3¼%, due January 1, 1985	25,000	25,000
Series G, 4⅜%, due February 1, 1987	10,000	10,000
Series H, 4%, due June 1, 1988	10,000	10,000
Series I, 4⅝%, due November 1, 1991	20,000	20,000
Series J, 4⅜%, due December 1, 1992	12,000	12,000
Series K, 4½%, due November 1, 1993	10,000	10,000
Series L, 6⅜%, due December 1, 1996	10,000	10,000
Series M, 6⅞%, due October 1, 1997	15,000	15,000
Series N, 7⅛%, due July 1, 1998	20,000	20,000
Series O, 7⅜%, due December 1, 1998	20,000	20,000
Series P, 8⅜%, due September 1, 1999	15,000	15,000
Series R, 7⅝%, due July 1, 2002	25,000	25,000
Series S, 8⅝%, due August 1, 2003	40,000	40,000
Series T, 8⅜%, due December 1, 2003	40,000	40,000
Series U, 10⅞%, due March 1, 2005	72,800	75,200
General and Refunding Mortgage Bonds		
Series A, 8⅝%, due January 1, 2007	50,000	50,000
Series B, 9½%, due July 1, 2008	50,000	50,000
	461,800	469,200
Unamortized premiums and discount	1,122	1,213
Total long-term debt (annual interest requirement $35,568,000 and $35,967,000)	462,922	470,413
Less amount due within one year		5,000
Long-term debt	$462,922	$465,413

Substantially all of the properties and franchises of the Company are subject to the lien of the Indentures under which First Mortgage Bonds and General and Refunding Mortgage Bonds have been issued.

Pursuant to the provisions of the Indentures, relating to the First Mortgage Bonds and General and Refunding Mortgage Bonds, the Company may elect to satisfy its annual sinking fund obligations of $4,690,000 accruing on July 1, 1980, $4,570,000 in 1981 and $4,520,000 in each of the years 1982, 1983 and 1984 in cash or by evidencing to the Trustee net additional property in amounts not less than $7,817,000 in 1980, $7,617,000 in 1981 and $7,533,000 in each of the years 1982, 1983 and 1984.

NOTE H — Other Paid-In Capital and Premium on Capital Stocks

In 1979, 1978, 1977 and 1976 New England Electric System, the parent company, made capital contributions of $40,000,000, $30,000,000, $10,000,000 and $20,000,000, respectively, to the Company which were credited to other paid-in capital.

In 1975, the Company issued to New England Electric System 625,000 additional shares of common stock, par value $20 per share, for $25,000,000 of which $12,500,000 was credited to premium on capital stocks.

NOTE I — Restrictions on Retained Earnings Available for Dividends on Common Stock

Pursuant to the provisions of the Articles of Organization relating to the Dividend Series Preferred Stock and the Cumulative Preferred Stock, certain restrictions on payment of dividends on the common stock would come into effect if the "junior stock equity" were, or by reason of payment of such dividends became, less than 25% of "total capitalization." However, the junior stock equity at December 31, 1979 was 39% of total capitalization and, accordingly, none of the Company's retained earnings at December 31, 1979 was restricted as to dividends on common stock under the foregoing provisions of the Articles of Organization restrictions.

Pursuant to restrictions contained in the Supplemental Indentures relating to First Mortgage Bonds and the Indentures relating to General and Refunding Mortgage Bonds, none of the Company's retained earnings at December 31, 1979 was restricted as to dividends on common stock.

NOTE J — Commitments and Contingencies

The Company's construction expenditures are estimated to be $176,000,000 in 1980, excluding AFDC. At December 31, 1979 substantial commitments had been made related to this construction program.

Under the Company's current arrangements for fuel supply, certain of its fuel contracts are assigned to a nonaffiliate which purchases fuel under these contracts and in the open market, holds the fuel in inventory, as owner, up to a maximum amount of $50,000,000 and sells the fuel to the Company at the time of burn at prices reflecting its cost of the fuel. In addition, the Company pays monthly charges to cover the nonaffiliate's services. The agreement is terminable on three months notice. Included in fuel, materials and supplies and in accounts payable is $21,184,000 representing fuel inventory held for the Company under the agreement.

Agreements have been entered into with other New England utilities, as joint owners, for the construction of several nuclear generating units. See "Additions to Generation".

NOTE K — Pending Rate Proceedings

The Company, whose rates are regulated by the FERC, was permitted in 1976, 1977 and 1978 to revise and bill rates which are subject to refund. Revenue recorded since July 1, 1979 is no longer subject to refund as a result of a settlement reached on a 1979 rate filing which has been approved by the FERC. However, interest on accumulated refund provisions is continuing to be accrued. Revenue in

NOTE K — Pending Rate Proceedings — Continued

the amounts shown below, collected between March 1, 1976 and June 30, 1979 is subject to refund pending final determination. Beginning in December 1978, provisions for possible refunds have been estimated and recorded, reducing net income. The amount of such provisions was based primarily upon management's evaluation of initial decisions of two FERC Administrative Law Judges issued in 1977 and 1978. Financial statements for 1977 and 1976 were restated to reflect the effect of such provisions.

	1979	1978	1977	1976
		(In Thousands)		
Revenue subject to refund				
Billed and collected	$26,500	$47,200	$39,600	$32,600
Effect on net income	$13,300	$23,600	$19,800	$16,300
Provision for estimated refunds				
Provision (including interest)	$ 9,200	$13,400	$13,000	$11,100
Reduction in federal income taxes	4,232	6,432	6,240	5,328
Reduction in net income	$ 4,968	$ 6,968	$ 6,760	$ 5,772

In July 1979, the FERC issued an Order with respect to the 1976 rate proceeding and in December 1979 a FERC Administrative Law Judge issued an initial decision in the 1978 rate proceeding. Management has reviewed these 1979 decisions and has concluded that no revisions need be made to the existing reserve for refunds.

While the ultimate outcome of any one of these rate proceedings may result in final refunds higher or lower than the estimated provisions for that case, management believes that any differences between refunds finally required in all three cases and the overall provision for refunds will not be material.

NOTE L — Litigation

(See "Litigation", above.)

NOTE M — Supplementary Income Statement Information

The amounts of maintenance, repairs, depreciation and taxes charged to accounts other than operating expenses were not material. Advertising expenses and rents were not material and there were no royalties paid. Research and development costs charged to expense were $2,883,000, $2,796,000, $3,056,000, $3,149,000 and $2,399,000 in 1979 through 1975, respectively. Taxes, other than federal income taxes, charged to operating expenses are set forth by classes as follows:

	1979	1978	1977	1976	1975
			(In Thousands)		
Municipal property taxes	$26,038	$26,082	$25,492	$24,003	$21,642
State franchise taxes (based on income)	1,901	4,050	4,846	4,763	522
Federal and state payroll and other taxes	1,712	1,290	1,142	998	765
	$29,651	$31,422	$31,480	$29,764	$22,929

NOTE M — Supplementary Information — Continued

New England Power Service Company, an affiliated service company operating pursuant to the provisions of Section 13 of the Public Utility Holding Company Act of 1935, furnished services to the Company at the cost of such services. The cost of such services billed to the Company for the years 1979 through 1975, respectively amounted to $22,878,000, $22,346,000, $21,468,000, $21,316,000 and $19,951,000 including $13,021,000, $11,960,000, $12,338,000, $13,203,000 and $13,604,000 for direct construction costs.

NOTE N — Selected Quarterly Financial Information (Unaudited)

(See "Selected Quarterly Information — Unaudited", above.)

NOTE O — Replacement Cost Data (Unaudited)

This data is presented in compliance with a Securities and Exchange Commission requirement that the Company provide information about the cost of replacing productive assets and related accumulated depreciation and depreciation expense based upon such cost. Management cautions against using this data for either restating earnings or estimating the current value of productive capacity at amounts significantly different from original cost. The methods and subjective judgments required in estimating replacement costs make the nature of the information imprecise. In addition, the Company is subject to "original cost" regulation in the determination of a fair and reasonable rate of return on investment and the recovery of such investment in the price of electric energy. Management therefore believes that any higher replacement costs that may be incurred in the future will be recovered through the normal rate-making process by means of higher prices.

This replacement cost does not purport to represent either current value, or amounts which could be realized if the assets were sold. Rather, replacement cost generally represents the estimated amount at today's prices which would be required to replace the Company's productive capability, assuming replacement with the most economical new assets substantially similar in type and function to the present assets.

Data presented on an original cost basis elsewhere in these financial statements is shown below as computed on a replacement cost basis:

	1979	1978
At year end:	(In Millions)	
Utility plant	$2,800	$2,500
Accumulated depreciation	900	800
Net utility plant	$1,900	$1,700
Depreciation expense for the year	$ 62	$ 56

NOTE O — Replacement Cost Data (Unaudited) — Continued

Replacement cost of electric generating plant was calculated by pricing existing capability at today's estimated construction cost per kilowatt for facilities using the same fuel, assuming consolidation of units where appropriate to achieve greater economies. For certain small hydroelectric generating units, which represent less than 2% of generating capability and which would be uneconomical to replace today, costs per kilowatt of alternative forms of generation were used.

Replacement costs of transmission, distribution and general plant are current engineering estimates of costs to replace existing facilities.

Land and land rights, intangible assets, property held for future use and construction work in progress, in the amount of $292,000,000 in 1979, and $253,000,000 in 1978, are included at original cost.

The straight-line age-life method was used to compute accumulated replacement cost depreciation, except for transmission and general plant where the ratio of book reserve to original cost was applied to the year-end replacement cost of such utility plant.

Replacement cost depreciation expense for electric generating plant was calculated by dividing average replacement cost of each generating unit by its estimated useful life.

For all other plant, original cost depreciation rates were applied to the corresponding average replacement cost of each class of utility plant.

NOTE P — Supplementary Information to Disclose the Effects of Changing Prices (Unaudited)

The Company, in accordance with the Statement of Financial Accounting Standards No. 33 (Statement No. 33), is providing the following information about the effects of changing prices. The presentation of the supplementary financial data is experimental in nature, and does not intend or purport to adjust earnings or other financial information reported on an historical cost basis. The information is presented in both conventional historical dollars and constant dollars. The constant dollar amounts represent historical dollars which have been stated in terms of dollars of equal purchasing power as measured by the Consumer Price Index (CPI) for all urban consumers. Such constant dollar amounts are intended to reflect the estimated effects that general inflation had on the Company.

The current year's provision for depreciation and amortization in the income statement shown below has been adjusted from $29 million in historical dollars to $54 million in constant dollars. This amount was determined by applying the Company's depreciation rates to the constant dollar value of depreciable utility plant. Such value was arrived at by adjusting the historical dollar amounts of plant to constant dollars using the CPI. In accordance with Statement No. 33 adjustments to income taxes or other items were not considered, and income was accordingly reduced by the full $25 million increase in depreciation and amortization.

NOTE P — Supplementary Information to Disclose the Effects of Changing Prices (Unaudited) — Continued

In addition, during 1979 there was an estimated increase of $91 million in the cost of plant stated in terms of constant dollars over the cost of plant stated in historical dollars. However, the $91 million increase is reported as a reduction of constant dollar value to historical cost because only historical dollars are presently recoverable under the ratemaking process.

The Company's holdings of monetary assets such as cash and receivables lose purchasing power during periods of inflation because these assets will purchase less at a future date. Alternatively, the Company's holdings of monetary liabilities such as debt and accounts payable gain purchasing power during periods of inflation because they are paid in the future with dollars having less purchasing power. Since the Company has an excess of monetary liabilities over monetary assets there was a net gain, estimated at $63 million, from the decline in purchasing power in 1979 of net amounts owed. Under the ratemaking process, this $63 million gain will not be realized.

To reflect the estimated effect of rate regulation, the estimated reduction of constant dollar value of utility plant to historical cost of $91 million is reported as an offset to the estimated gain of $63 million from the decline in purchasing power of net amounts owed.

Statement of Income Adjusted for Changing Prices
For the Year Ended December 31, 1979
(In Millions)

	Historical Cost as Reported	Constant Dollar Average 1979 Dollars
Operating revenue	$608	$608
Fuel for generation	289	289
Purchased electric energy	101	101
Other operation and maintenance	69	69
Depreciation	29	54
Taxes	56	56
Interest expense	31	31
Other income	(17)	(17)
	558	583
Income (excluding reduction to historical cost)	$ 50	$ 25
Reduction of 1979 increase in constant dollar value of utility plant to historical cost		$(91)
Gain from decline in purchasing power in 1979 of net amounts owed		63
Net		$(28)

NOTE P — Supplementary Information to Disclose the Effects of Changing Prices (Unaudited) — Continued

As also required by Statement No. 33, the following table shows selected financial data adjusted for the effects of changing prices. Certain of this data was derived from the above Statement of Income Adjusted for Changing Prices.

Five Year Comparison of Selected Supplementary Financial Data
Adjusted for Effects of Changing Prices
(In Millions of Average 1979 Dollars)

	Year Ended December 31,				
	1979	1978	1977	1976	1975
Operating revenue	$608	$560	$620	$593	$585
Historical Cost Information Adjusted for General Inflation					
Income (excluding reduction to historical cost)	$ 25				
Net assets at year-end at net recoverable cost	$456				
General Information					
Gain from decline in purchasing power in 1979 of net amounts owed	$ 63				
Average consumer price index	217.0	195.4	181.5	170.5	161.2

EXHIBIT F-4

FEDERAL ENERGY REGULATORY COMMISSION

WASHINGTON 20426

Docket Nos. ER80-66, ER80-67, ER80-68,
ER80-220

Leva, Hawes, Symington, Martin & Oppenheimer
Attention: Mr. Edward Berlin
Attorney for New England Power Company
815 Connecticut Avenue, N.W.
Washington, D.C. 20006

NOV 26 1980
Rec'd Dec. 3, 1980

Dear Mr. Berlin:

On October 22, 1980, the Presiding Administrative Law Judge certified to the Commission a proposed Settlement Agreement entered into by New England Power Company, Fitchburg Gas and Electric Light Company and the non-affiliated intervenor customers, but applicable to all customers in these proceedings. The settlement was filed in accordance with the provisions of Section 1.18(e) of the Commission's Rules of Practice and Procedure.

Staff filed comments in support of this offer of settlement on October 8, 1980, which indicated that the settlement revenue levels in each docket produced earned returns that did not exceed staff's recommended 10.48% overall rate of return including 13.84% return on common equity at an equity ratio of 35.32%. The Rhode Island Attorney General, Rhode Island Consumers Council and the Rhode Island Division of Public Utilities and Carriers jointly filed comments neither supporting nor opposing the settlement. Rather, these parties defer to the Commission the determination of the merits of the settlement proposal.

The settlement agreement is in the public interest and is hereby accepted. The Commission's acceptance of this settlement does not constitute approval or precedent regarding any principle or issue in this proceeding.

It is noted that the settlement agreement provides that within 60 days of the close of calendar year 1980, New England Power Company will submit to the Commission an informational report identifying all coal conversion costs actually incurred and expended in 1980, together with detail sufficient to identify the nature of such actual expenditures. In the event such coal conversion capital costs prove to be less than $24,797,000, with a resulting cost of service effect of $75,000 or more, New England Power Company proposes to make a corresponding downward adjustment to the settlement demand rates. NEPCO shall file such further reduced settlement rates within this 60 day period.

The tariff sheets attached to the Settlement Agreement are accepted for filing to be effective as designated on the Enclosure. All revenue amounts collected in excess of the settlement rate levels must be refunded within 30 days of the date of this letter. Further refunds,

if required, must be made within 30 days of the commission acceptance of reduced settlement rates filed as part of the coal conversion expenditure informational report. All refunds must include interest computed in accordance with regulations Section 35.19a. Within 15 days after refunds have been made, the Company shall file with this Commission a compliance report showing monthly customer billing determinants and revenues under prior, present and settlement rates, the monthly customer revenue refund with interest, and the calculation of the monthly interest together with a summary of such information for the total refund period. In addition the Company shall furnish a copy of such report to each wholesale customer and to each State Commission within whose jurisdiction the resale customers distribute and sell electric energy at retail.

This order is without prejudice to any findings or orders which have been made or which will hereinafter be made by the Commission, and is without prejudice to any claims or contentions which may be made by the Commission, its staff, or any party or person affected by this order, in any proceeding now pending or hereinafter instituted by or against New England Power Company.

Upon satisfactory completion of the above filing and informational requirements, the dockets are terminated.

By direction of the Commission.

Kenneth F. Plumb
Secretary

Enclosure

UNITED STATES OF AMERICA
BEFORE THE
FEDERAL ENERGY REGULATORY COMMISSION

New England Power Company	)	Docket Nos. ER80-66 ER80-67 ER80-68 ER80-220

OFFER OF SETTLEMENT

This Offer of Settlement is jointly sponsored by New England Power Company (NEP), the NEPCO Customer Rate Committee and the Fitchburg Gas and Electric Light Company with the intent of reaching a settlement of the rate changes filed by NEP on November 1, 1979 and February 1, 1980. The rate changes filed on November 1, 1979, and designated W-2, increased the rates applicable to Primary and Contract Demand service and increased the generation and transmission credit paid by NEP to The Narragansett Electric Company. In addition, on that date NEP filed a rate increase for System Power Unreserved ("SPU") service. On February 1, 1980, NEP filed a rate increase for Limited Capacity Entitlements ("LCE") service.

In the case of Primary service, NEP proposed to increase the demand charge from $6.79 to $7.85 per Kw-month and to increase the energy charge from 17.55 to 18.43 mills per Kwh. For Contract Demand service, NEP proposed an increase from $8.22 to $10.33 per Kw-month. For System Power Unreserved service NEP proposed an increase from $50.30 per Kw-year to $64.00 per Kw-year; and for Limited Capacity Entitlement service, NEP proposed an increase from $37.44 per Kw-year to $46.14 per Kw-year.

Pursuant to the Commission's order of December 31, 1979, NEP revised its proposed rate increase for the Primary, Contract Demand, and SPU service customers to reflect deletion of costs associated with its rate base treatment of the unamortized portion of its Salem Harbor Unit 5 and NEP Units 1 and 2 extraordinary property losses; costs associated with PURPA load research programs; costs associated with the income tax expense and the Narragansett generation and transmission credit. NEP also voluntarily revised its proposed rate increase to delete contributions to the Electric Power Research Institute from the Contract Demand and SPU services and to reflect changes in the calculation of O & M expenses for the SPU service. As modi-

fied, the Commission accepted for filing NEP's proposed rate increases and provided for an effective date of January 2, 1980 for SPU service and an effective date of June 1, 1980 for the Primary and Contract Demand services, each of these rates being subject to refund.

After Petitions for Rehearing, the Commission, by order dated March 31, 1980, modified its prior ruling and allowed an effective date of January 2, 1980, for the portions of the increase to Primary and Contract Demand service customers designed to recover costs incurred during the Period II test year (January 1, 1980 - December 31, 1980) as a result of the conversion of the Brayton Point Units from oil to coal. The January 2, 1980 effective date for SPU service remained unchanged as did the June 1, 1980 effective date for the balance of the increase for Primary and Contract Demand service.

On May 2, 1980, NEP voluntarily filed a further reduction both in the then-effective SPU rate and in the Primary and Contract Demand service rates which were to become effective on June 1, 1980. In that voluntary filing, NEP revised those rates to reflect the deletion of the costs projected for the short-term coal conversion of Salem Harbor Units 2 and 3. Furthermore, NEP voluntarily revised the SPU rate to reflect the deletion of all costs associated with the NEP 1 and 2 abandoned property loss, as well as the deletion of long-term coal conversion costs relating to the Brayton Point Units. Since the SPU rate change had been made effective on January 2, 1980, NEP also voluntarily agreed to make -- and subsequently made -- appropriate refunds to the SPU service customers.

Finally, with respect to NEP's proposed rate increase for LCE service customers, NEP voluntarily revised the LCE proposed rate increase to eliminate all costs associated with the NEP 1 and 2 and Salem Harbor 5 extraordinary property losses, as well as all coal conversion costs. As revised, the LCE proposed rate increase was accepted for filing and suspended with an effective date of September 1, 1980.

The parties to this Offer of Settlement have held a series of conferences over the past several months and offer the rate schedules attached hereto in full settlement of all aspects of these proceedings as they affect the settlement rates and rate levels. The settlement rates incorporate all revisions directed by the Commission as well as those voluntarily adopted by the Company. In the case of Primary and Contract Demand service, in addition to refiling the June 1, 1980 rates to reflect the full agreement of the parties, NEP is refiling the portion of the increase made effective January 2, 1980 to reflect the agreement reached as to Brayton Point coal

conversion expenditures and will refund, with interest, all revenues collected in excess of the rates as revised. Specifically, the settlement rates are develope using revised estimates of test year capital expenditures for NEP's coal conversion efforts. Based upon actual costs incurred to-date and projections for the remainder of 1980 which are based on the most current data, the annual coal conversion capital expenditures reflected in the settlement rates are $24,797,000.

For settlement purposes, the parties have agreed that the $24,797,000 figure represents the most reasonable Period II estimate currently available. Thus, as part of the settlement, NEP agrees that $24,797,000 shall represent a ceiling for test period coal conversion capital costs, i.e., no upward adjustment to that figure or to the settlement rates will be requested. However, NEP further agrees that within sixty (60) days after the close of the calendar 1980 test period, NEP will submit to the Commission and to the parties a report identifying all coal conversion capital costs actually incurred and expended during Period II, together with detail sufficient to identify the nature of all such actual expenditures. In the event that annual coal conversion capital costs expended during 1980 prove to be less than the $24,797,000 estimate with a resulting cost of service effect of $75,000 or more, NEP will make a corresponding downward adjustment to the settlement demand rates to reflect this disparity and within thirty (30) days thereafter, will refund any amounts collected in excess of the revised settlement rates together with interest computed pursuant to section 35.19(a) of the Commission's regulations.

The rates for System Power Unreserved and Limited Capacity Entitlements service will be revised as of January 2, 1980 and September 1, 1980, respectively, and revenues collected since those dates in excess of the settlement rates will be refunded with interest under §35.19(a). Finally, the Narragansett generation and transmission credit has been revised consistent with the settlement rate level.

As revised, the rates, following acceptance of this settlement, will be as follows:

1. Primary service: demand charge will be reduced to $7.68 per Kw-month and the energy charge will be reduced to 17.94 mills per Kwh;

2. Contract demand service: demand charge will be reduced to $9.13 per Kw-month;[1]

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1 For purposes of calculating the refund for the interim supplemental rate relating to coal conversion costs, which was

3. System Power Unreserved service: demand charge will be reduced to \$56.21 per Kw-year;

4. Limited Capacity Entitlements service: demand charge will be reduced to \$38.66 per Kw-year.

In reaching this rate settlement the parties expressly reserve all positions taken by them with respect to any aspect of the filing and agree that the settlement rates will not be subject to further adjustment as a result of any actions taken or decisions reached by the Commission or by any Court in any docket.

ARTICLE I
Effective Date and Filing Limitations

1.1 Upon the Commission's approval of this Offer of Settlement, the rate schedule revisions attached hereto will become effective as of the designated effective date of each rate. Refunds shall be made of all amounts collected in excess of the settlement rate levels with interest as required by 18 C.F.R. §35.19(a).

ARTICLE II
Conditions

2.1 The making of this Offer of Settlement shall not be deemed in any respect to constitute an admission by any party that any allegation or contention in these proceedings is true and valid.

2.2 The making of this Offer of Settlement establishes no principles and shall not be deemed to foreclose any party from making any contention in any other proceeding or investigation.

2.3 The acceptance of this Offer of Settlement by any party and the Commission shall not in any respect constitute a determination by the Commission as to the merits of any allegations or contentions made in this rate proceeding.

(Footnote continued)
made effective on January 2, 1980, and which was superseded on June 1, 1980, the demand charge for Primary and Contract Demand service will be \$7.06 and \$8.31 per Kw-month, respectively.

2.4 This Offer of Settlement is expressly conditioned upon the Commission's acceptance of all provisions hereof, without change or condition.

2.5 The discussions which have produced this Offer of Settlement have been conducted on the explicit understanding, pursuant to Section 1.18(e) of the Commission's Rules of Practice and Procedure, that all offers of settlement and discussions relating thereto are and shall be privileged, shall be without prejudice to the position of any party or participant presenting such offer or participating in any such discussion, and are not to be used in any manner in connection with these or any other proceedings involving one or all of the parties to this proceeding or otherwise. This Offer of Settlement is submitted on the condition that, in the event the Commission does not by order accept it in its entirety, this Offer of Settlement shall be deemed withdrawn and shall not constitute any part of the record in this proceeding or be used for any other purpose.

Respectfully submitted,

Edward Berlin

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Martin & Oppenheimer
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(202) 828-7847

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Rate Committee, et al.

Harry H. Voigt

Harry H. Voigt
LeBoeuf, Lamb, Leiby & MacRae
1333 New Hampshire Ave., N.W.
Washington, D.C. 20036

Attorney for Fitchburg Gas
and Electric Company

September 16, 1980

TAUNTON MUNICIPAL LIGHTING PLANT

Units No. 1 and No. 2

SEABROOK NUCLEAR POWER STATION

SEABROOK, NEW HAMPSHIRE

Information furnished pursuant to Subsection 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

I. ORGANIZATION AND CONTROL

Name of Applicant

Taunton Municipal Lighting Plant

Address of Applicant

55 Weir Street
Taunton, Massachusetts 02780

Description of Business of Applicant

The applicant is a municipal lighting plant in the business of generation, transmission, and distribution of electric power as a municipal corporation established under Massachusetts law. The principal locations where it does business are Taunton, Raynham, Berkley, Dighton and Lakeville, Massachusetts

Officers and Directors

Joseph I. Quinn, Chairman	54 Buffington Street, Taunton, MA. 02780
Craig J. Dutra, Secretary	118 Broadway, Taunton, MA. 02780
Clive H. Olson	380 West Britannia Street, Taunton, MA. 02780

All Commission members are citizens of the United States of America.

The Commission is not acting as agent or representative of another person.

II. FINANCIAL QUALIFICATIONS

Under the Joint Ownership Agreement, the Taunton Municipal Lighting Plant 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 .10034 percentage 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 Taunton Municipal Lighting Plant's share of these costs should amount approximately to $151,000. and $151,000 for the first five years of operations of Units 1 and 2, respectively; and approximately $42,000 to $86,000 for the decommissioning of the two Units. In addition, The Taunton Municipal Lighting Plant's share of fuel expenses during the period would be $515,000.

As evidence of its financial qualifications to meet those costs, the Taunton Municipal Lighting Plant submits herewith:

Exhibit A - Sources of Funds

Exhibit B - Annual Report to the Department of Public Utilities

6/26/81

III. REGULATORY AGENCIES AND PUBLICATIONS

A. Regulatory Agencies

The following regulatory agencies have jurisdiction over the rates and services of the Taunton Municipal Lighting Plant.

Massachusetts Department of Public Utilities,
Saltonstall Building, 100 Cambridge Street
Boston, Massachusetts 02202

B. Publications

The following trade and news publications are used by the Taunton Municipal Lighting Plant for official notifications, and/or are otherwise appropriate for notices regarding this unit:

Taunton Daily Gazette, Post Office Box 111, Taunton, MA. 02780
Fall River Herald News, 207 Pocasset St., Taunton, MA. 02722
Brockton Enterprise, 60 Main Street, Brockton, MA. 02401

EXHIBIT A

Applicant: Taunton Municipal Lighting Plant

Nuclear Plant: Seabrook #1 and #2

Sources of Funds for System-wide Construction Expenditures and Capital Structure
During Period of Construction of Subject Nuclear Power Plant (Millions)

	Through 1980	1981	1982	1983	1984	1985	1986	1987	1988
		Construction Years of Subject Nuclear Power Plant							
INTERNALLY GENERATED CASH									
Net Income	-	1.393	1.591	1.695	1.733	2.009	1.879	2.142	1.842
Depreciation Cash Fund	-	1.549	1.572	1.595	1.625	1.811	1.841	2.034	2.064
Change in Working Capital (Increase)	-	(.867)	(.323)	(.281)	(.426)	(.525)	(1.109)	(1.630)	(2.426)
Total Funds		2.075	2.840	3.009	2.932	3.295	2.611	2.546	1.480
CONSTRUCTION EXPENDITURES									
Nuclear Power Plants	3.081	1.015	1.755	1.789	1.687	2.020	1.451	1.101	-
Other	-	.640	.640	.750	.750	.750	.750	1.000	1.000
Total Construction Expense	-	1.655	2.395	2.539	2.437	2.770	2.201	2.101	1.000
Subject Nuclear Plant	1.151	.385	.457	.418	.260	.230	.001	-	-
OTHER CAPITAL REQUIREMENTS									
Redemption of Maturing Bonds	-	.420	.445	.470	.495	.525	.410	.445	.480
Total Capital Expenditures	-	2.075	2.840	3.009	2.932	3.295	2.611	2.546	1.480
CAPITAL STRUCTURE									
Long Term Debt: 3.0%		.400	.300	.200	.100	-	-	-	-
3.1%		.180	.135	. 90	. 45	-	-	-	-
7.9%		22.815	22.515	22.190	21.840	21.460	21.050	20.605	20.125

June 26, 1981

MUNICIPAL LIGHTING PLANTS

The Commonwealth of Massachusetts

RETURN

OF THE

CITY OF

TAUNTON

TO THE

DEPARTMENT OF PUBLIC UTILITIES

OF MASSACHUSETTS

For the Year Ended December 31,

1980

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

CITY OF

TAUNTON

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. Joseph M. Blain

Official title General Manager ; Office address 55 Weir Street

Taunton, Ma 02780

Form AC-19.

M

TABLE OF CONTENTS

FOR GAS PLANTS ONLY:

PAGES INTENTIONALLY OMITTED: 23 to 36 and 53 to 56

GENERAL INFORMATION.

1. Name of town (or city) making this report.

   City of Taunton

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. Taunton Electric Co. (Dec. 12, 1895;

   Date of votes to acquire a plant in accordance with the provisions of chapter 164 of the General Laws. Oct. 7, 1896)

   Record of votes: First vote: Yes, 7 ; No, - Second vote: Yes, 8 ; No, -

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

   July 1, 1897

3. Name and address of manager of municipal lighting:

   Joseph M. Blain
   54 Apple Blossom Lane
   Taunton, Ma

4. Name and address of mayor or ~~selectmen~~:

   Joseph L. Amaral
   77½ Cherry St.
   Taunton, Ma

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

   William F. Carney
   112 Mayflower Ave.
   Taunton, Ma

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

   Henry L. Galipeau
   513 Bay St.
   Taunton, Ma

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

   Clive H. Olson, 380 W. Britannia St., Taunton, Ma
   Walter F. Precourt, Jr., 60 Avon St., Taunton, Ma
   Joseph I. Quinn, 54 Buffington St., Taunton, Ma

8. Total valuation of estates in ~~town~~ (or city) according to last State valuation $

   Residential & Open Space 338,269,741
   Commercial, Industrial & Personal 94,865,689

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

   Residential & Open Space 30.50
   Commercial, Industrial & Personal 53.20

10. Amount of manager's salary: $ 35,000

11. Amount of manager's bond: $ 10,000

12. Amount of salary paid to members of municipal light board (each) $ 2,400 Yr. Chairman
    2,000 Yr. Each Other Members

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 [illegible]s of electricity	$52,573,600
3	TOTAL	52,573,600
4		
5	EXPENSES:	
6	For operation, maintenance and repairs	48,050,000
7	For interest on bonds, notes or scrip	1,828,318
8	For depreciation fund (4 per cent. on $ 51,639,128.71 as per page 9)	2,065,565
9	For sinking fund requirements	
10	For note payments	
11	For bond payments	420,000
12	For loss in preceding year	
13	TOTAL	52,363,883
14		
15	COST:	
16	Of gas to be used for municipal buildings	
17	Of gas to be used for street lights	
18	Of electricity to be used for municipal buildings	1,805,600
19	Of electricity to be used for street lights	310,540
20	Total of the above items to be included in the tax levy	
21		
22	New construction to be included in the tax levy	
23	Total amounts to be included in the tax levy	2,116,140

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
		Raynham, Town of	3,480
		Berkley, Town of	1,275
		Lakeville, Town of	66
		N. Dighton, Town of	431
		Taunton, City of	18,704
TOTAL		TOTAL	23,956

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	$

FOR THE ESTIMATED COST OF THE GAS OR ELECTRICITY TO BE USED BY THE CITY OR TOWN FOR:

1. Street lights	$ 310,540
2. Municipal buildings	1,805,600
3.	
TOTAL	$2,116,140

*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:

—

In gas property:

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	
May 27, 1897	June 1, 1897	$ 125,000					
Sept. 9, 1897	June 1, 1897	7,500					
May 12, 1898	June 1, 1898	3,500					
Mar. 1, 1899	Dec. 1, 1898	5,000					
Mar. 1, 1901	Dec. 1, 1900	3,000					
July 5, 1901	June 1, 1900	1,500					
Mar. 7, 1902	June 1, 1902	175,000					
July 2, 1907	June 1, 1907	45,000					
Aug. 18, 1913	June 2, 1913	50,000					
Oct. 18, 1918	June 1, 1919	15,000					
May 22, 1919	June 10, 1920	5,000					
July 20, 1919	June 2, 1919	30,000					
Aug. 13, 1919	Aug. 1, 1919	100,000					
Dec. 23, 1919	June 1, 1919	50,000					
June 8, 1920	June 1, 1920	400,000					
June 5, 1923	June 1, 1923	250,000					
June 8, 1926	June 1, 1926	100,000					
Oct. 6, 1926	Oct. 1, 1926	50,000					
Sept. 12, 1950	Nov. 1, 1950	600,000					
Sept. 12, 1950	Dec. 1, 1951	200,000					
May 31, 1955	Dec. 1, 1955	500,000					
May 31, 1955	Sept. 1, 1956	1,500,000					
May 31, 1955	July 1, 1957	2,000,000					
April 16, 1964	Jan. 1, 1965	2,000,000	100,000	Jan. 1	3.00	July 1; Jan. 1	500,000
April 16, 1964	Aug. 15, 1965	900,000	45,000	Aug. 15	3.10	Feb. 15: Aug. 15	225,000
May 27, 1975	Feb. 1, 1976	24,000,000	Variable Principal and Interest Payments See attached detail				23,090,000
	TOTAL	33,115,500				TOTAL	23,815,000

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 Issues†	Period of Payments: Amounts	Period of Payments: When Payable	Interest: Rate	Interest: When Payable	Amount Outstanding at End of Year
March 1, 1900	March 1, 1900	1,500					
July 7, 1970	Oct. 1, 1971	1,000,000					
July 7, 1970	Feb. 8, 1972	1,000,000					
July 7, 1970	Apr. 14, 1972	2,000,000					
July 7, 1970	Apr. 24, 1972	2,000,000					
July 7, 1970	Oct. 27, 1972	5,000,000					
July 7, 1970	Jan. 30, 1973	3,000,000					
July 7, 1970	Mar. 15, 1973	2,000,000					
July 7, 1970	Apr. 12, 1973	2,000,000					
July 7, 1970	May 15, 1973	2,500,000					
July 7, 1970	June 4, 1973	1,000,000					
July 7, 1970	June 15, 1973	5,500,000					
July 7, 1970	July 26, 1973	2,000,000					
July 7, 19700	Sept. 14, 1973	3,000,000					
July 7, 1970	Dec. 14, 1973	10,500,000					
July 7, 1970	Dec. 27, 1973	2,000,000					
July 7, 1970	Jan. 15, 1974	4,500,000					
July 7, 1970	Mar. 25, 1974	2,000,000					
July 7, 1970	Apr. 12, 1974	10,500,000					
July 7, 1970	May 31, 1974	2,000,000					
July 7, 1970	June 14, 1974	4,500,000					
July 7, 1970	July 19, 1974	2,000,000					
July 7, 1970	Sept. 30, 1974	10,500,000					
Nov. 29, 1973	Oct. 31, 1974	1,000,000					
July 7, 1970	Nov. 20, 1974	2,000,000					
July 7, 1970	Dec. 20, 1974	6,500,000					
July 7, 1970	Feb. 20, 1975	10,500,000					
Nov. 29, 1973	Feb. 28, 1975	1,000,000					
May 27, 1975	June 6, 1975	1,000,000					
July 7, 1970	July 10, 1975	2,000,000					
	Sub TOTAL	104,501,500				TOTAL	

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.

M

TOWN NOTES

(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	
Total brought forward		104,501,500					
Nov. 29, 1973	July 10, 1975	2,000,000					
July 7, 1970	July 17, 1975	10,500,000					
May 27, 1975	Aug. 1, 1975	1,000,000					
July 7, 1970	Aug. 20, 1975	6,500,000					
May 27, 1975	Nov. 20, 1975	1,000,000					
July 7, 1970	Dec. 18, 1975	2,000,000					
Nov. 29, 1973	Dec. 18, 1975	2,000,000					
July 7, 1970	Jan. 22, 1976	6,500,000					
	TOTAL	$136,001,500				TOTAL	

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 preceding 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 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)	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	245,509.14					245,509.14
8	311 Structures and Improvements	5,579,360.82	208,678.84				5,788,039.66
9	312 Boiler Plant Equipment	13,827,211.87	34,185.64				13,861,397.51
10	313 Engines and Engine Driven Generators						
11	314 Turbogenerator Units	12,424,667.35	274,832.90				12,699,500.25
12	315 Accessory Electric Equipment	2,504,365.16	2,932.70				2,507,297.86
13	316 Miscellaneous Power Plant						
14	Equipment	197,733.30	8,009.11				205,742.41
15	Total Steam Production Plant	34,778,847.64	528,639.19				35,307,486.83
16	B. Nuclear Production Plant						
17	320 Land and Land Rights						
18	321 Structures and Improvements						
19	322 Reactor Plant Equipment						
20	323 Turbogenerator Units						
21	324 Accessory Electric Equipment						
22	325 Miscellaneous Power Plant Equipment						
23	Total Nuclear Production Plant						

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						
12	341 Structures and Improvements						
13	342 Fuel Holders, Producers and Accessories	507,163.09					507,163.09
14	343 Prime Movers						
15	344 Generators	82,606.68					82,606.68
16	345 Accessory Electric Equipment	402,423.99					402,423.99
17	346 Miscellaneous Power Plant Equipment						
18	Total Other Production Plant	992,193.76					992,193.76
19	Total Production Plant	35,771,041.40	528,639.19				36,299,680.59
20	3. TRANSMISSION PLANT						
21	350 Land and Land Rights	216,297.64	1,509.15				217,806.79
22	351 Clearing Land and Rights of Way	22,600.64					22,600.64
23	352 Structures and Improvements	129,128.16					129,128.16
24	353 Station Equipment	1,871,529.42					1,871,529.42
25	354 Towers and Fixtures	849,092.25					849,092.25
26	355 Poles and Fixtures	271,801.99					271,801.99
27	356 Overhead Conductors and Devices	213,230.08	21,270.65				234,500.73
28	357 Underground Conduit	3,103.55					3,103.55
29	358 Underground Conductors and Devices	6,112.80					6,112.80
30	359 Roads and Trails						
31	Total Transmission Plant	3,582,896.53	22,779.80				3,605,676.33

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	189,056.25					189,056.25
3	361 Structures and Improvements	101,704.43					101,704.43
4	362 Station Equipment	1,662,609.90	6,550.05				1,669,159.95
5	363 Storage Battery Equipment						
6	364 Poles, Towers and Fixtures	1,824,374.76	28,480.12				1,852,854.88
7	365 Overhead Conductors and Devices	1,792,819.17	66,571.02	44,194.50			1,815,195.69
8	366 Underground Conduit	1,369,278.97	2,053.65				1,371,332.62
9	367 Underground Conductors & Devices	1,454,506.00	14,418.64	47,600.00			1,421,324.64
10	368 Line Transformers	1,102,863.72	35,391.77	2,700.00			1,135,555.49
11	369 Services	264,409.80	13,169.66	17,050.50			260,528.96
12	370 Meters	945,419.20	36,008.89	20,690.00			960,738.09
13	371 Installations on Cust's Premises						
14	372 Leased Prop. on Cust's Premises						
15	373 Street Lighting and Signal Systems	583,203.10	19,359.28	11,468.00			591,094.38
16	Total Distribution Plant	11,290,245.30	222,003.08	143,703.00			11,368,545.38
17	5. GENERAL PLANT						
18	389 Land and Land Rights	35,690.80					35,690.80
19	390 Structures and Improvements	281,965.05					281,965.05
20	391 Office Furniture and Equipment	87,499.00	5,584.63				93,083.63
21	392 Transportation Equipment	431,873.94	125,330.00	33,746.52			523,457.42
22	393 Stores Equipment	1,739.81					1,739.81
23	394 Tools, Shop and Garage Equipment	13,092.71					13,092.71
24	395 Laboratory Equipment	14,887.47					14,887.47
25	396 Power Operated Equipment	14,538.40	2,850.00				17,388.40
26	397 Communication Equipment	73,093.34	18,730.20	8,958.29			82,865.25
27	398 Miscellaneous Equipment	9,604.27	2,115.22				11,719.49
28	399 Other Tangible Property						
29	Total General Plant	963,984.79	154,610.05	42,704.81			1,075,890.03
30	Total Electric Plant in Service	51,608,168.02	928,032.12	186,407.81			52,349,792.33
	Total Cost of Electric Plant						52,349,792.33
31							
32	Less Cost of Land, Land Rights, Rights of Way						710,663.62
33	Total Cost upon which Depreciation is based						51,639,128.71
34							

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 values, should be taken as a basis for figuring depreciation.

Annual report of Taunton Municipal Lighting Plant Year ended December 31, 19 80

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)	$33,671,576.99	$33,230,576.68	$ (441,000.31)
3	101 Utility Plant — Gas (P. 20)			
4				
5	Total Utility Plant	33,671,[illegible]76.99	33,230,576.68	(441,000.31)
6				
7				
8				
9				
10				
11	FUND ACCOUNTS			
12	125 Sinking Funds			
13	126 Depreciation Fund (P. 14)	2,975,508.41	3,145,224.56	169,716.15
14	128 Other Special Funds			
15	Total Funds	2,975,508.41	3,145,224.56	169,716.15
16	CURRENT AND ACCRUED ASSETS			
17	131 Cash (P. 14)	298,25[illegible].65	491,248.58	192,993.93
18	132 Special Deposits	174,878.61	193,872.18	18,993.57
19	135 Working Funds	1,700.00	1,700.00	
20	141 Notes Receivable			
21	142 Customer Accounts Receivable	4,772,654.31	5,145,586.17	372,931.86
22	143 Other Accounts Receivable			
23	146 Receivables from Municipality	188,630.75	134,016.94	(54,613.81)
24	151 Materials and Supplies (P. 14)	1,443,132.75	2,834,514.82	1,391,382.07
25				
26	165 Prepayments	33,699.95	29,679.12	(4,020.83)
27	174 Miscellaneous Current Assets	50,258.80	94,437.16	44,178.36
28	Total Current and Accrued Assets	6,963,209.82	8,925,054.97	1,961,845.15
29	DEFERRED DEBITS			
30	181 Unamortized Debt Discount			
31	182 Extraordinary Property Losses			
32	185 Other Deferred Debits			
33	Total Deferred Debits			
34				
35	Total Assets and Other Debits	$43,610,295.22	$45,300,856.21	$1,69[illegible],560.99

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			
3	SURPLUS			
4	205 Sinking Fund Reserves			
5	206 Loans Repayment	$ 8,902,000.00	$ 9,302,000.00	$ 400,000.00
6	207 Appropriations for Construction Repayments	32,433.98	32,433.98	
7	208 Unappropriated Earned Surplus (P. 12)	6,742,887.12	5,970,470.95	(772,416.17)
8	Total Surplus	15,677,321.10	15,304,904.93	(372,416.17)
9	LONG TERM DEBT			
10	221 Bonds (P. 6)	24,215,000.00	23,815,000.00	(400,000.00)
11	231 Notes Payable (P. 7)			
12	Total Bonds and Notes	24,215,000.00	23,815,000.00	(400,000.00)
13	CURRENT AND ACCRUED LIABILITIES			
14	232 Accounts Payable	1,959,844.13	4,427,961.52	2,468,117.39
15	234 Payables to Municipality			
16	235 Customers' Deposits	175,347.15	181,962.15	6,615.00
17	236 Taxes Accrued			
18	237 Interest Accrued	779,307.51	768,253.14	(11,054.37)
19	242 Miscellaneous Current and Accrued Liabilities	54,974.07	28,722.22	(26,251.85)
20	Total Current and Accrued Liabilities	2,969,472.86	5,406,899.03	2,437,426.17
21	DEFERRED CREDITS			
22	251 Unamortized Premium on Debt	87,478.85	84,125.03	(3,353.82)
23	252 Customer Advances for Construction			
24	253 Other Deferred Credits	14,113.79		(14,113.79)
25	Total Deferred Credits	101,592.64	84,125.03	(17,467.61)
26	RESERVES			
27	260 Reserves for Uncollectible Accounts	646,908.62	689,927.22	43,018.60
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	646,908.62	689,927.22	43,018.60
33	CONTRIBUTIONS IN AID OF CONSTRUCTION			
34	271 Contributions in Aid of Construction			
35	Total Liabilities and Other Credits	$43,610,295.22	$45,300,856.21	$1,690,560.99

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.

1980 Transferred to City for Tax Reduction	$ 828,076
Since 1929 Transferred to City for Tax Reduction	15,798,640
Since 1934 Paid Directly for Veterans' Pensions	732,111

STATEMENT OF INCOME FOR THE YEAR

Line No.	Account (a)	Total: Current Year (b)	Total: Increase or (Decrease) from Preceding Year (c)
1	OPERATING INCOME		
2	400 Operating Revenues (P. 37 and 43)	$33,388,991.90	$ 3,915,407.91
3	Operating Expenses:		
4	401 Operation Expense (P. 42 and 47)	27,755,355.83	4,393,205.94
5	402 Maintenance Expense (P. 42 and 47)	1,870,582.49	597,730.04
6	403 Depreciation Expense	1,526,970.00	(503,213.58)
7	407 Amortization of Property Losses		
8			
9	408 Taxes (P. 49)		
10	Total Operating Expenses	31,152,908.32	4,487,722.40
11	Operating Income	2,236,083.58	(572,314.49)
12	414 Other Utility Operating Income (P. 50)		
13			
14	Total Operating Income	2,236,083.58	(572,314.49)
15	OTHER INCOME		
16	415 Income from Merchandising, Jobbing and Contract Work (P. 51)		
17	419 Interest Income	66,777.89	50,647.06
18	421 Miscellaneous Nonoperating Income		
19	Total Other Income	66,777.89	50,647.06
20	Total Income	2,302,861.47	(521,667.43)
21	MISCELLANEOUS INCOME DEDUCTIONS		
22	425 Miscellaneous Amortization		
23	426 Other Income Deductions		
24	Total Income Deductions		
25	Income Before Interest Charges	2,302,861.47	(521,667.43)
26	INTEREST CHARGES		
27	427 Interest on Bonds and Notes	1,844,183.13	(25,928.33)
28	428 Amortization of Debt Discount and Expense		

Line No.	Account (a)	Total: Current Year (b)	Total: Increase or (Decrease) from Preceding Year (c)
29	429 Amortization of Premium on Debt — Credit	3,353.82	

Line No.	Account (a)	Total: Current Year (b)	Total: Increase or (Decrease) from Preceding Year (c)
30	431 Other Interest Expense	8,657.33	1,360.18
31	432 Interest Charged to Construction — Credit		
32	Total Interest Charges	1,849,486.64	(24,568.15)
33	NET INCOME	453,374.83	(497,099.28)

EARNED SURPLUS

Line No.	(a)	Debits (b)	Credits (c)
34	208 Unappropriated Earned Surplus (at beginning of period)	$	$6,742,887.12
35			
36			
37	433 Balance Transferred from Income		453,374.83
38	434 Miscellaneous Credits to Surplus (P. 21)		
39	435 Miscellaneous Debits to Surplus (P. 21)	1,228,076.00	
40	436 Appropriations of Surplus (P. 21)		
41	437 Surplus Applied to Depreciation		2,285.00
42	208 Unappropriated Earned Surplus (at end of period)	5,970,470.95	
43	TOTALS	$7,198,546.95	$7,198,546.95
44			

CASH BALANCES AT END OF YEAR (Account 131)

Line No.	Items (a)	Amount (b)
1	Operation Fund	$ 491,248.58
2	Interest Fund	11,910.03
3	Bond Fund	
4	Construction Fund	
5	Customer Deposit Fund	181,962.15
6	Petty Cash Fund	1,700.00
7		
8		
9		
10		
11		
12	TOTAL	$ 686,820.76

MATERIALS AND SUPPLIES (Accounts 151-159, 163)

Summary Per Balance Sheet

Line No.	Account (a)	Amount End of Year: Electric (b)	Amount End of Year: Gas (c)
13	Fuel (Account 151) (See Schedule, Page 25)	$2,379,049.42	
14	Fuel Stock Expenses (Account 152)		
15	Residuals (Account 153)		
	Plant Materials and Operating Supplies (Account 154)	455,465.40	
	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 $	2,834,514.82	

DEPRECIATION FUND ACCOUNT (Account 136)

Line No.	(a)	Amount (b)
24	DEBITS	
25	Balance of account at beginning of year	$2,975,508.41
26	Income during year from balance on deposit	13,684.99
27	Amount transferred from income	1,526,970.00
	Amount transferred for Reserve for Unit #9 Prin. & Int. Payments	1,700,000.00
28	Amount transferred for Reserve for Gen'l. Liability Ins. Deductible	60,000.00
29	TOTAL	6,276,163.40
30	CREDITS	
31	Amount expended for construction purposes (Sec. 57, C. 164 of G.L.)	1,045,571.34
32	Amounts expended for renewals, viz.:—	
33	Bond Principal and Interest Payments for Unit #9	2,085,367.50
34		
35		
38		
39	Balance on hand at end of year	3,145,224.56
40	TOTAL	$6,276,163.40

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 preceding 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	245,509.14					245,509.14
8	311 Structures and Improvements	3,267,380.72	208,678.84	264,645.11			3,211,414.45
9	312 Boiler Plant Equipment	8,826,268.60	34,185.64	399,237.95			8,461,216.29
10	313 Engines and Engine Driven Generators						
11	314 Turbogenerator Units	8,193,164.65	274,832.90	299,858.39			8,168,139.16
12	315 Accessory Electric Equipment	1,054,705.39	2,932.70	64,460.74			993,177.35
13	316 Miscellaneous Power Plant						
14	Equipment	144,847.15	8,009.11	7,627.67			145,228.59
15	Total Steam Production Plant	21,731,875.65	528,639.19	1,035,829.86			21,224,684.98
16	B. Nuclear Production Plant						
17	320 Land and Land Rights						
18	321 Structures and Improvements						
19	322 Reactor Plant Equipment						
20	323 Turbogenerator Units						
21	324 Accessory Electric Equipment						
22	325 Miscellaneous Power Plant Equipment						
23	Total Nuclear Production Plant						

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						
10	D. Other Production Plant						
11	340 Land and Land Rights						
12	341 Structures and Improvements						
13	342 Fuel Holders, Producers and Accessories	436,791.03		15,214.90			421,576.13
14	343 Prime Movers						
15	344 Generators	71,044.97		2,478.19			68,566.78
16	345 Accessory Electric Equipment	346,285.34		12,072.73			334,212.61
17	346 Miscellaneous Power Plant Equipment						
18	Total Other Production Plant	854,121.34		29,765.82			824,355.52
19	Total Production Plant	22,585,996.99	528,639.19	1,065,595.68			22,049,040.50
20	3. TRANSMISSION PLANT						
21	350 Land and Land Rights	216,297.64	1,509.15				217,80[illegible]9
22	351 Clearing Land and Rights of Way	22,600.64					22,600.64
23	352 Structures and Improvements	121,752.39		3,701.68			118,050.71
24	353 Station Equipment	1,677,331.37		56,145.89			1,621,185.48
25	354 Towers and Fixtures	733,224.01		25,472.76			707,751.25
26	355 Poles and Fixtures	243,267.43		8,154.05			235,113.38
27	356 Overhead Conductors and Devices	189,763.56	21,270.65	6,396.90			204,637.31
28	357 Underground Conduit	2,881.80		93.09			2,788.71
29	358 Underground Conductors and Devices	6,032.45		183.37			5,849.08
30	359 Roads and Trails						
31	Total Transmission Plant	3,213,151.29	22,779.80	100,147.74			3,135,783.35

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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	189,056.25					189,056.25
3	361 Structures and Improvements	9,836.56		1,017.04			8,819.52
4	362 Station Equipment	468,058.93	6,550.05	49,878.31			424,730.67
5	363 Storage Battery Equipment						
6	364 Poles, Towers and Fixtures	375,866.68	28,480.12	52,350.50			351,996.30
7	365 Overhead Conductors and Devices	1,030,663.99	62,230.12	51,445.80			1,041,448.31
8	366 Underground Conduit	512,755.41	2,053.65	39,252.66			475,556.40
9	367 Underground Conductors & Devices	679,470.08	6,231.44	43,635.19			642,066.33
10	368 Line Transformers	437,949.15	35,054.27	33,085.92			439,917.50
11	369 Services	194,849.53	11,108.76	7,932.28			198,026.01
12	370 Meters	342,548.07	35,764.09	28,362.57			349,949.59
13	371 Installations on Cust's Premises						
14	372 Leased Prop. on Cust's Premises						
15	373 Street Lighting and Signal Systems	305,814.16	18,200.28	17,496.09			306,518.35
16	Total Distribution Plant	4,546,868.31	205,672.78	324,456.36			4,428,085.23
17	5. GENERAL PLANT						
18	389 Land and Land Rights	35,690.80					35,690.80
19	390 Structures and Improvements	62,596.45		4,041.36			58,555.09
20	391 Office Furniture and Equipment	48,057.52	5,584.63	3,281.21			50,360.94
21	392 Transportation Equipment	112,559.41	125,330.00	24,770.86			213,118.55
22	393 Stores Equipment	66.32		3.38			62.94
23	394 Tools, Shop and Garage Equipment						
24	395 Laboratory Equipment	6,894.11		669.93			6,224.18
25	396 Power Operated Equipment	4,725.41	2,850.00	1,090.38			6,485.03
26	397 Communication Equipment	52,204.79	18,130.20	2,192.78			68,142.21
27	398 Miscellaneous Equipment	2,030.65	2,115.22	720.32			3,425.55
28	399 Other Tangible Property						
29	Total General Plant	324,825.46	154,010.05	36,770.22			442,065.29
30	Total Electric Plant in Service	30,670,842.55	911,101.82	1,526,970.00			30,054,974.37
31	104 Utility Plant Leased to Others						
32	105 Property Held for Future Use						
33	107 Construction Work in Progress	3,000,734.44	1,102,899.99			(928,032.12)	3,175,602.31
34	Total Utility Plant Electric	33,671,576.99	2,014,001.81	1,526,970.00		(928,032.12)	33,230,576.68

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: Bbl. #6 Oil Quantity (c)	Bbl. #6 Oil Cost (d)	Bbl. #2 Oil Quantity (e)	Bbl. #2 Oil Cost (f)
1	On Hand Beginning of Year	$ 1,015,529.60	45,978.48	$ 982,408.20	1,047.62	$ 33,121.40
2	Received During Year	15,285,994.92	535,358.60	13,394,535.74	53,906.89	1,891,459.18
3	TOTAL	16,301,524.52	581,337.08	14,376,943.94	54,954.51	1,924,580.58
4	Used During Year (Note A)					
5	Boiler Oil	9,992,890.47	426,508.84	9,992,890.47		
6	Gas Turbine	3,929,584.63	72,963.17	2,025,515.73	54,430.70	1,904,068.90
7						
8						
9						
10						
11	Sold or Transferred					
12	TOTAL DISPOSED OF	13,922,475.10	499,472.01	12,018,406.20	54,430.70	1,904,068.90
13	BALANCE END OF YEAR	2,379,049.42	81,865.07	2,358,537.74	523.81	20,511.68

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	

OTHER INCOME DEDUCTIONS (Account 426)

Line No.	Item (a)	Amount (b)
7		
8		
9		
10		
11		
12		
13		
14	TOTAL	

MISCELLANEOUS CREDITS TO SURPLUS (Account 434)

Line No.	Item (a)	Amount (b)
15		
16		
17		
18		
19		
20		
21		
22		
23	TOTAL	

MISCELLANEOUS DEBITS TO SURPLUS (Account 435)

Line No.	Item (a)	Amount (b)
24	To City for Reduction of Taxes	828,076.00
25		
26	Bonds	400,000.00
27		
28		
29		
30		
31		
32	TOTAL	1,228,076.00

APPROPRIATIONS OF SURPLUS (Account 436)

Line No.	Item (a)	Amount (b)
33		
34		
35		
36		
37		
38		
39		
40	TOTAL	

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				
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		City of Taunton Buildings	1,975,072	162,042.98	8.2044
7		City of Taunton Power	21,547,440	1,194,968.54	5.5458
8					
9					
10					
11					
12		TOTALS	23,522,512	1,357,011.52	5.7690
13		Street Lighting:			
14					
15		City of Taunton	5,006,691	218,650.00	4.3672
16					
17					
18		TOTALS	5,006,691	218,650.00	4.3672
19		TOTALS	28,529,203	1,575,661.52	5.5230

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		Cleary-Flood			
21	Montaup Electric Co	Bus Yard 115 KV	119,899,233	4,844,914.29	4.0408
22	Maine Yankee	" " "	23,418,040	449,613.45	1.9199
23	Vermont Yankee	" " "	13,710,342	360,711.03	2.6309
24	Vermont Elec. Power Co.	" " "	30,979.000	723,857.11	2.3366
25	Boston Edison Co.	" " "	9,857,720	523,128.91	5.3068
26	New England Power Co.	" " "	3,480,000	159,633.97	4.5872
27	New England Power Exchange	" " "	52,674,000	2,717,791.50	5.1596
28					
29		TOTALS	254,018,335	9,779,650.26	3.8500

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		Raynham & Taunton			
31	Brockton Edison Co.	Boundary 4160V	78,890	5,926.71	7.5126
32		Cleary-Flood			
33	Montaup Electric Co.	Bus Yard 115 KV	176,198,675	10,621,127.65	6.0279
34		Cleary-Flood			
35	New England Power	Bus Yard 115 KV	54,886,850	2,545,715.91	4.6381
36	Exchange				
37					
38			231,164,415	13,172,770.27	5.6984
39		TOTALS			

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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: Amount for Year (b)	Operating Revenues: Increase or (Decrease) from Preceding Year (c)	Kilowatt-hours Sold: Amount for Year (d)	Kilowatt-hours Sold: Increase or (Decrease) from Preceding Year (e)	Average Number of Customers per Month: Number for Year (f)	Average Number of Customers per Month: Increase or (Decrease) from Preceding Year (g)
1	SALES OF ELECTRICITY	$	$				
2	440 Residential Sales	8,258,606.13	1,007,693.39	117,351,505	6,609,342	21,031	872
3	442 Commercial and Industrial Sales:						
4	Small (or Commercial) see instr. 5	3,910,036.81	593,629.16	52,602,257	3,836,144	2,398	96
5	Large (or Industrial) see instr. 5	6,416,833.68	711,506.41	108,576,380	(11,894,770)	107	
6	444 Municipal Sales (P. 22)	1,575,661.52	186,144.19	28,529,203	(1,291,248)	111	2
7	445 Other Sales to Public Authorities	34,656.64	813.13	401,016	1,290	3	
8	446 Sales to Railroads and Railways						
9	448 Interdepartmental Sales						
10	449 Miscellaneous Electric Sales						
11	Total Sales to Ultimate Consumers	20,195,794.78	2,499,786.28	307,460,361	(2,739,242)	23,650	970
12	447 Sales for Resale	13,172,770.27	1,435,941.43	231,164,415	(62,728,375)	3	
13	Total Sales of Electricity*	33,368,565.05	3,935,727.71	538,624,776	(65,467,617)	23,653	970
14	OTHER OPERATING REVENUES						
15	450 Forfeited Discounts						
16	451 Miscellaneous Service Revenues						
17	453 Sales of Water and Water Power						
18	454 Rent from Electric Property						
19	455 Interdepartmental Rents						
20	456 Other Electric Revenues	20,426.85	(20,319.80)				
21							
22							
23							
24							
25	Total Other Operating Revenues	20,426.85	(20,319.80)				
26	Total Electric Operating Revenues	33,388,991.90	3,915,407.91				

5. All customers metered at primary voltage are considered as Industrial sales.

*Includes revenues from application of fuel clauses $ 4,513,983.74

Total KWH to which applied 300,953,787

Annual report of Taunton Municipal Lighting Plant Year ended December 31, 1980.

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	Residential "A"	67,380,477	5,097,492.70	7.5652	15,628	15,945
2	440	Residential "A-1"	32,702,095	2,116,951.44	6.4734	4,180	4,184
3	440	Residential "A-2"	17,268,933	1,044,161.99	6.0465	1,355	1,430
4	442	Commercial "H"	20,159,768	1,678,473.94	8.3259	1,766	1,814
5	442	Commercial "CAB-1"	4,944,620	283,040.77	5.7242	11	9
6	442	Commercial "P-1"	23,317,486	1,649,266.09	7.0731	236	243
7	442	Commercial "HP-1"	274,022	16,665.98	6.0820	37	40
8	442	Commercial "GS-H"	2,728,604	174,730.74	6.4037	69	71
9	442	Commercial Private					
10		Area Lighting	1,177,757	107,859.29	9.1580	263	278
11	442	Industrial "P-2"	108,576,380	6,416,833.68	5.9100	106	108
12		<u>City of Taunton</u>					
13	444	"GS-H"	79,860	5,309.00	6.6479	2	2
14		"H"	1,103,315	91,749.88	8.3158	78	80
15		"HP-1"	88,125	5,436.65	6.1692	10	10
16		"P-1"	703,772	59,547.45	8.4612	8	8
17		"M-1"	13,648,520	759,758.14	5.5666	5	5
18		"P-2"	7,898,920	435,210.40	5.5097	7	7
19		Street Lighting	5,006,691	218,650.00	4.3672	1	1
20							
21	445	Flat Rate B	12,405	1,464.74	11.8077	1	1
22	445	Flat Rate R	253,380	22,812.60	9.0033	1	1
23	445	Flat Rate N.D.	135,231	10,379.30	7.6752	1	1
49		TOTAL SALES TO ULTIMATE CONSUMERS (Page 37 line 11)	307,460,361	20,195,794.78	6.5686	23,765	24,238

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:	242,437.82	26,820.21
4	500 Operation supervision and engineering	14,007,159.33	1,149,156.37
5	501 Fuel	700,347.43	2,350.42
6	502 Steam expenses		
7	503 Steam from other sources		266,539.00
8	504 Steam transferred — Cr.		
9	505 Electric expenses		
10	506 Miscellaneous steam power expenses		
11	507 Rents	14,949,944.58	1,444,866.00
12	Total operation		
13	Maintenance:	1,346,039.65	479,762.98
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	1,346,039.65	479,762.98
19	Total maintenance	16,295,984.23	1,924,628.98
20	Total power production expenses — steam power		
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		
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		
40	Total power production expenses-nuclear power		
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		

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		
9	Total power production expenses — hydraulic power		
10	OTHER POWER GENERATION		
11	Operation:		
12	546 Operation supervision and engineering		
13	547 Fuel		
14	548 Generation expenses		
15	549 Miscellaneous other power generation expenses		
16	550 Rents		
17	Total operation		
18	Maintenance:		
19	551 Maintenance supervision and engineering		
20	552 Maintenance of structures		
21	553 Maintenance of generating and electric plant		
22	554 Maintenance of miscellaneous other power generation plant		
23	Total maintenance		
24	Total power production expenses — other power		
25	OTHER POWER SUPPLY EXPENSES	9,779,650.26	2,434,540.90
26	555 Purchased power		
27	556 System control and load dispatching	99,819.95	(3,205.33)
28	557 Other expenses	9,879,470.21	2,431,335.57
29	Total other power supply expenses	26,175,454.44	4,355,964.55
30	Total power production expenses		
31	TRANSMISSION EXPENSES		
32	Operation:	8,262.27	(3,965.14)
33	560 Operation supervision and engineering	30.19	30.19
34	561 Load dispatching		
35	562 Station expenses		
36	563 Overhead line expenses		
37	564 Underground line expenses		
38	565 Transmission of electricity by others		
39	566 Miscellaneous transmission expenses	131,703.83	61,372.77
40	567 Rents	139,996.2[illegible]	57,437.82
41	Total operation		
42	Maintenance:	2,602.90	993.57
43	568 Maintenance supervision and engineering		
44	569 Maintenance of structures		
45	570 Maintenance of station equipment		
46	571 Maintenance of overhead lines		
47	572 Maintenance of underground lines		
48	573 Maintenance of miscellaneous transmission plant	2,602.90	993.57
49	Total maintenance	142,599.19	58,431.39
50	Total transmission expenses		

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	71,244.51	(22,045.44)
4	581 Load dispatching	226,263.18	47,622.49
5	582 Station expenses	41,517.10	2,290.18
6	583 Overhead line expenses		
7	584 Underground line expenses		
8	585 Street lighting and signal system expenses		(161.43)
9	586 Meter expenses	56,721.46	11,384.95
10	587 Customer installations expenses	57.60	57.60
11	588 Miscellaneous distribution expenses	84,604.85	19,612.17
12	589 Rents		
13	Total operation	480,408.70	58,760.52
14	Maintenance:		
15	590 Maintenance supervision and engineering	27,339.98	8,128.69
16	591 Maintenance of structures		
17	592 Maintenance of station equipment		
18	593 Maintenance of overhead lines	330,101.81	69,916.56
19	594 Maintenance of underground lines		
20	595 Maintenance of line transformers	2,793.70	2,059.00
21	596 Maintenance of street lighting and signal systems	49,273.13	10,131.16
22	597 Maintenance of meters	32,211.88	9,696.58
23	598 Maintenance of miscellaneous distribution plant	407.34	(2,795.91)
24	Total maintenance	442,127.84	97,136.08
25	Total distribution expenses	922,536.54	155,896.60
26	CUSTOMER ACCOUNTS EXPENSES		
27	Operation:		
28	901 Supervision		
29	902 Meter reading expenses	86,318.87	1,619.68
30	903 Customer records and collection expenses	305,312.13	17,384.29
31	904 Uncollectible accounts	42,000.00	
32	905 Miscellaneous customer accounts expenses	(1,184.77)	(6,732.88)
33	Total customer accounts expenses	432,446.23	12,271.09
34	SALES EXPENSES		
35	Operation:		
36	911 Supervision	3,323.37	3,323.37
37	912 Demonstrating and selling expenses		
38	913 Advertising expenses		
39	916 Miscellaneous sales expenses		
40	Total sales expenses	3,323.37	3,323.37
41	ADMINISTRATIVE AND GENERAL EXPENSES		
42	Operation:		
43	920 Administrative and general salaries	175,625.91	39,532.45
44	921 Office supplies and expenses	74,109.19	12,387.68
45	922 Administrative expenses transferred — Cr.		
46	923 Outside services employed	282,504.73	(36,861.07)
47	924 Property insurance	156,731.08	(10,687.81)
48	925 Injuries and damages	170,055.77	(9,010.37)
49	926 Employee pensions and benefits	876,637.98	341,776.00
50	928 Regulatory commission expenses		(2,900.78)
51	929 Duplicate charges — Cr.		
52	930 Miscellaneous general expenses	25,204.50	8,972.31
53	~~931 Rents~~ xxxxxxx 933 Transportation Expenses	108,89[illegible].29	42,003.16
54	Total operation	1,869,766.45	385,211.57

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	79,812.10	19,837.41
4	Total administrative and general expenses	1,949.578.55	405,048.98
5	Total Electric Operation and Maintenance Expenses	29,625,938.32	4,990,935.98

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	14,949,944.58	1,346,039.65	16,295,984.23
9	Nuclear power			
10	Hydraulic power			
11	Other power			
12	Other power supply expenses	9,87[illegible],470.21		9,879,470.21
13	Total power production expenses	24,829,414.79	1,346,039.65	26,175,454.44
14	Transmission Expenses	139,996.29	2,602.90	142,599.19
15	Distribution Expenses	480,408.70	442,127.84	922,536.54
16	Customer Accounts Expenses	432,446.23		432,446.23
17	Sales Expenses	3,323.37		3,323.37
18	Administrative and General Expenses	1,869,766.45	79,812.10	1,949,578.55
19-20	Total Electric Operation and Maintenance Expenses	27,755,355.83	1,870,582.49	29,625,938.32

21 Ratio of operating expenses to operating revenues (carry out decimal two places, e.g.: 0.00%) 93.30 %
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)

22 Total salaries and wages of electric department for year, including amounts charged to operating expenses, construction and other accounts $ 2,531,364.70

23 Total number of employees of electric department at end of year including administrative, operating, maintenance, construction and other employees (including part time employees) 136

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 (c) 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										
2	None									
3										
4										
5										
6										
7										
8										
9										
10										
11										
12										
13										
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26										
27										
28	TOTALS									

OTHER UTILITY OPERATING INCOME (Account 414)

Report below the particulars called for in each colun.n.

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	None				
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					
15					
16					
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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.	Item (a)	Electric Department (b)	Gas Department (c)	Other Utility Department (d)	Total (e)
1	Revenues:	$	$	$	
2	Merchandise sales, less discounts,				$ None
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					
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					
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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								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
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41								
42								

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 (i)	Voltage at Which Delivered (j)	Kilowatt-hours (k)	Revenue (Omit Cents) Demand Charges (l)	Energy (m)	Other Charges (n)	Total (o)	Revenue per kwh (Cents) (0.0000) (p)	Line No.
								1
								2
								3
								4
								5
								6
								7
								8
								9
								10
								11
								12
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								32
								33
								34
								35
								36
								37
								38
								39
								40
								41
	TOTALS							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								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
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34								
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39								
40								
41								
42								

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)				Cost per KWH (Cents) (0.0000) (p)	Line No.
			Charges (l)	Energy Charges (m)	Other Charges (n)	Total (o)		
								1
								2
								3
								4
								5
								6
								7
								8
								9
								10
								11
								12
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								35
								36
								37
								38
								39
								40
								41
	TOTALS							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 Received (e)	Kilowatt-hours Delivered (f)	Kilowatt-hours Net Difference (g)	Amount of Settlement (h)
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12				TOTALS				

B. Details of Settlement for Interchange Power

Line No.	Name of Company (i)	Explanation (j)	Amount (k)
13			
14			
15			
16			
17			
18			
19			
20			
21		TOTAL	

Annual report of Taunton Municipal Lighting Plant Year ended December 31, 1980

ELECTRIC ENERGY ACCOUNT

Report below 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			259,618,000
4	Nuclear			
5	Hydro			
6	Other			53,539,000
7	Total generation			313,157,000
8	Purchases			201,344,335
9		In (gross)	52,674,000	....
10	Interchanges	Out (gross)	54,886,850	....
11		Net (kwh)		(2,212,850)
12		Received		....
13	Transmission for/by others (wheeling)	Delivered		....
14		Net (kwh)		
15	TOTAL			512,288,485
16	DISPOSITION OF ENERGY			
17	Sales to ultimate consumers (including interdepartmental sales)			307,460,361
18	Sales for resale			176,277,565
19	Energy furnished without charge			
20	Energy used by the company (excluding station use):			
21	Electric department only			4,628,977
22	Energy losses:			
23	Transmission and conversion losses			
24	Distribution losses			
25	Unaccounted for losses			
26	Total energy losses			23,921,582
27	Energy losses as percent of total on line 15 4.67 %			
28			TOTAL	512,288,485

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: Kilowatts (b)	Day of Week (c)	Day of Month (d)	Hour (e)	Type of Reading (f)	Monthly Output (kwh) (See Instr. 4) (g)
29	January	62,000	Thursday	31	9 A M	60 Min.	64,373,030
30	February	62,000	Friday	1	10 A M	"	54,362,437
31	March	60,000	Monday	3	11 A M	"	38,238,936
32	April	53,000	Monday	14	11 A M	"	26,105,478
33	May	52,000	Thursday	8	12 Noon	"	24,768,090
34	June	55,000	Wednesday	25	11 A M	"	24,376,878
35	July	61,000	Monday	21	2 P M	"	45,200,870
36	August	64,000	Tuesday	5	3 P M	"	48,391,712
37	September	62,000	Tuesday	2	2 P M	"	47,758,405
38	October	53,000	Wednesday	15	9 A M	"	43,937,513
39	November	57,000	Tuesday	18	11 A M	"	30,572,660
40	December	60,000	Monday	15	10 A M	"	64,202,476
41						TOTAL	512,288,485

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 revenues 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) W. Water St.	Plant (c) Cleary-Flood	Plant (d) Cleary-Flood
1	Kind of plant (steam, hydro, int. comb., gas turbine)	Steam	Steam	Combined Cycle Steam & Gas Turbine
2	Type of plant construction (conventional, outdoor boiler, full outdoor, etc.)	Conventional	Conventional	Conventional
3	Year originally constructed	1902	1966	1971
4	Year last unit was installed	1958	1966	1976
5	Total installed capacity (maximum generator name plate ratings in kw)	49,000	28,300	110,000
6	Net peak demand on plant-kilowatts (60 min.)	-	25,000	108,000
7	Plant hours connected to load	-	3,014	2,823
8	Net continuous plant capability, kilowatts:			
9	(a) When not limited by condenser water	36,500	25,000	110,000
10	(b) When limited by condenser water	31,000	25,000	103,000
11	Average number of employees	1	26	26
12	Net generation, exclusive of station use	-	60,535,000	252,622,000
13	Cost of plant (omit cents):			
14	Land and land rights	24,109	51,067	170,333
15	Structures and improvements	2,210,561	1,173,382	2,404,097
16	Reservoirs, dams, and waterways			
17	Equipment costs	6,999,795	3,051,541	20,214,796
18	Roads, railroads, and bridges			
19	Total cost	9,234,465	4,275,990	22,789,226
20	Cost per kw of installed capacity	188	151	207
21	Production expenses:			
22	Operation supervision and engineering		89,379.63	153,058.19
23	Station labor	15,643.42	204,583.97	268,634.27
24	Fuel		2,940,358.06	11,066,801.27
25	Supplies and expenses, including water	35,713.34	61,386.12	114,386.31
26	Maintenance	8,744.35	217,073.51	1,120,221.79
27	Rents			
28	Steam from other sources			
29	Steam transferred—Credit			
30	Total production expenses	60,101.11	3,512,781.29	12,723,101.83
31	Expenses per net Kwh (5 places)	-	.05803	.05036
32	Fuel: Kind	No. 6 Oil	No. 6 Oil	No. 6 & No. 2 Oil
33	Unit: (Coal-tons of 2,000 lb.) (Oil-barrels of 42 gals.) (Gas-M cu. ft.) (Nuclear, indicate)	Barrel	Barrel	Barrel
34	Quantity (units) of fuel consumed		127,479.14	426,423.47
35	Average heat content of fuel (B.t.u. per lb. of coal, per gal. of oil, or per cu. ft. of gas)		148,513	147,383
36	Average cost of fuel per unit, del. f.o.b. plant		25.0197452	26.2841055
37	Average cost of fuel per unit consumed		23.0654055	25.9526083
38	Average cost of fuel consumed per million B.t.u.		3.697833	4.192610
39	Average cost of fuel consumed per kwh net gen.		.048573	.043808
40	Average B.t.u. per kwh net generation		13,135	10,449
41				
42				

GENERATING STATION STATISTICS (Large Stations) — Continued

(Except Nuclear, See Instruction 10)

547 as shown on line 2.

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 types of cost units 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.
						1
						2
						3
						4
						5
						6
						7
						8
						9
						10
						11
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						42

Annual report of Taunton Municipal Lighting Plant Year ended December 31, 1980

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)	Boilers: Kind of Fuel and Method of Firing (d)	Boilers: Rated Pressure in lbs. (e)	Boilers: Rated Steam Temperature* (f)	Boilers: Rated Max. Continuous M lbs. Steam per Hour (g)
1		500 W. Water St.					
2	W. Water St.	Taunton, Ma	1 1933	Oil Auto	450	725	90
3							
4			1 1942	Oil Auto	900	825	170
5							
6			1 1952	Oil Auto	900	825	150
7							
8			1 1958	Oil Auto	855	905	160
9							
10							
11							
12							
13							
14							
15							
16							
17							
18							
19							
20							
21		1314 Somerset Ave.					
22	Cleary-Flood	Taunton, Ma	1 1966	Oil Auto	850	900	300
23							
24							
25							
26							
27		1314 Somerset Ave.					
28	Cleary-Flood	Taunton, Ma	1 1975	Oil Auto	1800	1000/1000	557
29							
30							
31							
32							
33							
34							
35							
36							
37							

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: At Minimum Hydrogen Pressure (l)	Name Plate Rating in Kilowatts: At Maximum Hydrogen Pressure (m)	Hydrogen Pressure‡: Min. (n)	Hydrogen Pressure‡: Max. (o)	Power Factor (p)	Voltage K.v.†† (q)	Station Capacity Maximum Name Plate Rating‡‡ (r)
1933	S. C.	450	3600		7,500	Air Cooled		80	13800	7,500
1942	T.N.C. 00#	900	3600		5,000	"	"	80	13800	5,000
1950	S. C. 1.5"HG	200	3600		10,000	"	"	80	13800	10,000
1952	S. C. 1.5"HG	900	3600		10,000	"	"	80	13800	10,000
1958	S. C. 1.5"HG	850	3600	15,000	16,500	PSIG 0.5	PSIG 30	85	13800	16,500
Note A:	7500 KW No. 3 Unit not operated since 1974. Unit is considered inefficient and unreliable.									
Note B:	Other units listed above at W. Water St. generating station have not operated since October 31, 1978. None of the units at W. Water have been retired from the books. These units will remain inactive and future retirement of these units or reactivity cannot be determined at this time.									
1966	S. C. 1" HG ABS	850	3600	22,000	28,300	PSIG 0.5	PSIG 30	85	13800	28,300
1975	T. C. 1.5"HG ABS	1800	3600		90,000	PSIG 0.5	PSIG 30	85	13800	90,000
				TOTALS	167,300					167,300

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							
2	None						
3							
4							
5							
6							
7							
8							
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37							
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39							

*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) (q)	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)	Frequency or d.c. (n)	Name Plate Rating of Unit in Kilowatts (o)	Number of Units in Station (p)		
										1
										2
										3
										4
										5
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										37
										38
						TOTALS				39

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COMBUSTION ENGINE AND OTHER GENERATING STATIONS

(except nuclear 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 percent owner-

Line No.	Name of Station (a)	Location of Station (b)	Prime Movers: Diesel or Other Type Engine (c)	Name of Maker (d)	Year Installed (e)	2 or 4 Cycle (f)	Belted or Direct Connected (g)
1	Cleary-Flood	1314 Somerset Ave.	Gas Turbine	General Electric	1976	-	Direct
2		Taunton, Ma					
3							
4							
5							
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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.

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.

Prime Movers — Continued		Generators							
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)	Total Installed Generating Capacity in Kilowatts (name plate ratings) (p)	Line No.
36,810	36,810	1976	13.8 KV	3	60 HZ	26,100	1	26,100	1
									2
									3
									4
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					TOTALS	26,100		26,100	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) Labor (h)	Fuel (i)	Other (j)	Kind of Fuel (k)	Fuel Cost Per KWH Net Generation (Cents) (0.0000) (l)
1												
2												
3												
4												
5												
6												
7												
8												
9												
10												
11												
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25												
26												
27												
28	TOTALS											

Annual report of Taunton Municipal Lighting Plant Year ended December 31, 1980

TRANSMISSION LINE STATISTICS

Report information concerning transmission lines as indicated below.

Line No.	Designation From (a)	Designation To (b)	Operating Voltage (c)	Type of Supporting Structure (d)	Length (Pole Miles) On Structures of Line Designated (e)	Length (Pole Miles) On Structures of Another Line (f)	Number of Circuits (g)	Size of Conductor and Material (h)
1	Gen. Sta. #2	Switch Sta. #2	115 KV	Sp. Wd.St.	0.91	None	1	795 ACSR
2	(Cleary-Flood)							
3								
4	Gen. Sta. #2	Substa. #16	" "	Wood Poles	1.27	None	1	795 AAAC
5								
6	Gen. Sta. #2	Substa. #16	" "	Wood Poles	1.27	None	1	795 AAAC
7	(Cleary-Flood)							
8								
9								
10								
11								
12								
13								
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16								
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41								
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43								
44								
45								
46								
47				TOTALS	3.45	0	3	

*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 (i), (j), 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 affected 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: Primary (c)	Voltage: Secondary (d)	Voltage: Tertiary (e)	Capacity of Substation in kva (In Service) (f)	Number of Transformers in Service (g)	Number of Spare Transformers (h)	Conversion Apparatus and Special Equipment: Type of Equipment (i)	Number of Units (j)	Total Capacity (k)
1	Cleary-Flood Station	Dist. Attended	115	13.8		25,000	1	0			
2											
3	Cleary-Flood Station	Transm. Attended	13.8	115		90,000	1	0			
4											
5	West Water St.	Dist. Unattended	115	13.8		50,000	2	0			
6											
7	West Water St.	Dist. Unattended	13.8	4.16		5,000	3	0			
8											
9	16 Substations (Each	Dist. Unattended	13.8	4.16		43,750	32	0			
10	under 5000 KVA)										
11											
12											
13											
14											
15											
16											
17											
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20											
21											
22											
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27											
28											
29											
30											
31											
32					TOTALS	213,750	39	0			

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OVERHEAD DISTRIBUTION LINES OPERATED

Line No.		Length (Pole Miles)		
		Wood Poles	Steel Towers	Total
1	Miles — Beginning of Year	362.93		362.93
2	Added During Year	2.47		2.47
3	Retired During Year	.85		.85
4	Miles — End of Year	364.55		364.55
5				
6				
7				

8 Distribution System Characteristics — A.C. or D.C., phase, cycles and operating voltages for Light and Power.

9 60 HZ A. C. Primary 4160V Secondary 3 Ø 3 Wire 240/480/600V

10 3 Ø 4 Wire 120/208V

11 1 Ø 120/240V

12

13 60 HZ A. C. Primary 13,800V Secondary 3 Ø 4 Wire 120/208V

14 3 Ø 4 Wire 277/480V

15

ELECTRIC DISTRIBUTION SERVICES, METERS AND LINE TRANSFORMERS

Line No.	Item	Electric Services	Number of Watt-hour Meters	Line Transformers Number	Line Transformers Total Capacity (kva)
16	Number at beginning of year	15,631	23,536	3,570	99,750.7
17	Additions during year:				
18	Purchased	....	740	93	2,747.0
19	Installed	414	....	....	....
20	Associated with utility plant acquired				
21	Total additions	414	740	93	2,747.0
22	Reductions during year:				
23	Retirements	287	62	3	225.0
24	Associated with utility plant sold				
25	Total reductions	287	62	3	225.0
26	Number at End of Year	15,758	24,214	3,660	102,272.7
27	In stock		200	295	8,576.5
28	Locked meters on customers' premises				
29	Inactive transformers on system			51	2,713.0
30	In customers' use		23,956	3,314	90,983.2
31	In company's use		58		
32	Number at End of Year		24,214	3,660	102,272.7

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	Feeder 104.1 104.2 104.3 104.4	1.70	3.17 3 1/C	4160V		
2	" 204.1 204.2 204.3	2.51	4.64 1/C	"		
3	" 304.1 304.2 304.3	0.08	.14 3 1/C	"		
4	" 404.1 404.2 404.3	0.09	.11 3 1/C	"		
5	" 504.1 504.2 504.3	0.10	.25 3 1/C	"		
6	" 604.1 604.2	0.04	.06 3 1/C	"		
7	" 704.1 704.2	0.12	.18 3 1/C	"		
8	" 804.1 804.2	0.05	.07 3 1/C	"		
9	" 904.1 904.2	0.10	.16 3 1/C	"		
10	" 1004.1 1004.2	0.79	.88 3 1/C	"		
11	" 1104.1 1104.2	0.04	.53 3 1/C	"		
12	" 1204.1 1204.2 1204.3	0.15	.23 1 1/C	"		
13	" 1304.1 1304.2 1304.3	0.22	.37 3 1/C	"		
14	" 1704.1	0.07	.07 3 1/C	13800V		
15	" 114.22	0.48	1.72 3 1/C	"		
16	" 114.24	0.38	.42 3 1/C	"		
17	" 214.N1	0.03	.03 3 1/C	"		
18	" 214.N2	0.11	.08 3 1/C	"		
19	" 214.N4	0.88	1.36 3 1/C	"		
20	" 214.31	1.04	1.10 3 1/C	"		
21	" [illegible].101	-	1.17 3 1/C	"		
22	" 314.111 514.111	0.28	.[illegible] 3 1/C	"		
23	" 114.S1	0.51	.51 3 1/C	"	710 3 1/C	13800V
24	" 514.71	0.53	.82 3 1/C	"		
25	" 814.121	0.25	.25 3 1/C	"		
26	" G14.11	0.03	.03 3 1/C	"		
27	" 1614.21	-	1.72 3 1/C	"		
28	" G14.31	1.21	1.62 3 1/C	"		
29	" G14.51	0.28	3.76 3 1/C	"		
30	" G14.S1	0.51	.48 3 1/C	"	860 3 1/C	13800V
31	" 1614.G2	-	.48 3 1/C	"	860 3 1/C	13800V
32	" G14.11	1.23	1.79 3 1/C	"		
33	Continued Next Page					
34	TOTALS					

*Indicate number of conductors per cable.

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 Miles* (c)	Underground Cable Operating Voltage (d)	Submarine Cable Feet* (e)	Submarine Cable Operating Voltage (f)
1	Feeder 114.11	0.18	.18 3 1/C	13800V		
2	" 1614.G1	0.55	.57 3 2/C	"		
3	" 2G14.S1	0.11	.11 3 2/C	"		
4	" 2G14.31	0.03	1.56 3 1/C	"		
5	" 2G14.32	0.03	.03 3 1/C	"		
6	" S14.41 S14.42	0.50	1.00 3 1/C	"		
7	13.8 KV Services	0.87	.96 3 1/C	"		
8	Network Primary	1.36	4.70 3 1/C	120/208V		
9	Network Secondary	5.40	7.26 8 1/C	120/208V		
10				277/480V		
11						
12						
13						
14						
15						
16						
17						
18						
19						
20						
21						
22						
23						
24						
25						
26						
27						
28						
29						
30						
31						
32						
33						
34	TOTALS	22.84	45.41		2,430	

*Indicate number of conductors per cable.

Annual report of Taunton Municipal Lighting Plant Year ended December 31, 19 80

STREET LAMPS CONNECTED TO SYSTEM

Line No.	City or Town (a)	Total (b)	Type: Incandescent Municipal (c)	Incandescent Other (d)	Mercury Vapor Municipal (e)	Mercury Vapor Other (f)	Fluorescent Municipal (g)	Fluorescent Other (h)	Sodium Municipal (i)	Sodium Other (j)
1	Taunton	5,338	2,752	3	1,992	345			183	63
3	Raynham	629	376	37	91	102			1	22
5	Berkley	83	28	30	0	25			0	0
7	No. Dighton	150	0	3	128	16			0	3
51	TOTALS	6,200	3,156	73	2,211	488			184	88

Annual report of Taunton Municipal Lighting Plant Year ended December 31, 1980

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
		No Changes		

THIS RETURN IS SIGNED UNDER THE PENALTIES OF PERJURY

Mayor

Joseph M. Blain Manager of Electric Light

Walter F. Lecomte Jr.
Joseph L. Quinn
Olive H. Olson

Selectmen or Members of the Municipal Light Board

SIGNATURES OF ABOVE PARTIES AFFIXED OUTSIDE THE COMMONWEALTH OF MASSACHUSETTS MUST BE 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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EXTRACTS FROM CHAPTER 164 OF THE GENERAL LAWS AS AMENDED

SECTION 56. The Mayor of a city, or the selectmen or municipal light board, if any, of a town acquiring a gas or electric plant shall appoint a manager of municipal lighting who shall, under the direction and control of the mayor, selectmen or municipal light board, if any, and subject to this chapter, have full charge of the operation and management of the plant, the manufacture and distribution of gas or electricity, the purchase of supplies, the employment of agents and servants, the method, time, price, quantity and quality of the supply, the collection of bills, and the keeping of accounts. His compensation and term of office shall be fixed in cities by the city council and in towns by the selectmen or municipal light board, if any; and, before entering upon the performance of his official duties, he shall give bond to the city or town for the faithful performance thereof in a sum and form and with sureties to the satisfaction of the mayor, selectmen or municipal light board, if any, and shall, at the end of each municipal year, render to them such detailed statement of his doings and of the business and financial matters in his charge as the department may prescribe. All moneys payable to or received by the city, town, manager or municipal light board in connection with the operation of the plant, for the sale of gas or electricity or otherwise, shall be paid to the city or town treasurer. All accounts rendered to or kept in the gas or electric plant of any city shall be subject to the inspection of the city auditor or officer having similar duties, and in towns they shall be subject to the inspection of the selectmen. The auditor or officer having similar duties, or the selectmen, may require any person presenting for settlement an account or claim against such plant to make oath before him or them, in such form as he or they may prescribe, as to the accuracy of such account or claim. The wilful making of a false oath shall be punishable as perjury. The auditor or officer having similar duties in cities, and the selectmen in towns, shall approve the payment of all bills or pay rolls of such plants before they are paid by the treasurer, and may disallow and refuse to approve for payment, in whole or in part, any claim as fraudulent, unlawful or excessive; and in that case the auditor or officer having duties, or the selectmen, shall file with the city or town treasurer a written statement of the reasons for the refusal; and the treasurer shall not pay any claim or bill so disallowed. This section shall not abridge the powers conferred on town accountants by sections fifty-five to sixty-one, inclusive, of chapter forty-one. The manager shall at any time, when required by the mayor, selectmen, municipal light board, if any, or department, make a statement to such officers of his doings, business, receipts, disbursements, balances, and of the indebtedness of the town in his department.

SECTION 57. At the beginning of each fiscal year, the manager of municipal lighting shall furnish to the mayor, selectmen or municipal light board, if any, an estimate of the income from sales of gas and electricity to private consumers during the ensuing fiscal year, and of the expense of the plant during said year, meaning the gross expenses of operation, maintenance and repair, the interest on the bonds, notes or certificates of indebtedness issued to pay for the plant, an amount for depreciation equal to three per cent of the cost of the plant exclusive of land and any water power appurtenant thereto, or such smaller or larger amount as the department may approve, the requirements of the sinking fund or debt incurred for the plant, and the loss, if any, in the operation of the plant during the preceding year, and of the costs, as defined in section 58, of the gas and electricity to be used by the town. The town shall include in its annual appropriations and in the tax levy not less than the estimated cost of the gas and electricity to be used by the town as above defined and estimated. By cost of the plant is intended the total amount expended on the plant to the beginning of the fiscal year for the purpose of establishing, purchasing, extending or enlarging the same. By loss in operation is intended the difference between the actual income from private consumers plus the appropriations for maintenance for the preceding fiscal year and the actual expense of the plant, reckoned as above, for that year in case such expenses exceeded the amount of such income and appropriation. The income from sales and the money appropriated as aforesaid shall be used to pay the annual expense of the plant, defined as above, for the fiscal year, except that no part of the sum therein included for depreciation shall be used for any other purpose than renewals in excess of ordinary repairs, extensions, reconstruction, enlargements and additions. The surplus, if any, of said annual allowances for depreciation after making the above payments shall be kept as a separate fund and used for renewals other than ordinary repairs, extensions, reconstructions, enlargements and additions in succeeding years; and no debt shall be incurred under section forty for any extension, reconstruction or enlargements of the plant in excess of the amount needed therefor in addition to the amount then on hand in said depreciation fund. Said depreciation fund shall be kept and managed by the town treasurer as a separate fund, subject to appropriation by the city council or selectmen or municipal light board, if any, for the foregoing purpose. So much of said fund as the department may from time to time approve may also be used to pay notes, bonds or certificates of indebtedness issued to pay for the cost of reconstruction or renewals in excess of ordinary repairs, when such notes, bonds or certificates of indebtedness become due. All appropriations for the plant shall be either for the annual expense defined as above, or for extensions, reconstruction, enlargements or additions; and no appropriation shall be used for any purpose other than that stated in the vote making the same. No bonds, notes or certificates of indebtedness shall be issued by a town for the annual expenses as defined in this section.

SECTION 63. A town manufacturing or selling gas or electricity for lighting shall keep records of its work and doings at its manufacturing station, and in respect to its distributing plant, as may be required by the department. It shall install and maintain apparatus, satisfactory to the department, for the measurement and recording of the output of gas and electricity, and shall sell the same by meter to private consumers when required by the department, and, if required by it, shall measure all gas or electricity consumed by the town. The books, accounts and returns shall be made and kept in a form prescribed by the department, and the accounts shall be closed annually on the last day of the fiscal year of such town, and a balance sheet of that date shall be taken therefrom and included in the return to the department. The mayor, selectmen or municipal light board and manager shall, at any time, on request, submit said books and accounts to the inspection of the department and furnish any statement or information required by it relative to the condition, management and operation of said business. The department shall, in its annual report, describe the operation of the several municipal plants with such detail as may be necessary to disclose the financial condition and results of each plant; and shall state what towns, if any, operating a plant have failed to comply with this chapter, and what towns, if any, are selling gas or electricity with the approval of the department at less than cost. The mayor, or selectmen, or municipal light board, if any, shall annually, on or before such date as the department fixes, make a return to the department for the preceding fiscal year, signed and sworn to by the mayor, or by a majority of the selectmen or municipal light board, if any, and by the manager, stating the financial condition of said business, the amount of authorized and existing indebtedness, a statement of income and expenses in such detail as the department may require, and a list of its salaried officers and the salary paid to each. The mayor, the selectmen or the municipal light board may direct any additional returns to be made at such time and in such detail as he or they may order. Any officer of a town manufacturing or selling gas or electricity for lighting who, being required by this section to make an annual return to the department, neglects to make such annual return shall, for the first fifteen days or portion thereof during which such neglect continues, forfeit five dollars a day; for the second fifteen days or any portion thereof, ten dollars a day; and for each day thereafter not more than fifteen dollars a day. Any such officer who unreasonably refuses or neglects to make such return shall, in addition thereto, forfeit not more than five hundred dollars. If a return is defective or appears to be erroneous, the department shall notify the officer to amend it within fifteen days. Any such officer who neglects to amend said return within the time specified, when notified to do so, shall forfeit fifteen dollars for each day during which such neglect continues. All forfeitures incurred under this section may be recovered by an information in equity brought in the supreme judicial court by the attorney general, at the relation of the department, and when so recovered shall be paid to the commonwealth.

SECTION 69. The supreme judicial court for the county where the town is situated shall have jurisdiction on petition of the department or of twenty taxable inhabitants of the town to compel the fixing of prices by the town in compliance with sections fifty-seven and fifty-eight, to prevent any town from purchasing, operating or selling a gas or electric plant in violation of any provision of this chapter, and generally to enforce compliance with the terms and provisions thereof relative to the manufacture or distribution of gas or electricity by a town.

VERMONT ELECTRIC COOPERATIVE, INC.

Units No. 1 and No. 2

Seabrook Nuclear Power Station

Seabrook, New Hampshire

Information furnished pursuant to Section 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

ORGANIZATION AND CONTROL

(a) Name of Applicant

Vermont Electric Cooperative, Inc.

(b) Address of Applicant

School Street
Johnson, Vermont 05656

(c) Description of Business of Applicant

Vermont Electric Cooperative, Inc. ("VEC") is an electric distribution cooperative operating as a Vermont Corporation with principal offices at School Street, Johnson, Vermont. Additional information on this Cooperative is given in the 1980 Annual Report attached as "Exhibit 1"

(d) Corporate Organization

VEC is a corporation organized under the laws of the State of Vermont.

(e) Corporate Officers and Directors

The names and residence addresses of VEC's Trustees and principal officers are as follows:

Name	Residence
J. Douglas Webb, President	Fairfax, Vermont
Clyde Jones, 1st Vice-President	East Dover, Vermont
William Kinney, 2nd Vice-President	Jeffersonville, Vermont
Marshall Washer, Treasurer	Johnson, Vermont
Laura L. D. Howe, Secretary	Jamaica, Vermont
Benoit Blais, Trustee	Derby Line, Vermont
Arnold Centabar, Trustee	Enosburg Falls, Vermont
J. George Butler, Trustee	Jacksonville, Vermont
Sumner Farr, Trustee	Richmond, Vermont
Henry Pillsbury, Trustee	Williston, Vermont
Clifford Snider, Trustee	Richford, Vermont
Richard Allen, Trustee	Jacksonville, Vermont
Ernest Earle, Jr. Trustee	Eden, Vermont
Alvin Warner, Trustee	Lowell, Vermont
Gerard Caron, Trustee	Westford, Vermont
William J. Gallagher, Vice-President & Executive Manager	Morrisville, Vermont
Jerry L. Bucholz, Assistant Treasurer & Controller	Morrisville, Vermont

All of the Trustees and principal officers of VEC are citizens of the United States of America. VEC is not owned, controlled or dominated by an alien, foreign corporation or foreign government.

II. FINANCIAL QUALIFICATIONS

Under the Joint Ownership Agreement, Vermont Electric Cooperative, Inc., 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 0.41259 percent 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, Vermont Electric Cooperative, Inc.'s share of these costs should amount approximately to $619,000 and $619,000 for the first five years of operations of Units 1 and 2, respectively; and approximately $173,000 to $ 355,000 for the decommissioning of the two Units. In addition, Vermont Electric Cooperative, Inc.'s share of fuel expenses during the period would be $2,117,000.

As evidence of its financial qualifications to meet those costs, Vermont Electric Cooperative, Inc., submits herewith.

(1) 1980 Annual Report to Members (Exhibit 1).

III. REGULATORY AGENCIES AND PUBLICATIONS

(a) Regulatory Agencies

The following regulatory agencies have jurisdiction over the rates and services of Vermont Electric Cooperative, Inc.

Vermont Public Service Board
120 State Street
Montpelier, Vermont 05602

Rural Electrification Administration
U.S.D.A. Building - South
Washington, D.C. 20250

(b) Publications

The following trade and news publications are used by Vermont Electric Cooperative, Inc., for official notification, and/or are otherwise appropriate for notices regarding this unit.

Burlington Free Press
191 College Street
Burlington, Vermont 05401

Brattleboro Reformer
71 Main Street
Brattleboro, Vermont 05301

Lamoille County Weekly
Main Street
Johnson, Vermont 05656

The Transcript
c/o News & Citizens
Morrisville, Vermont 05661

Newport Daily Express
Nine Central Street
Newport, Vermont 05855

St. Albans Messenger
281 North Main Street
St. Albans, Vermont 05478