CENTRAL VERMONT PUBLIC SERVICE CORPORATION · 1980 ANNUAL REPORT

"Our country must adopt a balanced energy program to solve the energy crisis and avoid shortages of electricity in the 1980's and 1990's. To achieve this balanced [illegible] program, the nation [illegible]

—Make efficient [illegible]

—Develop a [illegible] energy policy [illegible] business and [illegible]

—Invest in energy research [illegible]

—Develop an education [illegible] we are all aware of the [illegible] ramifications.

—Have a commitment [illegible] balanced energy [illegible]

J. E. [illegible]

CENTRAL VERMONT
PUBLIC SERVICE CORPORATION
77 Grove Street, Rutland, Vermont 05701
Telephone: (802) 773-2711

Annual Meeting

The annual meeting of Central Vermont Public Service Corporation stockholders will be held on Tuesday, May 5, 1981 in Rutland, Vermont. Notice of this meeting, together with proxy statement and proxy, will be mailed to common stockholders in early April, 1981.

Transfer Agent and Registrar

The First National Bank of Boston, Boston, Massachusetts 02102 — for Common Stock and all series of Preferred Stock.

Please Note

This report is prepared for the information of security holders, analysts, Company personnel, customers and other interested persons. It is not transmitted in connection with the sale of any security.

THE COMPANY WILL PROVIDE EACH SHAREHOLDER A COPY OF THE FORM 10-K, ANNUAL REPORT TO THE SECURITIES AND EXCHANGE COMMISSION, WITHOUT CHARGE UPON REQUEST TO THE SECRETARY OF THE COMPANY.

Site of Frog Hollow hydro-electric project Middlebury, Vermont

Letter to Shareholders

In contrast to the well-publicized economic decline of the northeastern part of the United States during the 1970's, Vermont's economy remained strong and the rate of growth of its population during the decade was 25 percent greater than any other New England state with the exception of New Hampshire. The year 1980 was a very difficult year for New England utilities. Your Company's earnings per common share were $2.29, a decrease of 45 cents, or 16.4 percent below 1979 earnings. The combination of dramatic increases in purchased power costs, inflation, and the absence of a purchased power adjustment clause in our Vermont retail business contributed to our earnings decline in 1980.

Since power costs comprised 56 percent of our total cost of service during 1980 and the Company could not recover the escalating power costs through an adjustment clause, we were aggressive in our rate case filings. We filed retail rate cases in Vermont in March (6.23 percent); in September (4.6 percent), followed in November by a comprehensive case requesting 22.8 percent. In New Hampshire, two retail cases were filed and rate orders received allowing recovery of virtually all the revenues requested. In addition, we filed a wholesale rate increase request with the Federal Energy Regulatory Commission (FERC) affecting our seven wholesale customers. A settlement was arrived at with these smaller utilities stipulating a rate increase of 11.3 percent.

The Company has demonstrated its ability to predict and control its costs in virtually all areas except for purchased power. Therefore, the restoration of a purchased power adjustment clause into our Vermont retail tariff is of prime importance to us and will be a major issue in our pending rate case.

Common Dividend Increased

Despite these difficult operating conditions, in order to compensate the equity owners, the common stock dividend was raised with the November 15, 1980 payment to 48 cents a quarter from 46 cents. The indicated annual dividend is $1.92. It is the goal of our Company to increase the dividend when financially feasible, relating the dividend to earnings, book value and, most importantly, to the preservation of the real income of the shareholder.

Load Management

The Company expects the cost of power to increase over the foreseeable future. New sources of electric energy will be very expensive. Our load management program attempts to moderate customer usage during hours of peak demand, particularly during our peak winter season. This should result in more intensive and efficient use of Company facilities. In this way, new or expanded facilities may be postponed or eliminated. An effective load management program reduces capital requirements thus benefiting both ratepayer and stockholder.

Nuclear Stations

In response to the Three Mile Island accident, each of the nuclear stations in New England in which our Company participates as an owner has been reviewing and upgrading personnel training, operating standards, and is installing new equipment for monitoring and control of its plant.

Vermont Yankee's 1980 availability factor (percentage of time the plant is actually available to produce electricity) was 71.5 percent in 1980, despite an extended refueling and maintenance outage. The plant's cumulative availability factor is 76.6 percent. This is significantly above the national averages for other nuclear facilities, as well as coal and oil-fired plants. The plant returned to full power output in late December and is now providing 540 megawatts to New England utilities.

Northeast Utilities, lead sponsor in a proposed nuclear power station at Montague, Massachusetts, has announced cancellation of the planned twin 1150 megawatt plants. Our Company, which was a joint owner, had a small ownership percentage of the potential output. The Company believes that its investment will be recovered through future rates charged to customers.

L. Douglas Meredith *J. E. Griffin*

Outlook for 1981

Three important challenges face us in 1981. The first is to strengthen our financial position. Because of the volatility of energy prices, continuing inflation, plus regulatory lag in issuing decisions, we will continue to accelerate our efforts to more frequently and timely file for rate relief.

Our second challenge, which is common to most electric utilities throughout the United States, is to develop a capital construction program which permits us to achieve our financial goals as outlined on page 7. To do this, we will aggressively explore every means to keep our capital expenditures at a minimum.

The third challenge is to investigate with others the possibilities of utilizing some of the hydroelectric potential existing in the Eastern Provinces of Canada.

These three challenges are interrelated. Each is dependent upon the other. Your Company's job will be to maintain a balance which is in the best interests of our stockholders and customers.

With changing positive attitudes which seem to be developing toward the energy business, we believe 1981 will be a good year for your Company and we will keep you informed of our progress through our quarterly reports.

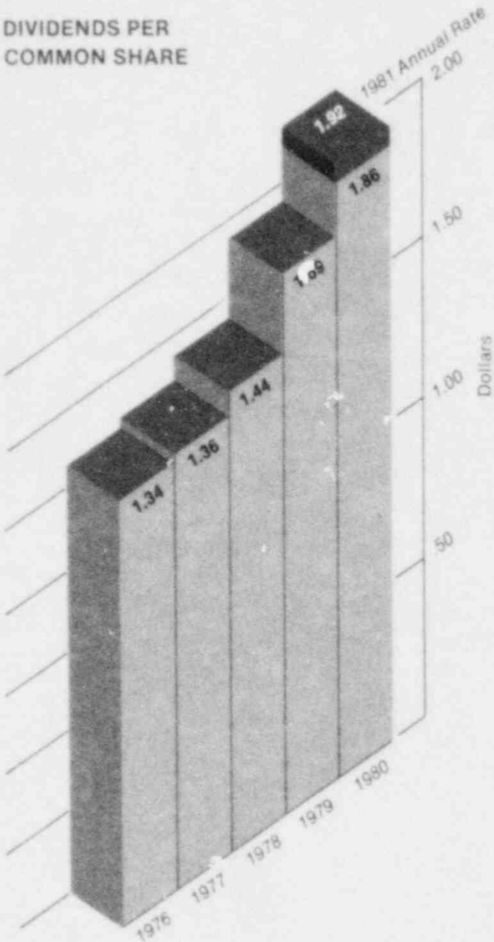
James E. Griffin

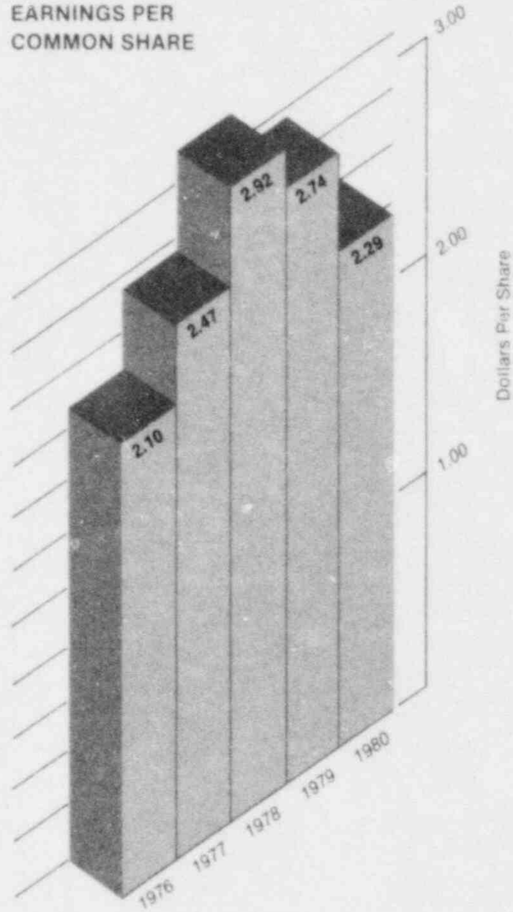
JAMES E. GRIFFIN
President and Chief Executive Officer

L. Douglas Meredith

L. DOUGLAS MEREDITH
Chairman

February 17, 1981

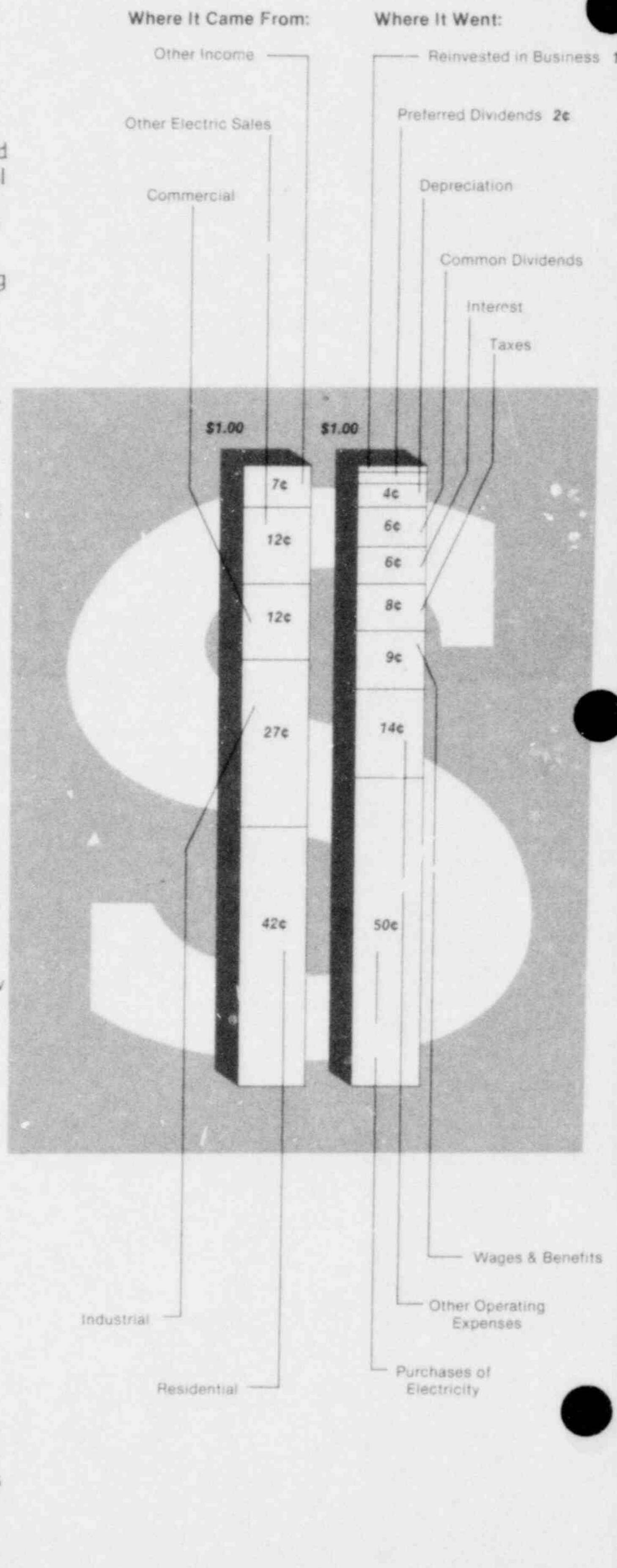




HIGHLIGHTS	1980	1979	% Change
Financial (dollars in thousands)			
Revenues	$ 90,735	$ 78,185	+16.1
Net Income	$ 8,902	$ 9,767	- 8.9
Net Income for Common Stock	$ 6,804	$ 7,995	-14.9
Construction Expenditures	$ 15,573	$ 13,065	+19.2
Net Utility Plant	$139,144	$124,930	+11.4
Total Capitalization	$169,433	$152,466	+11.1
Average Shares of Common Stock Outstanding	[illegible],972,066	2,921,527	+ 1.7
Debt/Percent of Total Capitalization	44.7%	44.3%	+ 0.9
Return on Common Equity (Average)	10.4%	12.8%	-18.7
Per Share of Common Sto[illegible]			
Net Income	$ 2.29	$ 2.74	-16.4
Dividends Paid	$ 1.86	$ 1.69	+10.1
Book Value (Year-End)	$22.12	$21.84	+ 1.3
Operating			
Retail Electric Sales (MWH)	1,746,246	1,677,739	+ 4.1
System Peak Demand (KW)	364,800	372,500	- 2.1
System Load Factor	62.9%	58.8%	+ 7.0
Degree Days (Rutland, Vermont)	7,777	6,890	+12.9
Customers	111,720	109,980	+ 1.6
Employees	574	577	- 0.5

Year in Review

THE 1980 INCOME DOLLAR



Revenues and Sales

The pattern of sales growth during 1980 was uneven. Kilowatt-hour sales to retail customers increased by only 1.9 percent during the first nine months. However, sales increased by 10.3 percent during the last quarter, resulting in an annual growth of 4.1 percent. Sales to our wholesale customers increased by 19.1 percent. Sales were influenced by some of the coldest weather of the century in the last quarter in contrast to the prior year's unseasonably warm weather during the same period.

Even though the Company has discouraged the use of resistance and uncontrolled electric heat through rate design, electric use is sensitive to periods of intense cold weather. Degree days for 1980 were approximately 13 percent greater than the previous year, and during the last quarter, degree days were 35 percent more than the corresponding 1979 period. As our customers attempt to cope with increasing energy costs and inflation in general, many are experimenting with different methods of heating. For example, over 10 percent of the Company's residential customers have purchased some form of portable heating devices, such as quartz heaters, during the past twelve months. Many of these devices are used to supplement oil heating. We estimate that 25 percent of our customers are currently burning wood as a primary heating source with a greater number supplementing their oil or electric heat with wood.

Economic activity in Vermont expanded in 1980 despite the national economic slowdown. (See the Economic Development section.) As a result of the economic activity and population growth, the number of residential customers increased in 1980 by 2 percent and their kilowatt-hour usage rose by 4.2 percent. Commercial and industrial customers increased their usage by 3.5 percent and 4.5 percent, respectively. Taking into account the abnormally cold weather in 1980 and allowing for national economic trends, slower growth is forecast for 1981.

The Company is engaged in a number of efforts to review the prospects for the future demand of electricity. These efforts are aimed at identifying and measuring the many factors that affect the demand for electric energy, including rapidly changing relative costs of energy sources, particularly oil; the effect of customers' attempts to maintain living standards by making spending changes; and the effect of future growth in the Vermont economy. The Company is following the development of alternate energy sources by our customers. The Company's long-range forecast predicts an annual growth in energy sales of 2.4 percent, and a growth in capacity requirements of 2.1 percent. If these predictions are realized, the result will be a continuation of the trend over the past ten years of an improving load factor. Load factor is a measure of the use of the Company's facilities comparing peak use to total use.

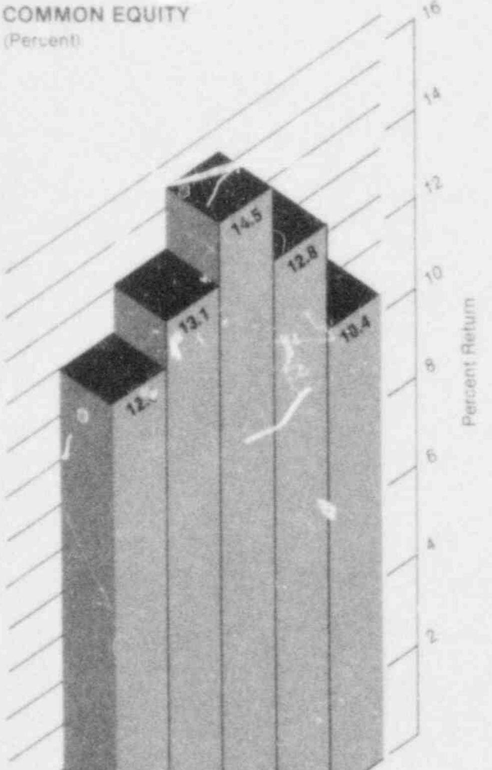
Earnings and Return to Investors

Earnings per common share in 1980 amounted to $2.29 per share compared to $2.74 in 1979. With three rate requests pending in Vermont, we anticipate improved earnings in 1981.

As noted in the Letter to Shareholders, the goal of the Company is to regularly increase the dividend level in order to competitively compensate the equity owners of the Company. In line with this policy, the Company's dividend rate was increased in the fourth quarter from 46 cents per common share to 48 cents per share or $1.92 on an annual basis.

The return on common equity for the past five years is shown on this page. During this time, the Company has maintained a return on equity above the industry average.

RETURN ON AVERAGE COMMON EQUITY
(Percent)



Rate Case Activity

The Company continuously monitors its rate of return in each regulatory jurisdiction — Vermont, New Hampshire and the Federal Energy Regulatory Commission. Our policy is to file for rate relief as soon as practicable whenever results show an inadequate return on common equity.

The Company filed six rate requests during 1980, as shown on the chart on the succeeding page which summarizes rate activity during the last decade. Three of these rate filings were concluded successfully during the year with rates put into effect at the requested dates.

The resale rate case filed with the Federal Energy Regulatory Commission and applicable to the Company's wholesale customers resulted in a negotiated settlement and implementation of a $786,000 increase without the usual seven month suspension period. The New Hampshire Public Utilities Commission immediately allowed an increase in the portion of the rate request applicable to the Company's wholly-owned subsidiary, Connecticut Valley Electric Company Inc. Two additional increases related to Connecticut Valley became effective on June 1, 1980 and January 1, 1981. These resulted in additional annual revenues of $206,000.

Three Vermont retail requests remain outstanding. The first two rate cases reflected increases in purchased power costs representing annual revenues of $7.8 million. The third Vermont retail case filed in late November to become effective January 1, 1981 is the largest single filing the Company has made and addresses a broad spectrum of issues.

Among the many issues of importance in this case is a request for a return on common equity of 18.2 percent which the Company maintains is required to attract equity capital under current economic conditions. With regard to the quality of earnings, the Company has requested that a portion of its joint ownership units be included in the rate base in order to reduce the ratio of Allowance for Funds Used During Construction (AFUDC) to net income. The Company has also requested a shift to the normalized tax treatment of accelerated depreciation to improve the Company's cash flow. A restructured purchased power clause which will allow for the timely collection of costs has been reintroduced to replace the fuel clause that was discontinued in 1978. The clause proposes safeguards, including monthly reviews by a representative of the public, in order to allay any fears that the clause might be misused.

The Company has continued its leadership in rate design in the areas of seasonal pricing and time-of-day rates. (See Load Management Update.)

Regulatory Reorganization in Vermont

During the 1980 Vermont legislative session, the Public Service Board was reorganized. The new structure separated the regulatory function from the administrative function effective February 1, 1981. The new Administrative Department, which is called the Department of Public Service, will serve as the public agency for planning the State's total energy requirements and includes Divisions of Public Advocacy, Engineering, Economics and Consumer Affairs which will represent consumers in rate proceedings. The Public Service Board will continue to be responsible for setting rates for regulated services of all types. The Public Service Board is comprised of three members appointed by the Governor. The members of the Board and their terms of appointment are as follows:

Chairman*

Rosalyn Hunneman, Educator; Guilford; Term Expires 1983

Samuel Bloomberg, Lawyer; Burlington; Term Expires 1985

* The Chairmanship is presently vacant.

Central Vermont Public Service Corporation Rate Increases (Dollars in Thousands)

	Requested			Approved		
	Filed	Amount	Percent	Effective*	Amount	Percent
VERMONT						
#3444	8/3/70	$ 4,054	19.3%	9/3/70	$2,554	11.8%
#3502	6/15/71	4,500	18.2%	7/15/72	3,138	12.7%
#3678	1/19/73	Variable (1)		7/1/73	Variable (1)	
#3744 (Interim)	8/24/73	6,203	18.9%	12/1/73 to 2/1/74	4,100	12.5%
#3744	12/31/73	10,599 (2)	31.5%	2/1/74	5,434	15.8%
				11/1/74 (3)	1,351	3.0%
#3991	6/3/75	6,613	15.0%	7/3/75	6,613	10.5%
#4230	5/18/77, 8/15/77	9,882	18.7%	6/18/77	6,347	11.96%
—	11/30/79	5,281	8.2%	1/1/80	5,281	8.2%
#4460	3/21/80	4,328	6.23%			
#4496	9/4/80	3,450	4.6%			
#4504	11/26/80	18,031	22.8%			
NEW HAMPSHIRE						
IR-14,205	3/4/74	257	9.1%	4/14/74	257	9.1%
DR-74-238	12/24/74	877	28.3%	4/1/75	877	28.3%
DR-76-95	7/1/76	927	22.5%	9/1/76	927	22.5%
DR-76-187	12/22/76	34[illegible]	6.8%	3/1/77	344	6.8%
DR-78-72	5/8/78	272	5.0%	9/26/78	272	5.0%
DR-80-92	4/14/80	219	3.7%	6/2/80	163	2.7%
				1/1/81 (3)	44	.7%
DR-80-178	8/7/80	514	7.5%	9/30/80	514	7.5%
FEDERAL ENERGY REGULATORY COMMISSION (FERC)						
E-7685	11/29/71	751	32.9%	6/28/72	598	22.7%(4)
E-7798	11/1/72	278	8.3%	6/1/73		
E-9040	9/27/74	1,947	60.0%	1/6/75	1,823	56.0%
ER76-533	3/1/76	952	19.0%	9/1/76	842	16.8%
ER80-422	5/30/80	931	13.4%	8/2/80	786	11.3%

(1) Purchased Power and Fuel Adjustment Clause and Successive Clauses Terminated December 1978

(2) Including Interim Request (3) Update (4) FERC Dockets Consolidated

* Effective date reflects recoupment wherever applicable.

Financing and Capital Requirements

The Company's 1980 construction expenditures amounted to $15.6 million; $7.1 million was for in-state construction and $8.5 million was related to nuclear investments and fuel. The Company's internally generated funds as a percent of these expenditures was 66 percent.

The Company is reevaluating its financing objectives and goals as a result of the continuing inflationary trends and the difficulties in obtaining regulatory approval of various programs which the Company feels are necessary. The purpose is to determine the level of capital expenditures which the Company can support and at the same time achieve its financial goals. The financial goals which the Company has set include the following:

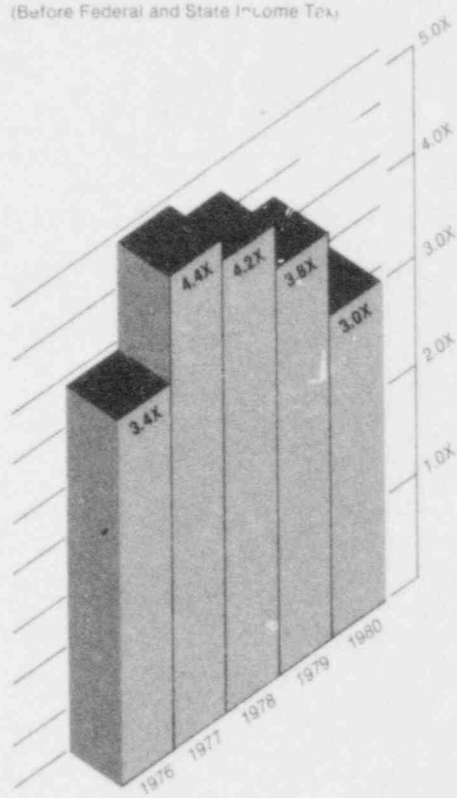
1. Earn a rate of return on common equity attractive to today's investors which requires an allowance far greater than the currently allowed level of 14.5 percent;
2. Achieve interest coverage before income taxes and including Allowance for Funds Used During Construction (AFUDC) of 3 to 3.5 times;
3. Maintain a level of internally generated cash as a percent of the construction program of at least 40 percent, with an objective of increasing that amount by the mid-1980's;
4. Allow AFUDC as a percent of net income available to common stock of no more than 35 to 40 percent;
5. Maintain long-term debt as a percentage of total capital of between 46 and 48 percent.

The issuance of $8 million of $100 Par Value, 12.75% Dividend Series of Preferred Stock, was the only new permanent financing which the Company undertook in 1980. An additional $0.847 million of common equity was raised through the Dividend Reinvestment and Common Stock Purchase Plan ($0.689 million) and the Company's participation in the Tax Reduction Act Stock Ownership Plan ($0.158 million). The Company remained active in the commercial paper market and at the end of the year had outstanding commercial paper of $10.7 million, with short-term bank borrowings of $1.6 million.

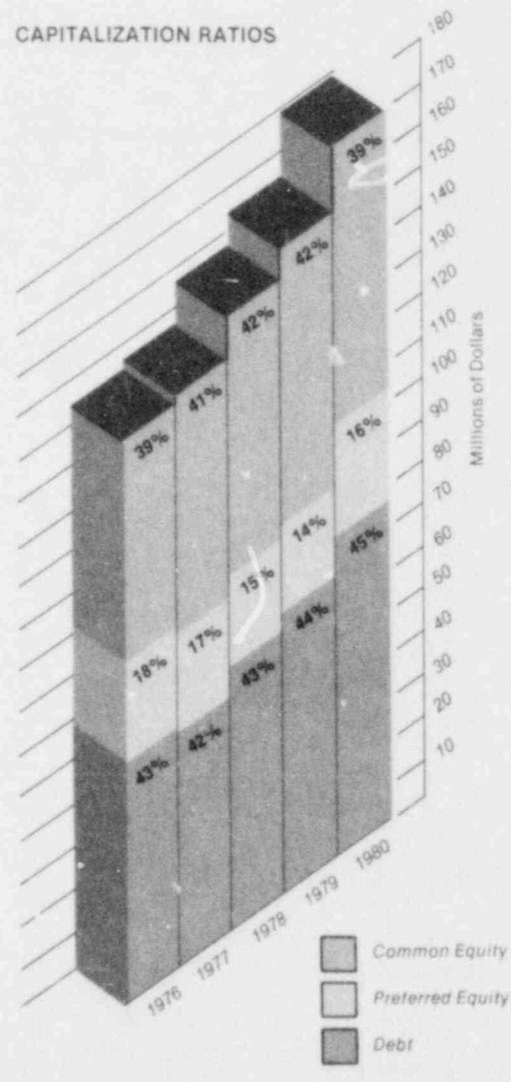
The capital structure at the end of the year was close to the Company's overall targets. Coverage ratios were maintained at a satisfactory level. The Company's 1981 financial plan is to first sell mortgage bonds and later in the year to issue additional common stock.

The Company received preliminary approval from the Vermont Industrial Development Authority (VIDA) to issue tax exempt revenue bonds. These bonds would enable the Company to lower its borrowing cost when compared with conventional financing. VIDA has approved the use of these funds in the development of the three low head hydro facilities located within Vermont. In connection with these projects, the Company also obtained a tax exempt ruling from the Internal Revenue Service supporting the issuance of tax exempt bond financing. These approvals should give the Company access to lower cost money when these projects are developed.

TIMES (X) FUNDED DEBT INTEREST EARNED
(Before Federal and State Income Tax)



CAPITALIZATION RATIOS



Power Sources

Current Sources

The peak output was set in December when a maximum demand level of 364,800 kilowatts was reached. This represents a decrease of 2.1 percent from the previous year. With total energy use increasing by 5.1 percent, the annual load factor improved from 58.8 percent to 62.9 percent.

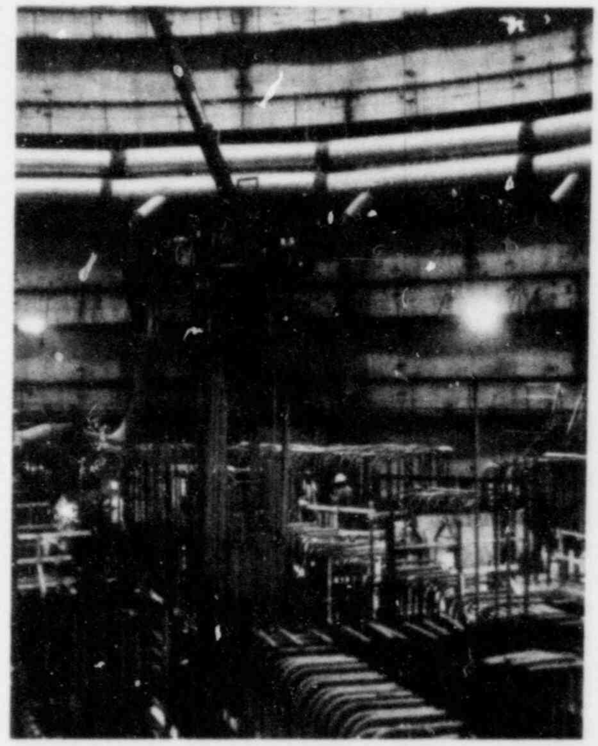
The Company relies to a considerable extent on nuclear and hydro power in providing its base load sources of energy. During 1980, nuclear power provided 39 percent of the Company's energy requirements, hydro 28 percent, coal 11 percent, and oil 22 percent.

In addition to the Vermont Yankee nuclear plant, which provided 31 percent of the Company's 1980 energy requirements, other nuclear plants in which the Company has an ownership interest provided an additional 8 percent. The Company's own hydroelectric generation operated at far less than normal conditions due to lack of precipitation but did provide 7 percent of energy requirements. Hydro power from the Power Authority of the State of New York (PASNY), for which the Company has a contract through June 1985, provided 19 percent of the Company's requirements, also less than the previous year.

The Company has a long-term contract for 45 megawatts from the Merrimack coal plant in New Hampshire providing 11 percent of 1980 energy requirements. The balance of the Company's output was provided by various oil generating units including the Wyman plant in Maine in which the Company is a joint owner.

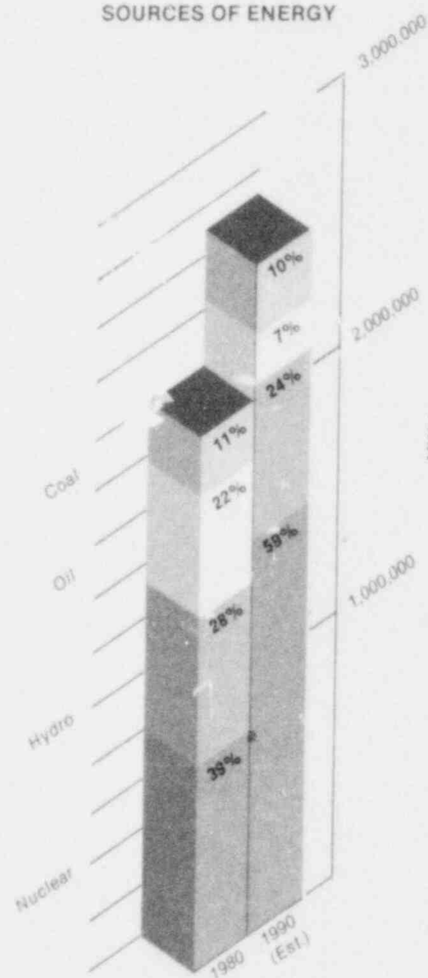
Future Sources of Power

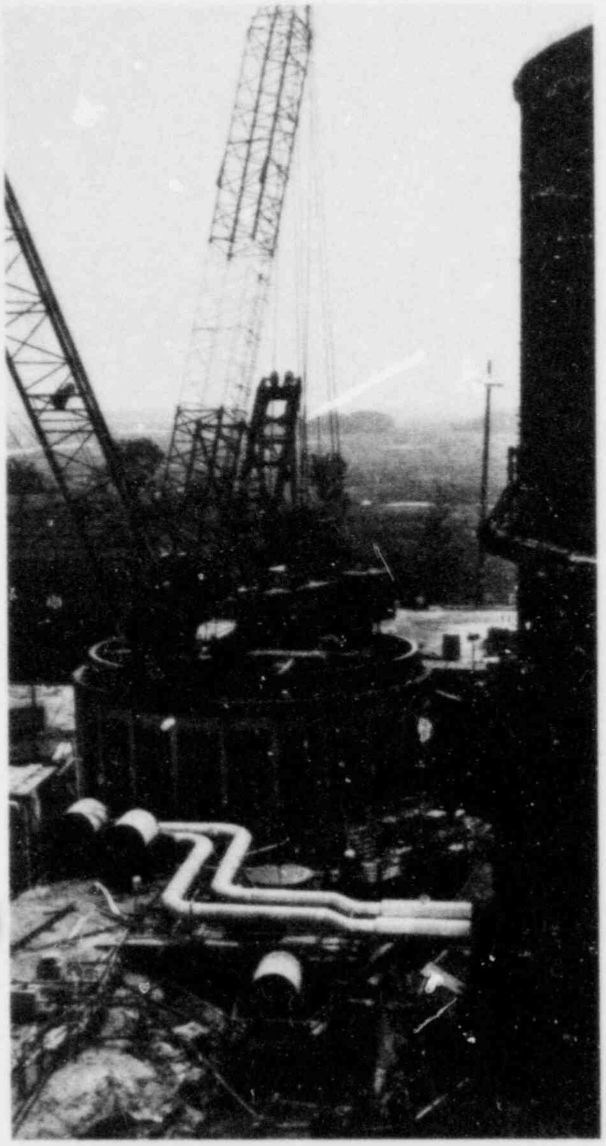
As a result of a number of factors, the Company is evaluating its future power commitments and possible alternatives. The Company's commitment to future sources has been heavily tied to nuclear power. (See Table.) In 1980, however, the Montague units were cancelled by the lead sponsor, Northeast Utilities. Central Vermont had a 1.73 percent ownership in these units and has invested $0.8 million. The Millstone #3 unit and Seabrook #1 unit are both over 35 percent completed and the Seabrook #1 unit is expected to be in service in 1984. The Pilgrim #2 unit, however, is awaiting issuance of a construction permit. The Company believes that these units are needed, and that nuclear power continues to be the lowest cost base load power. In view of the Company's stated financial targets and the current regulatory treatment of out-of-state generation facilities under construction, disallowing construction work in progress (CWIP) from inclusion in rate base, the Company is evaluating possible alternate sources to meet its modest growth projections.



Seabrook Power Plant. Inside reactor building. The operating floor will be located here.

SOURCES OF ENERGY





Seabrook Power Plant. Main construction crane lifts materials into the reactor building

Such alternatives include development of in-state hydro facilities, participation in a coal plant, a woodburning plant, as well as cogeneration opportunities throughout the State. In addition, it is continuing efforts in areas such as rate design and load management in an effort to restructure demand patterns in order to balance energy demands and thereby reduce capital requirements, especially for generation.

During 1980, 25 megawatts of power from Hydro Quebec facilities located in Canada were transmitted to Central Vermont through a State of Vermont purchase. Although this power is not available on a firm basis during the winter, the availability to date has been excellent. Other Canadian opportunities are being explored by the Company through the New England Power Pool.

The Company is proceeding in the planning and development stages of a number of smaller hydro projects, including Frog Hollow (1500 kilowatts) located on the Otter Creek in Middlebury; Bradford (930 kilowatts) on the Waits River; and Barnet (2200 kilowatts) on the Passumpsic River. As noted previously, the Company anticipates financing these projects with revenue bonds. These facilities are located in existing sites that were abandoned a number of years ago when the low price of substitute oil generation made these sites uneconomical.

FUTURE POWER SOURCES

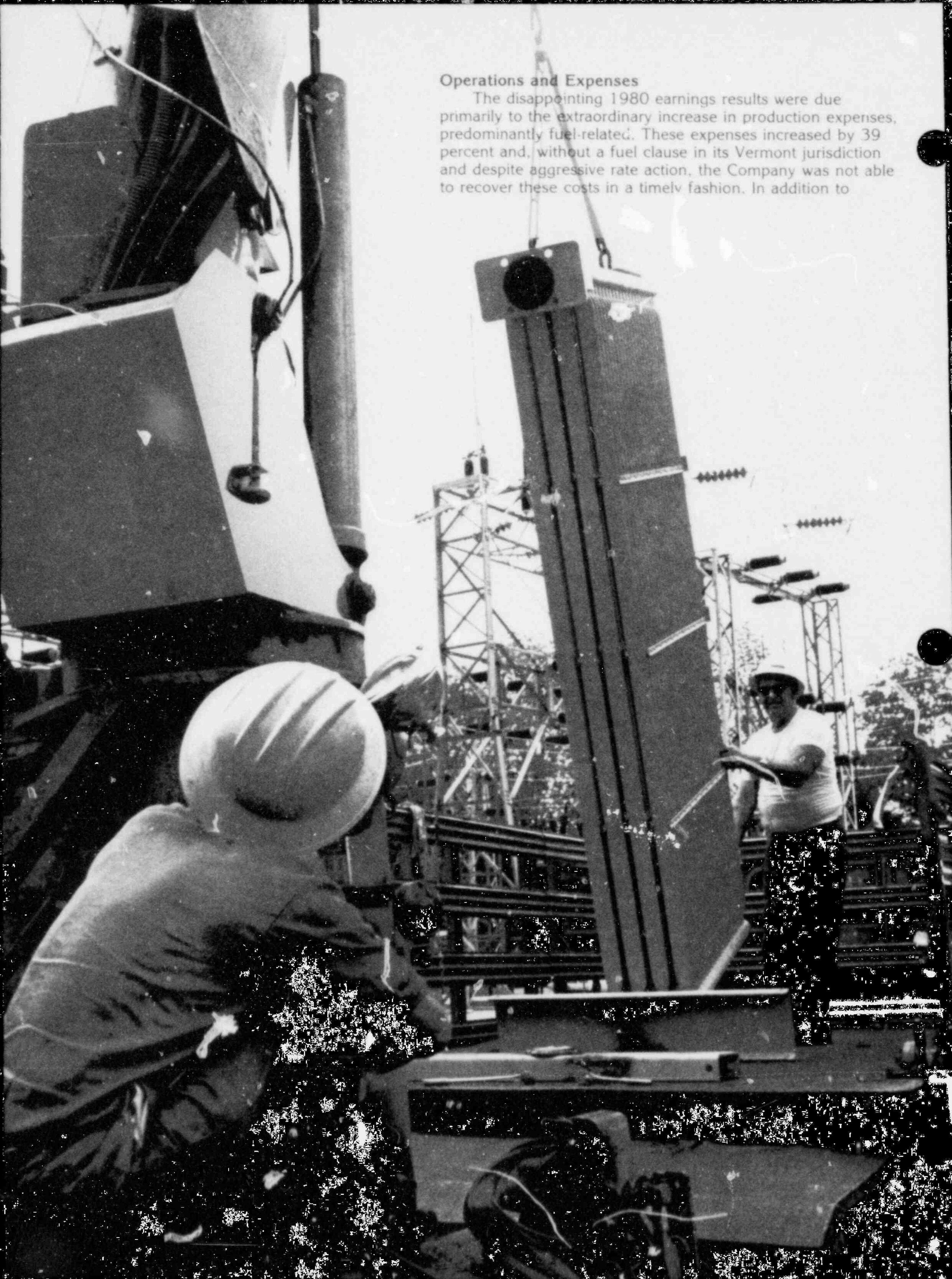
Unit Name	Fuel Source	Completion Date	Megawatts	Cost in Thousands: Actual thru 1980	Cost in Thousands: Projected 1981 thru Completion	Cost in Thousands: Total
Bradford	Hydro	1982	.9	$ 99	$ 1,879	$ 1,978
Frog Hollow	Hydro	1983	1.5	66	2,903	2,969
Barnet	Hydro	1984	2.2	55	4,300	4,355
Seabrook #1 & #2	Nuclear	1984, 1986	36.6	20,954	36,344	57,298
Millstone #3	Nuclear	1986	19.9	16,161	34,296	50,457
Pilgrim #2	Nuclear	1987	20.5	7,085	29,876	36,961

Other possible sources:

Coal plant	Coal
Wood plant	Wood chips

Operations and Expenses

The disappointing 1980 earnings results were due primarily to the extraordinary increase in production expenses, predominantly fuel-related. These expenses increased by 39 percent and, without a fuel clause in its Vermont jurisdiction and despite aggressive rate action, the Company was not able to recover these costs in a timely fashion. In addition to



requesting rate relief, the Company moved decisively during 1980 to reduce expenses. In June, reductions in the 1980 operating budget of over $1.2 million were placed in effect. A more detailed budget variance analysis was introduced to provide timely explanations of differences between predicted and actual expenses. Management control, utilizing an automated general ledger system, resulted in an increase of only 3 percent in all operating expenses, other than purchased power and income taxes, while inflation was over 12 percent for the year. Moreover, the number of Company employees actually declined during the year.

The Company is examining productivity and cost improvements in all areas of activity. Word processing has been utilized in several departments to speed and simplify workflow. Detailed analyses of vehicle sizing, mileage driven and inventory levels have been accomplished. Specific recommendations have been implemented reducing expenses while maintaining service levels.

Division operations are consistently monitored to ensure that standards of performance are met. Many engineering tasks have been decentralized both to reduce costs and to provide rapid response to customer needs. The purchase of more efficient equipment will reduce electrical losses, thus reducing expenses.

In 1981, the Company will emphasize productivity increases and expense reductions as methods to maintain service levels at minimum cost.

Load Management Update

Our customers experienced increasing prices for all forms of energy in 1980. Having relied on oil for 70 percent of their energy needs, our customers have been particularly hard hit by escalating oil prices. They have turned extensively to conservation, and to burning wood and coal in hopes of alleviating the erosion of disposable income. However, the demand and price for firewood continue to increase and coal suppliers have not been able to keep up with the new demand for coal. These problems are of concern to the Company since new home construction often uses baseboard electric heat as a backup system for wood and coal stoves, and as support for solar systems as well. The price of oil has also caused the business community to look to electricity as a dependable alternative.

As a result of these developments, the load management and pricing efforts of the Company have become even more important as a tool for managing future growth.

The Company's load management program is also important in achieving the goal of more balanced seasonal load requirements. The program added 3,000 customers in 1980. Particularly significant was the 60 percent increase in time-of-day customers. Combination oil and electric heating systems are now in operation using both hot water and warm air heat distribution. The Company has implemented a program to expand its ripple control system by 2,000 customers. This will bring the number of the Company's load management customers under ripple control to 4,500 or about 4 percent of total customers.

The Company is working with customers in developing their own generation facilities. Of particular importance is the recent installation of a 230 kilowatt steam turbine at Middlebury College. This cogeneration facility generates electricity when the college's steam plant is operating to produce steam for space heating requirements. This facility benefits both the college, by reducing its electric bill, and the Company, by lowering our system peak. The Company is actively pursuing development of other cogeneration projects, along with other customer-owned generation facilities.

Load Management Programs

Program	Customers		
	12/31/79	12/31/80	Growth
Off Peak Water Heating	28,901	31,197	2,296
Time of Day Rate	909	1,452	543
Storage Heat	251	409	158
Winter/Summer Pricing	All customers		

Economic Developments

Economic activity in Vermont and in Central Vermont's service area continued to expand during 1980 despite the national economic slowdown.

The principal strength of the Vermont economy is the diversified nature of its businesses. This includes a healthy mixture of manufacturing, agriculture and tourism. As a result of this diversity, no single business activity dominates the Company's service area economy. The largest industry segment represents less than 4.5% of Company kilowatt hour sales and the five largest industrial customers (comprising 11 individual plants) account for less than 7% of sales.

The centerfold of this report illustrates the diversified industries served by the Company. The chart reflects the stability of the Company's seven largest industrial customer groups.

Vermont's economy is influenced by a number of factors favorable to business development including:

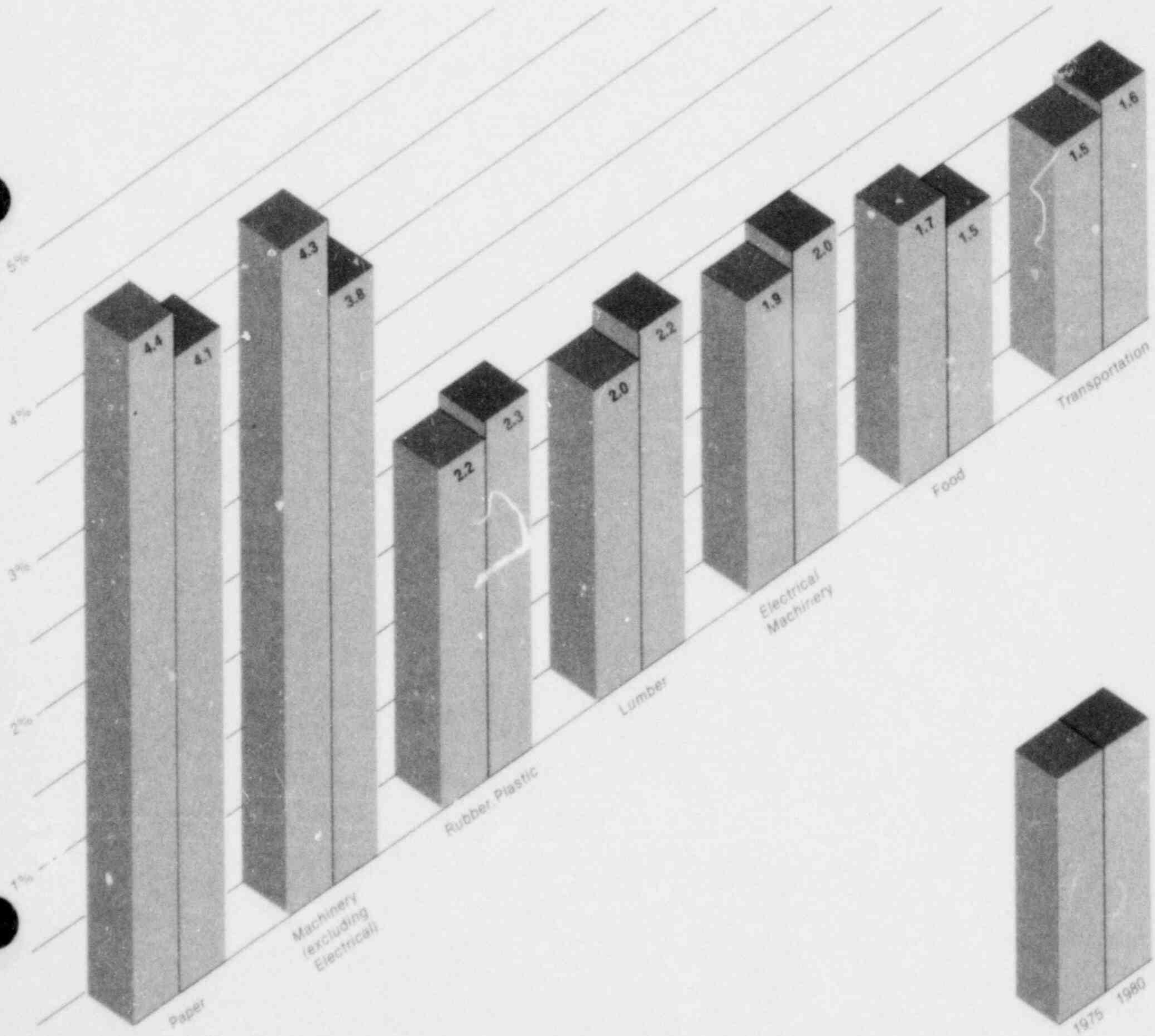
1. An adequate labor supply;
2. A skilled labor force;
3. Good labor-management relations;
4. A positive attitude towards business by the State and most of its communities;
5. Natural resources;
6. Proximity to major popula centers.

Vermont's unique combination of a productive labor force, natural resources and a desirable quality of life provides an attractive environment for a number of industries. Two major Vermont industries — paper and machinery — reflect the State's resources. The paper industry is successful due in part to the presence and availability of significant amounts of forest land. The machine tool industry has been built upon the skills and productivity of the Vermont work force.

Vermont's workers are noted for their dedication stability and efficiency. Other industries effectively utilize these Vermont resources. The rubber, plastic, electrical machinery, and transportation industries are based upon human resources. The lumber and food industries are dependent on Vermont's plentiful natural resources — timber, an abundant water supply, and open land.

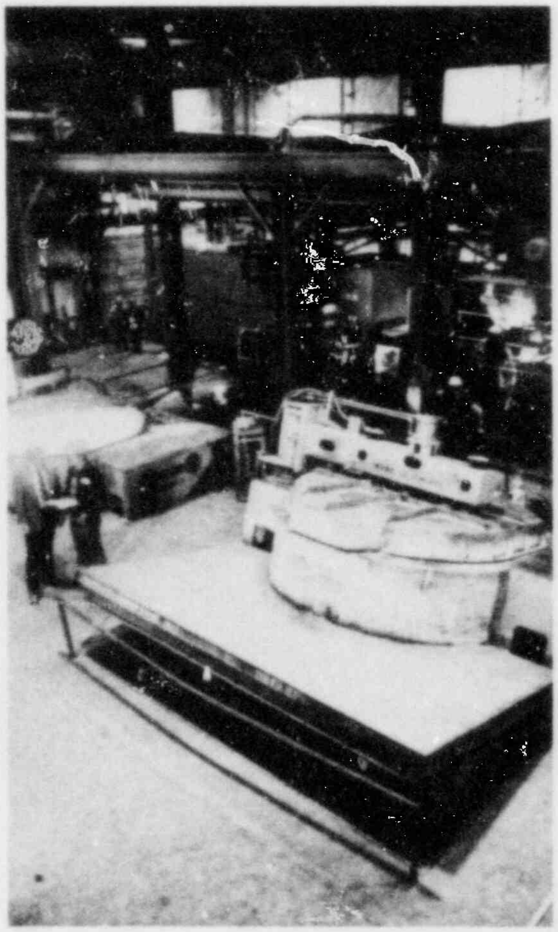
During the past few years many companies located in the Central Vermont service area have responded to the nation's energy problems. Some of them are directly involved in helping solve these problems, such as Vermont Castings Inc., which produces woodburning stoves, and Sto Energy Conservation, Inc., which produces exterior insulation systems utilizing native marble, among other materials.

PERCENT OF SYSTEM SALES
SEVEN LARGEST INDUSTRY GROUPS
1975/1980



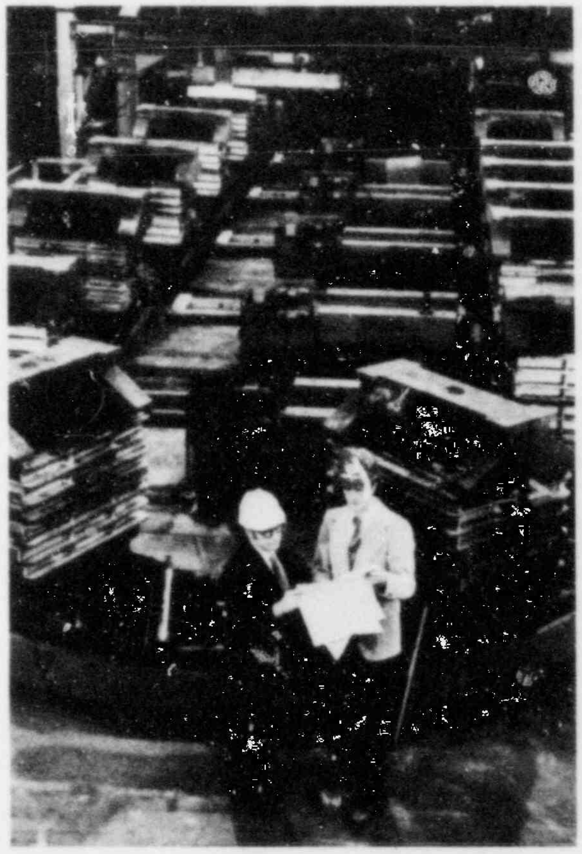
Customers constructing new facilities or expanding existing plants have incorporated energy efficient designs. Famolare, Inc., an Italian footwear manufacturer, installed a solar trombe wall which, when used in conjunction with oil heat, helps reduce oil consumption. Mary Meyer Manufacturing Company, a manufacturer of toys; Alderman's Chevrolet, Inc., automobile sales; and the Holson Company, a manufacturer of photographic albums, all have installed underground heat storage systems. During peak hours, heat is released from beneath the floors where it was stored during off-peak hours.

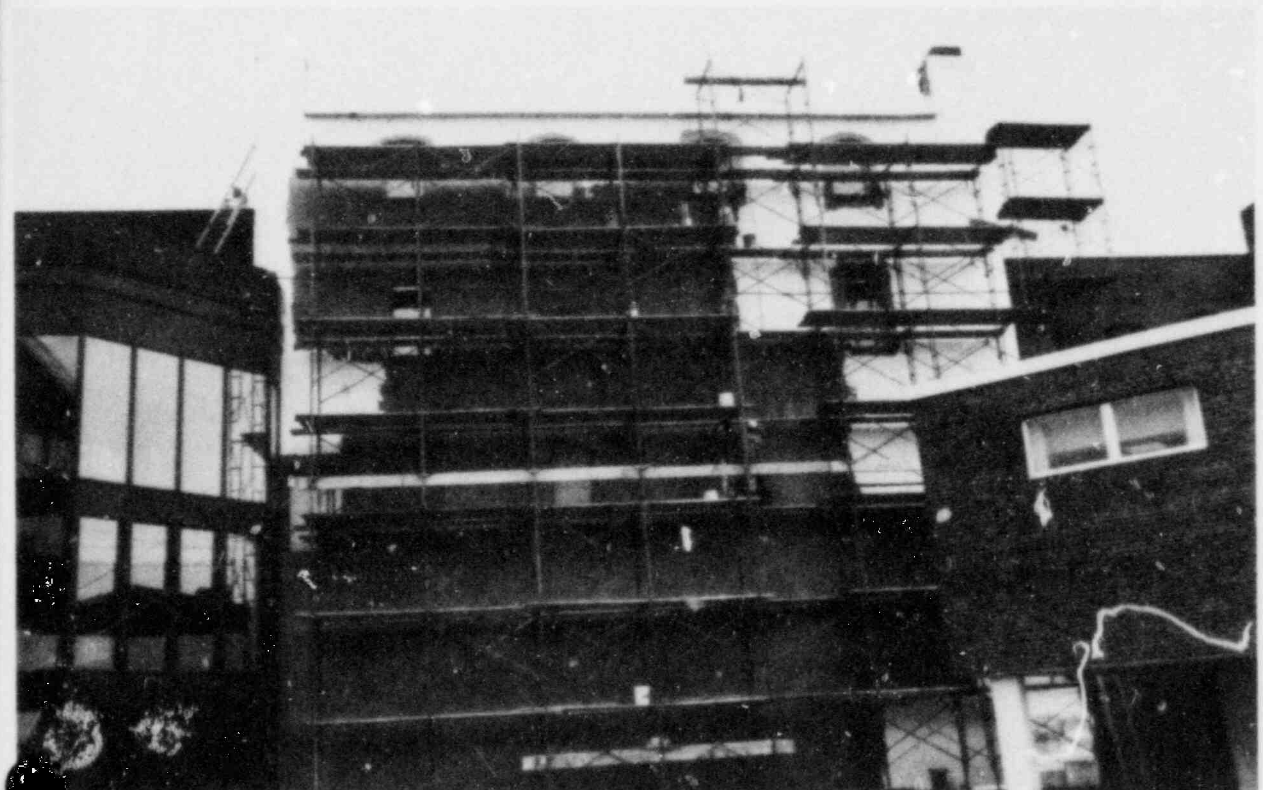
Other customers have participated in the energy surveys conducted by the Vermont Industrial Energy Conservation Advisory Program. The objective of this study is to provide recommendations for the modification of existing facilities and techniques in order to minimize energy requirements. Company specialists continue to work with customers to provide expertise in solving energy problems. In this manner, the Company helps achieve its goals of a manageable growth rate and of more efficient use of existing facilities in order to minimize future capital requirements.



During 1980, a number of new industries commenced operations in the Company's service area. The largest expansion was at General Electric Company's Rutland Aircraft Group plant. Among the new industries are Express Foods Inc., a Vermont corporation owned by an English firm which processes dairy waste into whey powder; Geiger of Austria, a manufacturer of ski and sports attire; and Oak Fothergill, a division of Oak Industries which produces electronic components. In addition, a number of companies expanded operations. Mal Tool Corporation, a division of Gulf and Western industries, opened three manufacturing facilities in 1980. Cone-Blanchard Corporation, in Windsor, and Jones & Lamson Company in Springfield, manufacturers of machine tools, enlarged their plants. The recreation industry, particularly the ski areas, proceeded with another phase of long range expansion.

The Company anticipates that during the 1980's, economic activity in Central Vermont's service area will expand as companies recognize and take advantage of Vermont's natural and human resources.





Industry Profile Map

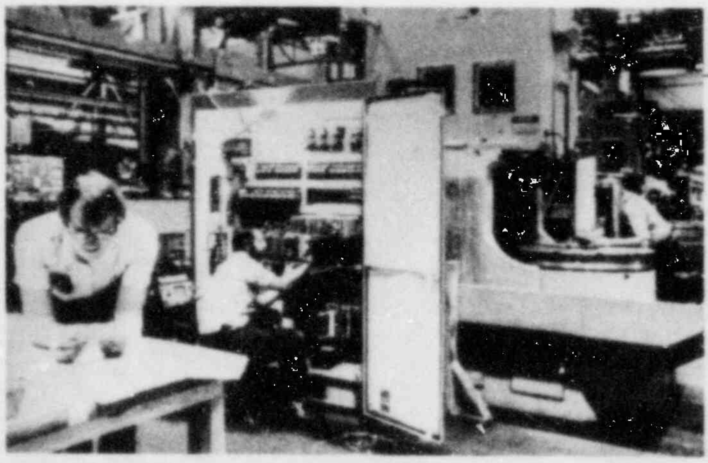
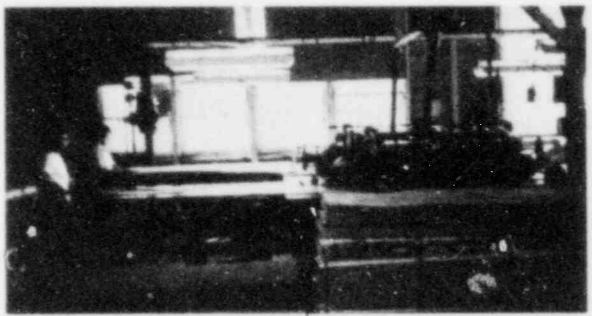
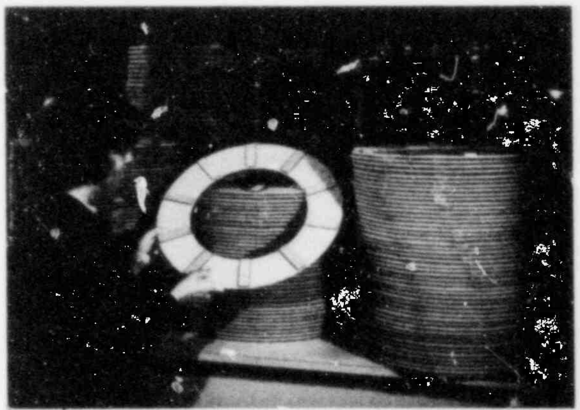
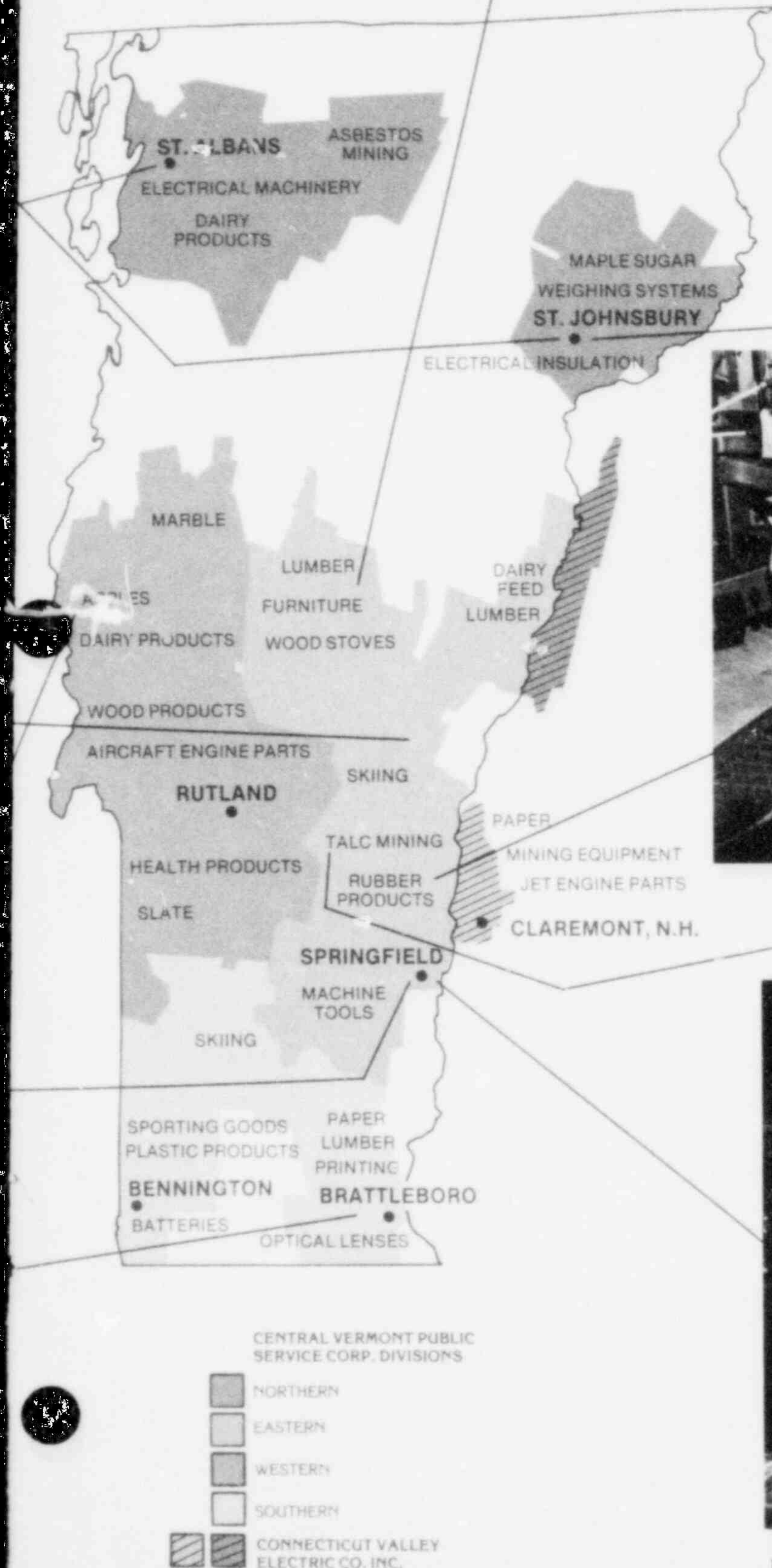


PHOTO CREDITS: *Vermont Travel Division; Killington Ski Resort*







ST. ALBANS
ASBESTOS MINING
ELECTRICAL MACHINERY
DAIRY PRODUCTS
MAPLE SUGAR
WEIGHING SYSTEMS
ST. JOHNSBURY
ELECTRICAL INSULATION
MARBLE
LUMBER
DAIRY FEED
APPLES
FURNITURE
LUMBER
DAIRY PRODUCTS
WOOD STOVES
WOOD PRODUCTS
AIRCRAFT ENGINE PARTS
SKIING
RUTLAND
PAPER
TALC MINING
MINING EQUIPMENT
HEALTH PRODUCTS
RUBBER PRODUCTS
JET ENGINE PARTS
SLATE
CLAREMONT, N.H.
SPRINGFIELD
MACHINE TOOLS
SKIING
SPORTING GOODS
PAPER
PLASTIC PRODUCTS
LUMBER
PRINTING
BENNINGTON
BRATTLEBORO
BATTERIES
OPTICAL LENSES
CENTRAL VERMONT PUBLIC SERVICE CORP. DIVISIONS
NORTHERN
EASTERN
WESTERN
SOUTHERN
CONNECTICUT VALLEY ELECTRIC CO. INC.

Selected Financial Data

(dollars in thousands except amounts per share)

	1980	1979	1978	1977	1976
For the year:					
Operating revenues	$ 90,735	$ 78,185	$ 75,019	$ 69,121	$ 63,554
Net income	$ 8,902	$ 9,767	$ 10,368	$ 9,170	$ 7,478
Return on average common stock equity	10.5%	12.9%	14.7%	13.3%	11.7%
Net income per share of common stock	$2.29	$2.74	$2.92	$2.47	$2.10
Cash dividends declared per share of common stock	$1.86	$1.69	$1.44	$1.36	$1.34
Total funds from operations	$ 17,874	$ 16,857	$ 14,029	$ 11,140	$ 12,533
Dividends declared	$ 7,619	$ 6,705	$ 6,099	$ 6,006	$ 5,360
Construction and plant expenditures	$ 15,573	$ 13,065	$ 13,961	$ 10,766	$ 9,107
Total funds from operations less dividends, as a percentage of construction and plant expenditures	65.9%	77.7%	56.8%	47.7%	78.8%
At end of year:					
Construction work in progress	$ 48,572	$ 36,759	$ 28,583	$ 21,874	$ 14,254
Long-term obligations	$ 87,730	$ 72,858	$ 68,863	$ 64,734	$ 67,920
Total capitalization	$169,433	$152,466	$144,573	$135,523	$135,164
Total assets	$211,195	$180,514	$166,557	$155,509	$144,938

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

Company's operating results for the years 1976 through 1980 reflect continuing inflationary pressure on costs, a fluctuating pattern of moderate growth and the effect of several rate increases. Although significant retail rate increases in 1977 and 1980 have increased revenues, the Company's net income and return on common stock equity have declined in 1979 and 1980 because of several factors which are discussed below.

Operating Revenues: In each of the last five years operating revenues have increased over the preceding year. These increases are attributable to the following factors (dollars in thousands):

	1980	1979	1978	1977	1976
Growth in retail KWH sales	$ 3,259	$1,012	$3,930	$ 667	$3,600
Increased retail rates	7,010	1,325	1,886	4,701	3,441
Increased wholesale and other revenues	2,281	829	82	199	652
Net increase over prior year	$12,550	$3,166	$5,898	$5,567	$7,693

Since 1975 the Company has experienced a modest growth in KWH sales. Although our customers continue to conserve energy, retail KWH sales have grown by 6.5%, 1.0%, 5.9%, 1.4% and 4.1% for the years 1976 through 1980, respectively. This represents an average annual increase of 3.8% over the past five years. Year to year fluctuations in growth rates are affected by cold weather patterns since many of our customers use electricity for heating. Management's present long-range forecast indicates an average annual growth in energy sales of 2.4% and an average annual growth in capacity requirements of 2.1% over the next ten years.

Operating Expenses: Costs of purchased power, which represent more than 50% of our total operating expenses, are classified as costs for capacity available to the Company and costs for energy received. These two components of our purchased power costs for the last five years were as follows (dollars in thousands):

	1980	1979	1978	1977	1976
Capacity	$22,873	$18,882	$17,563	$18,404	$19,372
Energy	24,791	15,988	14,743	10,979	10,624
Total purchased power	$47,664	$34,870	$32,306	$29,383	$29,996

Until 1980, we have been able to hold capacity costs to a relatively constant level; however, our energy costs have increased dramatically in recent years. Energy costs are directly related to the escalating prices for oil, nuclear fuel and coal and more importantly to the proportion of the Company's purchased energy that comes from each of these fuel sources, with oil being significantly more expensive than nuclear fuel. See Note 8 to Consolidated Financial Statements for a summary of the Company's energy sources. The units of energy purchased grew by 5.8%, 2.8%, 6.9%, 1.5% and 6.4% for the years 1976 through 1980, respectively. Due to reduced rainfall, in 1980 only 7% of the Company's total output was generated from Company-owned hydro sources, the lowest amount of hydro generation in sixteen years. Because of this lower generation, more energy was required to be purchased.

Cost of Money: The increase in interest expense on long-term debt in 1979 and 1980 reflects the sale of $10,000,000 of First Mortgage 9½% Bonds, Series Y ($8,000,000 in October, 1978 and $2,000,000 in January, 1979) and the issuance of $15,000,000 of First Mortgage 10 ⅞% Bonds, Series Z ($4,250,000 in September, 1979 and $10,750,000 in January, 1980). Other interest expense declined in 1980 due to the repayment of short-term debt subsequent to the sale on July 2, 1980 of $8,000,000 of 12.75% Series Preferred Stock. This sale of preferred stock caused a rise in the preferred dividend requirements in 1980 and contributed to the reduction in net income per share of common stock.

Interest expense on short-term borrowings during the past five years reflects short-term borrowings outstanding and average short-term interest rates as shown below (dollars in thousands):

	1980	1979	1978	1977	1976
Maximum borrowings outstanding at any month-end	$12,300	$13,500	$7,700	$5,300	$9,400
Average short-term borrowings	$ 3,795	$ 6,603	$4,213	$ 501	$3,389
Average short-term interest rates	15.49%	12.97%	8.88%	7.83%	7.30%

Also see Note 5 to Consolidated Financial Statements for additional information on the Company's short-term borrowing arrangements, available lines of credit and commercial paper financing.

Construction Program and Financing Requirements: The Company is participating, as a joint owner, with other electric utilities in the planning and construction of several nuclear generating units. The Company is obligated to provide funds in future years to finance these projects as described in Note 8 to Consolidated Financial Statements. These projects constitute more than half of the Company's construction program during the next few years. The program also includes additional funds for construction of other generation, transmission, distribution and general facilities within the Company's service territory. These plans, in the aggregate, represent a large undertaking relative to the Company's present size.

Funds generated from operations (net income adjusted for non-cash charges and credits to income), less dividends declared, resulted in internally generated funds of $7,173,000, $5,134,000, $7,930,000, $10,152,000 and $10,255,000 for the years 1976 through 1980, respectively. This represented 79%, 48%, 57%, 78% and 66% of construction and plant expenditures in each of the years 1976 through 1980, respectively.

In order to provide funds for the Company's continuing construction program and other business purposes, additional funds must be obtained by issuing long-term debt and equity securities, as necessary. To accomplish these financings, the Company must receive adequate and timely rate increases. Short-term borrowings, used to provide funds for the interim period, are generally paid when long-term debt or equity securities are issued.

Allowance for Funds During Construction: Allowance for funds used during construction is the cost, during the period of construction, of funds used to finance construction projects. The allowance for equity funds and borrowed funds used during construction have continued to grow in recent years due to the continuing increase in the Company's construction work in progress for future nuclear generating plants, particularly the Seabrook, Millstone and Pilgrim units.

Inflation and Changing Prices: Inflation continues to have a significant impact on virtually every aspect of our business including operating expenses, construction expenditures and cost of money. Management has compiled certain data prepared on the basis prescribed by the Financial Accounting Standards Board. This information is included as Note 11 to the Consolidated Financial Statements. Although still experimental, and providing only approximations, the methods used are an attempt to deal with the effects of inflation on the Company's operations.

Consolidated Statement of Income and Retained Earnings

(dollars in thousands except amounts per share)

	Year Ended December 31				
	1980	1979	1978	1977	1976
OPERATING REVENUES	$90,735	$78,185	$75,019	$69,121	$63,554
OPERATING EXPENSES					
Operation					
Purchased power	47,664	34,870	32,306	29,383	29,996
Production and transmission	6,507	5,797	5,235	4,940	4,793
Other operation	11,937	10,965	10,891	10,163	8,849
Maintenance	4,380	4,200	3,654	3,281	2,968
Depreciation	3,664	3,466	3,148	3,048	3,015
Other taxes, principally property taxes	4,347	4,288	3,994	3,899	3,765
Taxes on income (Note 6)	2,712	4,250	4,861	4,457	1,236
Total operating expenses	81,211	67,836	64,089	59,171	54,642
OPERATING INCOME	9,524	10,349	10,930	9,950	8,912
OTHER INCOME AND DEDUCTIONS					
Equity in earnings of companies not consolidated	2,219	2,327	2,314	2,268	2,370
Allowance for equity funds during construction	2,495	1,684	1,173	742	276
Other income, net	394	184	189	331	233
Taxes on income (Note 6)	(329)	(310)	(299)	(282)	(123)
TOTAL OPERATING AND OTHER INCOME	14,303	14,234	14,307	13,009	11,668
INTEREST EXPENSE					
Interest on long-term debt	6,376	5,066	4,284	4,150	4,103
Other interest	729	879	402	60	275
Allowance for borrowed funds during construction	(1,704)	(1,478)	(747)	(371)	(188)
Net interest expense	5,401	4,467	3,939	3,839	4,190
NET INCOME	8,902	9,767	10,368	9,170	7,478
RETAINED EARNINGS, JANUARY 1	22,480	19,418	15,149	11,985	9,867
	31,382	29,185	25,517	21,155	17,345
CASH DIVIDENDS DECLARED					
Preferred stock	2,098	1,772	1,954	2,136	1,744
Common stock	5,521	4,933	4,145	3,870	3,616
Total dividends	7,619	6,705	6,099	6,006	5,360
RETAINED EARNINGS, DECEMBER 31	$23,7[illegible]	$22,480	$19,418	$15,149	$11,985
Average shares of common stock outstanding	2,972,066	2,921,527	2,881,111	2,848,759	2,734,642
NET INCOME PER SHARE OF COMMON STOCK	$2.29	$2.74	$2.92	$2.47	$2.10
DIVIDENDS PER SHARE OF COMMON STOCK	$1.86	$1.69	$1.44	$1.36	$1.34

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheet

(dollars in thousands)

	December 31 1980	December 31 1979
ASSETS		
UTILITY PLANT, at original cost	$124,275	$119,440
Less accumulated depreciation	33,703	31,2[illegible]
	90,572	88,1[illegible]
Construction work in progress	48,572	36,759
Net utility plant	139,144	124,930
INVESTMENTS IN AFFILIATES, at equity (Note 2)	24,592	24,643
NONUTILITY PROPERTY, less accumulated depreciation	3,723	3,286
CURRENT ASSETS		
Cash	640	1,482
Accounts receivable, less allowance for uncollectible accounts	11,069	7,064
Refundable income taxes	6,048	746
Unbilled revenue	7,050	6,413
Materials and supplies, at average cost	2,035	1,943
Prepayments	1,530	1,052
Other current assets	910	733
Total current assets	29,282	19,433
DEFERRED POWER COSTS (Note 10)	8,405	2,375
OTHER DEFERRED CHARGES	6,049	5,847
	$211,195	$180,514
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common stock, $6 par value, authorized 5,000,000 shares; outstanding 3,004,176 shares and 2,946,324 shares, respectively (Note 3)	$ 18,025	$ 17,678
Other paid-in capital (Note 3)	24,679	24,192
Retained earnings	[illegible],763	22,480
Total common stock equity	66,467	64,350
Preferred and preference stock (Note 3)	15,236	15,258
Preferred stock with sinking fund requirements (Note 3)	11,970	5,310
Long-term debt (Note 4)	75,760	67,548
Total capitalization	169,433	152,466
CURRENT LIABILITIES		
Notes payable—banks	1,600	13,500
Commercial paper	10,700	—
Accounts payable	4,008	1,581
Accounts payable—affiliates	8,767	4,048
Accrued interest	1,082	1,108
Accrued income taxes	602	210
Other current liabilities	1,495	1,447
Total current liabilities	28,254	21,894
DEFERRED INCOME TAXES	9,326	3,102
DEFERRED INVESTMENT TAX CREDITS	3,740	2,528
DEFERRED CREDITS AND MISCELLANEOUS RESERVES	442	524
COMMITMENTS AND CONTINGENCIES (Note 8)		
	$211,195	$180,514

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

(dollars in thousands)

	Year Ended December 31				
	1980	1979	1978	1977	1976
SOURCE OF FUNDS					
Funds from operations					
Net income	$ 8,902	$ 9,767	$10,368	$ 9,170	$ 7,478
Principal non-cash charges (credits) to income					
Depreciation	3,664	3,466	3,148	3,048	3,015
Deferred income taxes and investment tax credits	7,436	3,137	(1,439)	2,080	1,111
Allowance for equity funds during construction	(2,495)	(1,684)	(1,173)	(742)	(276)
Dividends received more than equity income	141	50	369	401	291
Other	226	2,121	2,756	(2,817)	914
Total funds from operations	17,874	16,857	14,029	11,140	12,533
Funds from outside sources					
Long-term debt	10,750	6,250	8,000	300	—
Preferred stock	8,000	—	—	—	7,000
Common stock	847	724	535	429	6,475
Change in short-term debt	(1,200)	6,900	1,300	5,300	(9,300)
Total funds from outside sources	18,397	13,874	9,835	6,029	4,175
Total funds provided	$36,271	$30,731	$23,864	$17,169	$16,708
USE OF FUNDS					
Construction and plant expenditures	$15,573	$13,065	$13,961	$10,766	$ 9,107
Dividends declared	7,619	6,705	6,099	6,006	5,360
Investments in affiliates	90	172	(240)	(50)	(314)
Retirement of long-term debt	2,538	915	2,531	2,146	866
Retirement of preferred stock	1,340	1,340	1,340	1,340	670
Net increase (decrease) in other working capital items	2,289	5,849	(622)	(4,441)	73
Net increase (decrease) in deferred power costs	6,030	227	(97)	(270)	(184)
Other, net	792	2,458	892	1,672	1,130
Total funds used	$36,271	$30,731	$23,864	$17,169	$16,708
CHANGES IN OTHER WORKING CAPITAL ITEMS					
Accounts receivable	$ 4,005	$ 230	$ 643	$ (494)	$ (1,128)
Refundable income taxes	5,302	746	—	—	—
Unbilled revenue	637	290	1,691	(13)	169
Cash and other current assets	(95)	654	(1,004)	(43)	1,481
Accounts payable	(7,146)	(801)	343	(807)	(211)
Accrued income taxes	(392)	4,718	(2,424)	(2,241)	(207)
Other current liabilities	(22)	12	129	(843)	(31)
Net increase (decrease) in other working capital items	$ 2,289	$ 5,849	$ (622)	$(4,441)	$ 73

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Note 1 — Summary of significant accounting policies: *Consolidation:* The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, Connecticut Valley Electric Company Inc.

The Company follows the equity method of accounting for its investments in affiliates. See Note 2.

Regulation: The Company is subject to regulation by the Vermont Public Service Board (PSB), the Federal Energy Regulatory Commission (FERC) and, to a lesser extent, the public utilities commissions in other New England states where the Company does business, with respect to rates charged for service, accounting and other matters. The Company's accounting policies generally reflect the rate-making and regulatory policies of these authorities.

Revenues: Estimated unbilled revenues are recorded at the end of accounting periods. Through 1978 the Company's tariffs included fuel adjustment clauses under which fuel and the energy portion of purchased power costs were billed to customers. As of January 1, 1979 the fuel adjustment clause applicable to the majority of retail customers was terminated.

Maintenance: Maintenance and repairs are charged to maintenance expense and include replacements of less than retirement units. Replacements of retirement units and betterments are charged to utility plant, and the book cost of units retired plus the cost of removal thereof, less salvage, are charged to accumulated provision for depreciation.

Depreciation: The Company uses the straight-line method of depreciation. Total depreciation expense was between 3.32% and 3.49% of the cost of depreciable utility plant for the years 1976 through 1980.

Income Taxes: The tax effect of timing differences between pre-tax income in the financial statements and income subject to tax are accounted for in accordance with the rate-making policies of the PSB. See Note 6. Beginning in 1978, investment tax credits realized are deferred and amortized to income over the lives of the related properties. Prior to 1978, the Company followed the flow-through method of accounting for investment tax credits when realized.

Allowance for Funds During Construction: Allowance for funds used during construction (AFDC) is the cost, during the period of construction, of funds used to finance construction projects. The Company capitalizes AFDC as a part of the cost of major utility plant projects except to the extent that costs applicable to such construction work in progress have been included in rate base in connection with rate-making proceedings. The AFDC rates used by the Company were 8.41%, 9.32%, 10.27%, 11.13% and 11.15% for the years 1976 through 1980.

Deferred Charges: Certain costs are deferred and amortized in accordance with rate-making policies of regulatory authorities. See Note 10.

Note 2—Investments in affiliates: The Company accounts for investments in the following companies by the equity method (dollars in thousands):

		December 31	
	Ownership	1980	1979
Nuclear generating companies:			
Vermont Yankee Nuclear Power Corp.	31.3%	$18,270	$18,332
Maine Yankee Atomic Power Co.	2.0%	1,336	1,337
Connecticut Yankee Atomic Power Co.	2.0%	1,137	1,029
Yankee Atomic Electric Co.	3.5%	716	716
		21,459	21,414
Other affiliated companies:			
Vermont Electric Power Company, Inc.	58.4%	3,110	3,110
C.V. Realty, Inc.	100.0%	23	119
		$24,592	$24,643

Each sponsor of the nuclear generating companies is obligated to pay an amount equal to its entitlement percentage of fuel, operating expenses, and cost of capital and is entitled to a similar share of the power output of the plants. See Note 8 for the percentages of total power output received from these companies.

Summarized financial information for Vermont Yankee Nuclear Power Corporation is as follows (dollars in thousands):

	December 31	
	1980	1979
Earnings		
Operating revenues	$78,340	$65,982
Net income applicable to common stock	$ 5,806	$ 5,811
Company's equity in net income	$ 1,815	$ 1,819
Investment		
Total assets, principally utility plant	$222,352	$2[illegible]7,664
Less:		
Preferred stock	17,220	18,325
Long-term debt	76,757	81,279
Other liabilities and deferred credits	70,002	59,380
Net assets	$ 58,373	$ 58,680
Company's equity in net assets	$ 18,270	$ 18,332

Vermont Electric Power Company, Inc. (Velco) owns and operates a transmission system in Vermont over which bulk power is delivered to all electric utilities in the state. Velco entered into a Power Transmission Contract with the State of Vermont and under its terms bills all costs, including amortization of its debt and a fixed return on equity, to the State and others using the system. This contract has enabled Velco to finance its facilities primarily through the sale of

first mortgage bonds. Velco operates pursuant to the terms of the State contract and an Operating Agreement with the Company and two other major distribution companies in Vermont. Although the Company owns 58.4% of Velco's outstanding common stock, the Operating Agreement effectively restricts the Company's control and therefore Velco's financial statements have not been consolidated. Summarized financial information for Velco is as follows (dollars in thousands):

	December 31	
	1980	1979
Earnings		
Transmission revenues	$10,445	$10,425
Operating expenses	6,289	6,016
Operating income	4,156	4,409
Other income	671	282
Total operating and other income	4,827	4,691
Net interest expense	4,425	4,289
Net income	$ 402	$ 402
Company's equity in net income	$ 229	$ 234
Investment		
Net utility plant	$47,909	$46,917
Current assets	17,725	10,324
Other assets	629	2,491
Total assets	66,263	59,732
Less:		
First mortgage bonds	42,995	44,641
Current liabilities	17,945	9,768
Net assets	$ 5,323	$ 5,323
Company's equity in net assets	$ 3,110	$ 3,110

Note 3 — Capital stock and other paid-in capital: Cumulative preferred and preference stock outstanding was as follows (dollars in thousands):

	December 31	
	1980	1979
Preferred stock, $100 par value, authorized 500,000 shares		
Outstanding:		
4.15% Series; 37,856 shares	$ 3,786	$ 3,786
4.05% Series; 10,000 shares	1,000	1,000
4.75% Series; 17,682 shares	1,768	1,768
5.375% Series; 15,000 shares	1,500	1,500
12.75% Series; 80,000 shares	8,000	—
13.50% Series; 39,700 shares (1979 — 53,100 shares)	3,970	5,310
Preferred stock, $25 par value, authorized 1,000,000 shares		
Outstanding:		
9.00% Series; 280,000 shares	7,000	7,000
Second preferred stock, $50 par value, authorized 7,993 shares		
Outstanding:		
5.44% Convertible Series A; 3,648 shares (1979—4,088 shares)	182	204
Preference stock, $1 par value, authorized 1,000,000 shares		
Outstanding — none	—	—
Total cumulative preferred and preference stock	$27,206	$20,568

The second preferred stock is currently convertible into common stock at $18.44 per share. As of December 31, 1980, 9,891 shares of common stock were reserved for conversion. In 1980, 440 shares of second preferred stock were converted into 1,190 shares of common stock, which increased other paid-in capital $15,000.

The 13.50% series preferred stock is redeemable at par through a mandatory sinking fund in the amount of $670,000 per annum and, at its option, the Company may redeem at par an additional non-cumulative $670,000 per annum.

Commencing in 1986 the 12.75% series preferred stock is redeemable at par through a mandatory sinking fund in the amount of $1,600,000 per annum and, at its option, the Company may redeem at par an additional non-cumulative $1,600,000 per annum.

In 1980 other paid-in capital increased $507,000 for the excess of the proceeds over the par value on the sales of 56,[illegible] shares of common stock, increased $78,000 due to the amortization of capital stock expense related to the 13.50% series preferred stock and was reduced by $113,000 for expenses in connection with the sales of common and preferred stock.

Note 4 — Long-term debt: A summary of long-term debt follows (dollars in thousands):

	December 31	
	1980	1979
First Mortgage Bonds		
5 % Series L, due 1987	$ 886	$ 891
5¼% Series M, due 1995	4,580	4,605
6⅜% Series N, due 1996	4,650	4,675
7¼% Series O, due 1992	1,870	1,880
8½% Series P, due 1999	3,000	3,000
10 % Series Q, due 1999	2,000	2,000
8¾% Series R, due 2001	3,000	3,000
8½% Series S, due 2003	5,000	5,000
11½% Series T, due 1990	5,625	6,000
3⅜% Series U, due 1980	—	1,517
4 % Series V, due 1981	1,428	1,436
3¼% Series W, due 1982	784	791
3⅝% Series X, due 1984	3,143	3,163
9½% Series Y, due 2003	10,000	10,000
10⅝% Series Z, due 2004	15,000	4,250
Debentures		
4⅞%, due 1987	3,240	3,330
7 %, due 1993	8,400	8,600
10⅝%, due 1995	3,080	3,150
Other, due 1985	74	258
Total long-term debt	$75,760	$67,548

Based on issues outstanding at December 31, 1980, the aggregate amount of long-term debt maturities and sinking fund requirements (exclusive of the amount that may be satisfied by property additions) are approximately $2,264,000, $1,605,000, $828,000, $4,391,000 and $1,942,000 for the years 1981 through 1985, respectively. Substantially all property and plant is subject to liens under the First Mortgage Bonds.

Note 5 — Short-term borrowings: The Company uses bank loans and in January, 1980, began issuing commercial paper to finance temporarily its construction program and for other corporate purposes. As of December 31, 1980 the Company had annual bank lines of credit, which are normally renewed, expiring at various times in 1981, to support its bank loans and commercial paper, with varying compensating balance requirements. Those range generally from maintenance of average compensating balances equal to 7½% to 10% of credit lines available plus 7½% to 10% of outstanding borrowings.

The following summarizes comparable information for 1980 and 1979 relative to bank lines of credit, outstanding short-term debt and interest rates (dollars in thousands):

	1980	1979
Unused lines of credit at year-end	$14,300	$ 1,600
Average interest rate at year-end		
Notes payable — banks	21.50%	15.22%
Commercial paper	20.03%	—
Total short-term borrowings	20.22%	15.22%
Average interest rate for the year		
Notes payable — banks	15.80%	12.97%
Commercial paper	15.26%	—
Total short-term borrowings	15.49%	12.97%
Average amount outstanding during year		
Notes payable — banks	$ 1,577	$ 6,603
Commercial paper	$ 2,218	—
Total short-term borrowings	$ 3,795	$ 6,603
Maximum amount outstanding at any month-end		
Notes payable — banks	$ 3,800	$13,500
Commercial paper	$10,700	—
Total short-term borrowings	$12,300	$13,500

Note 6 — Income taxes: The components of income tax expense are as follows (dollars in thousands):

	Year Ended December 31				
	1980	1979	1978	1977	1976
Taxes on operating income:					
Federal — current	$(4,302)	$ 435	$5,345	$1,904	$ 13
Federal — deferred	5,387	1,231	(1,767)	1,882	867
Investment credit adj.	1,228	1,895	620	—	—
State — current	(481)	491	971	442	171
State — deferred	880	198	(308)	229	185
	2,712	4,250	4,861	4,457	1,236
Taxes on other income:					
Federal — current	230	203	242	269	41
Federal — deferred	(3)	1	(21)	(27)	50
Investment credit adj.	65	71	40	—	—
State — current	38	35	41	44	23
State — deferred	(1)	—	(3)	(4)	9
	329	310	299	282	123
Total income taxes	$3,041	$4,560	$5,160	$4,739	$1,359

Major items which resulted in deferred income tax expense were allowance for borrowed funds during construction ($1,236,000 in 1979 and $848,000 in 1980), deferred power costs ($877,000 in 1976 and $2,946,000 in 1980), unbilled revenue ($255,000 in 1977 and $2,035,000 in 1980), retroactive revenue ($1,915,000 in 1977 which reversed in 1978), municipal property taxes ($219,000 in 1976), and equity in unremitted earnings of companies not consolidated ($217,000 in 1976).

The principal reasons for the differences between the total income tax expense and the amount calculated by applying the Federal income tax rate to income before tax are as follows (dollars in thousands):

	Year Ended December 31				
	1980	1979	1978	1977	1976
Income before income tax	$11,943	$14,327	$15,528	$13,909	$8,837
Federal statutory rate	46%	46%	48%	48%	48%
Computed "expected" tax expense	$ 5,494	$ 6,590	$ 7,453	$ 6,676	$4,242
Increases (reductions) in taxes resulting from:					
Dividend received credit	(901)	(934)	(954)	(925)	(967)
Additional depreciation for tax purposes	(597)	(530)	(514)	(401)	(425)
Allowance for equity funds during construction	(1,148)	(774)	(563)	(356)	(132)
Other capitalized costs	(40)	(41)	(387)	(213)	(122)
Change in unbilled revenue	—	(8)	(103)	6	(81)
State income taxes net of Federal tax benefit	235	391	365	369	202
Investment tax credits	(81)	(55)	(30)	(418)	(1,357)
Other	79	(79)	(107)	1	(1)
Total income taxes	$ 3,041	$ 4,560	$ 5,160	$ 4,739	$1,359

Note 7 — Pension plan: The Company has a noncontributory trusteed pension plan covering all regular employees and follows the consistent practice of currently funding all costs accrued. Total pension costs amounted to $895,000, $985,000, $1,046,000, $908,000 and $1,038,000 for the years 1976 through 1980, including amortization of the unfunded actuarial liability over a thirty-year period beginning January 1, 1976. A comparison of accumulated plan benefits and plan net assets is presented below (dollars in thousands):

	January 1	
	1980	1979
Actuarial present value of accumulated plan benefits		
Vested	$5,886	$4,743
Nonvested	631	476
	$6,517	$5,219
Net assets available for benefits	$5,876	$4,485

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 6.5% for 1979 and 1980.

Note 8 — Commitments and contingencies: The Company purchases 67,525 KW of hydroelectric power generated by the Power Authority of the State of New York (Pasny), under long-term contracts which expire June 30, 1985 and also purchases power from a coal-fired generating plant located in Merrimack, New Hampshire under a life of the unit contract. The percentages of the Company's total power output from all sources were as follows:

	Year Ended December 31				
Source of Energy	1980	1979	1978	1977	1976
Nuclear generating companies	39%	41%	38%	42%	41%
Pasny — hydro	19	22	22	25	27
Merrimack — coal	11	11	8	11	2
Company-owned hydro	7	9	8	9	12
Miscellaneous	24	17	24	13	18
	100%	100%	100%	100%	100%

The Company's ownership interest and its share of amounts invested at year-end in the jointly-owned generating facilities in which it is participating are as follows (dollars in thousands):

		December 31	
	Ownership	1980	1979
Plant in service:			
Wyman #4	1.77690%	$ 3,208	$ 3,139
Under construction:			
Seabrook #1 and #2	1.59096%	$20,954	$14,947
Millstone #3	1.73030%	16,161	12,425
Pilgrim #2	1.78000%	7,085	5,946
Montague #1 and #2	1.73000%	805	720
		$45,005	$34,038

Wyman #4, an oil-fired generating plant, commenced commercial operation in December, 1978. The Company's share of operating expenses is included in the corresponding operating accounts on the Statement of Income.

In December, 1980 the lead sponsor of the Montague #1 and #2 generating units announced that it was canceling construction plans. Management believes that these costs will be recovered, in accordance with present PSB practice, through future rates charged to customers.

For the other four nuclear units to be constructed, the Company is obligated to provide funds in future years estimated to total $101,000,000 (including AFDC and present commitments for nuclear fuel) to be required approximately as follows: 1981, $17,000,000; 1982, $20,000,000; 1983, $19,000,000; 1984, $22,000,000; 1985, $13,000,000; and 1986-1987, $10,000,000.

The Company is subject, like other electric utilities, to evolving standards administered by Federal, state and local authorities relating to the quality of the environment. These standards affect the siting of generating facilities, air and water quality, nuclear plant licensing and safety and other environmental factors. While these standards have had some impact upon the Company's past operations as a distribution company, the Company anticipates that they will have a more significant impact upon the capital costs and construction schedules of the new generating facilities in which the Company is participating.

Minimum rental commitments of the Company under non-cancellable leases as of December 31, 1980 are not material. Total rental expense entering into the determination of net income, consisting principally of vehicle and equipment rentals, was approximately $1,031,000, $1,119,000, $1,229,000, $1,370,000 and $1,571,000, respectively, for the years 1976 through 1980.

Note 9 — Retail rate increases: During 1980, the Company applied to the PSB for retail rate increases to be effective on April 23, 1980 (approximately $4,300,000 on an annual basis which the Company began billing subject to refund on October 23, 1980) and October 6, 1980 (an additional amount of approximately $3,450,000 on an annual basis none of which was billed during 1980). Each of the applications is based on increased costs of purchased power incurred by the Company. Hearings before the PSB have been held regarding only the rates to be effective April 23, 1980 but no decision has been rendered by the PSB. Based on previous PSB decisions, and as allowed by Vermont law, the Company anticipates that rates eventually approved will be effective retroactive to April 23, 1980 and October 6, 1980, respectively.

In connection with past rate proceedings, it has been the Company's practice to retroactively record finally approved revenues and to restate previously issued financial statements upon receipt of final PSB orders. In connection with the above rate proceedings, the Company has elected to change its method of accounting for revenue increases which are pending PSB approval. Accordingly, based on management's judgement, the financial statements for 1980 include an accrual of revenues which are expected to be allowed by the PSB for the periods subsequent to April 23, 1980. The change was made because management believes that the amount of the revenue increases that will be ultimately approved can be reasonably estimated and because the change provides a more timely matching of revenues and expenses. The effect of the change in method of accounting was to increase operating revenues by approximately $2,538,000 and net income by approximately $1,275,000 ($.43 per share) for 1980. This change, made during the third quarter of 1980, resulted in restatement of the second quarter of 1980. The change increased second quarter net income by $335,000 ($.11 per share). Operating revenues billed subject to refund amount to $534,000 for 1980.

In addition to the two pending rate increase requests discussed above, the Company has also applied to the PSB for an additional retail rate increase to be effective January 1, 1981 (approximately $18,031,000 on an annual basis). This increase has been suspended by the PSB for six months and the Company anticipates that it will begin billing this increase, subject to refund, J[illegible] 1, 1981.

Note 10— Deferred power costs: A summary of deferred power costs principally related to the Vermont Yankee plant follows (dollars in thousands):

	December 31	
	1980	1979
Scheduled refueling shutdowns	$2,661	$1,025
Unscheduled shutdown in 1973	1,012	1,350
Unscheduled shutdown in 1980	3,833	—
Maintenance costs	899	—
Total deferred power costs	$8,405	$2,375

During regular Vermont Yankee refueling shutdowns the increased costs attributable to replacement energy purchased from NEPOOL are deferred and amortized to expense over the estimated period until the next regularly scheduled refueling shutdown.

Costs associated with Vermont Yankee shutdowns required to replace original fuel rods and install off-gas holding equipment during 1973 were deferred. These costs, which totaled $3,374,000, are being amortized to expense over a ten-year period commencing January 1, 1974 as approved by the FERC and PSB.

A portion of the cost of replacement energy purchased during an unscheduled shutdown of Vermont Yankee in November and December, 1980 has been deferred ($3,833,000). The PSB has not approved this deferral for rate-making purposes. The ultimate recovery of these costs is dependent upon PSB approval.

The Company believes that the PSB will permit recovery of these costs in future rate orders. This opinion is based upon (1) previous PSB orders that permitted recovery of other unusual costs and (2) approval from the PSB staff to amortize these costs to expense, for accounting purposes, over a five-year period beginning January 1, 1981.

Costs associated with Vermont Yankee's seismic studies and anchor bolt repairs and Yankee Atomic's turbine repair were deferred in 1980, based upon a proposal by the public in a rate hearing before the PSB. These costs which totaled $1,037,000 are being amortized over a five-year period.

Note 11 — Unaudited information concerning the effects of inflation: The following information is supplied for the purpose of providing certain information about the effects of changing prices. It should be viewed as an estimate of the approximate effect of changing prices, rather than as a precise measure. A statement of income adjusted for changing prices follows (dollars in thousands):

	Year Ended December 31, 1980		
	Conventional Historical Cost	Adjusted for General Inflation	Adjusted for Changes in Specific Prices
Operating revenues	$90,735	$ 90,735	$ 90,735
Operating expenses			
Operation and maintenance	70,488	70,488	70,488
Depreciation	3,664	8,211	9,518
Other taxes, principally property taxes	4,347	4,347	4,347
Taxes on income	2,712	2,712	2,712
Total operating expenses	81,211	85,758	87,065
Operating income	9,524	4,977	3,670
Other income and deductions, net	4,779	4,779	4,779
Interest expense, net	(5,401)	(5,401)	(5,401)
Net income (excluding reduction to net recoverable cost)	$ 8,902	$ 4,355*	$ 3,048*
Gain from decline in purchasing power of net amounts owed		$ 10,289	$ 10,289
Reduction to net recoverable cost		(10,884)	(9,577)
		$ (595)	$ 712
Increase in specific prices (current cost) of property, plant and equipment held during the year**			$ 19,392
Effect of increase in general price level			(29,469)
Excess of increase in general price level over increase in specific prices			$ 10,077

* Including the reduction to net recoverable cost, net income would have been a loss of $6,529.

** At December 31, 1980, the current cost of utility plant net of accumulated depreciation was estimated to be approximately $266,124 as compared with the net utility plant recoverable through depreciation of $139,144.

N :e 11 — **Continued:** A five-year comparison of selected supplementary financial data adjusted for the effects of changing prices stated in average 1980 dollars follows (dollars in thousands except amounts per share):

	Year Ended December 31				
	1980	1979	1978	1977	1976
Operating revenues	$90,735	$88,758	$94,753	$93,989	$91,995
Historical cost information adjusted for general inflation					
Net income (excluding reduction to net recoverable cost)	$ 4,355	$ 6,989			
Net income per share of common stock (excluding reduction to net recoverable cost)	$.76	$1.70			
Net assets at year-end at net recoverable cost	$78,035	$85,460			
Current cost information					
Net income (excluding reduction to net recoverable cost)	$ 3,048	$ 5,287			
Net income per share of common stock (excluding reduction to net recoverable cost)	$.32	$1.12			
Excess of increase in general price level over increase in specific prices	$10,077	$11,250			
Net assets at year-end at net recoverable cost	$78,035	$85,460			
General information					
Gain from decline in purchasing power of net amounts owed	$10,289	$10,890			
Cash dividends declared per common share	$1.86	$1.92	$1.82	$1.85	$1.94
Market price per common share at year-end	$14.38	$17.88	$18.16	$20.40	$22.26
Average consumer price index	246.8	217.4	195.4	181.5	170.5

Dollar amounts adjusted for general inflation (constant dollar) represent historical costs of utility plant stated in terms of dollars of equal purchasing power, as measured by the Consumer Price Index for All Urban Consumers (CPI-U). Current cost amounts reflect the changes in specific prices of utility plant from the date the plant was acquired to the present, and differ from constant dollar amounts to the extent that specific prices have increased more or less rapidly than prices in general.

The current cost of property, plant and equipment, comprising plant in service, experimental electric plant, plant held for future use and construction work in progress, represents the estimated cost of replacing existing plant assets and was determined by indexing the surviving plant by the Handy-Whitman Index of Public Utility Construction Costs. The resulting adjusted data for property, plant and equipment are not indicative of the current value of existing property, plant and equipment nor of the Company's future capital requirements. The actual replacement of existing property, plant and equipment will take place over many years and not necessarily in the same manner as the presently existing assets.

Accumulated provisions for depreciation under both methods described above were determined by calculating the ratio of historical accumulated depreciation to historical depreciable property by year of acquisition and applying the resultant ratio to estimated constant dollar and current cost of property, plant and equipment. The current year's provision for depreciation on the constant dollar and current cost amounts was determined by applying the Company's depreciation rate to the restated depreciable plant base at the beginning of the year.

The effects of inflation are not recognized for income tax or rate-making purposes. Under the rate-making prescribed by the regulatory commissions to which the Company is subject, only the historical cost of property, plant and equipment is recoverable in revenues as depreciation. Therefore, the excess of the cost of plant stated in terms of constant dollars or current cost over the historical cost of plant is not presently recoverable in rates as depreciation and is reflected as a reduction to net recoverable cost. While the rate-making process gives no recognition to the current cost of replacing property, plant and equipment, based on past practices, the Company believes it will be allowed to earn on the increased cost of its net investment when replacement of facilities actually occurs.

During a period of inflation, holders of monetary assets suffer a loss of general purchasing power while holders of monetary liabilities experience a gain. The gain from the decline in purchasing power of net amounts owed is primarily attributable to the substantial amount of debt which has been used to finance property, plant and equipment. Since the depreciation of the utility plant is limited to the recovery of historical costs, the Company does not have the opportunity to realize gain on debt and is limited to recovery only of the embedded cost of debt capital. Therefore to have the Statement of Income adjusted for Changing Prices properly reflect the economics of rate regulation, the gain from the decline in purchasing power of net amounts owed should be offset by the reduction of net property, plant and equipment.

Note 12 — Unaudited quarterly financial information: The following quarterly financial information is unaudited and in the opinion of management includes all adjustments (consisting only of normal recurring accruals) necessary to a fair statement of results of operations for such periods. Variations between quarters reflect the seasonal nature of the Company's business (dollars in thousands except amounts per share):

	Quarter Ended			
	March	June	September	December
1980				
Operating revenues	$24,050	$19,525*	$20,508	$26,652
Operating income	$ 2,330	$ 2,077*	$ 2,178	$ 2,939
Net income	$ 2,046	$ 1,800*	$ 2,253	$ 2,803
Net income per share of common stock	$.55	$.47*	$.55	$.72
1979				
Operating revenues	$21,044	$17,455	$18,444	$21,242
Operating income	$ 3,080	$ 2,294	$ 1,863	$ 3,112
Net income	$ 2,954	$ 2,192	$ 1,708	$ 2,913
Net income per share of common stock	$.85	$.61	$.43	$.85

*Restated — See Note 9.

Report of Independent Certified Public Accountants

The Stockholders and Board of Directors
Central Vermont Public Service Corporation:

We have examined the consolidated balance sheet of Central Vermont Public Service Corporation and subsidiary as of December 31, 1980 and 1979 and the related consolidated statements of income and retained earnings and changes in financial position for each of the five years in the period ended December 31, 1980. Our examinations were made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the consolidated financial position of Central Vermont Public Service Corporation and subsidiary at December 31, 1980 and 1979, and the results of their operations and the changes in their financial position for each of the five years in the period ended December 31, 1980, in conformity with generally accepted accounting principles which, except for the change, with which we concur, in the method of accounting for revenues as described in Note 9 to the financial statements, have been applied on a consistent basis.

Boston, Massachusetts
February 20, 1981

PEAT, MARWICK, MITCHELL & CO.

Historical Statistics

	1980	1979	1978	1977	1976
COMMON STOCK DATA:					
Earnings per average common share	$ 2.29	$ 2.74	$ 2.92	$ 2.47	$ 2.10
Dividends paid per share	$ 1.86	$ 1.69	$ 1.44	$ 1.36	$ 1.34
Book value per share (year end)	$ 22.12	$ 21.84	$ 20.84	$ 19.38	$ 18.32
MARKET PRICE (BID) RANGE PER SHARE					
High	16¾	18	15⅝	16⅜	15⅜
Low	12¾	14⅞	14	14½	11½
Year end	14¾	15¾	14⅜	15	15⅜
Price earnings ratio	6.3	5.7	4.9	6.1	7.3
Market price as a percent of book value (year end)	65%	72%	69%	77%	84%
Dividend payout ratio	81.2%	61.7%	49.3%	55.1%	63.8%
Common shareholders	14,491	14,666	14,921	15,308	15,533
Average number of common shares outstanding	2,972,066	2,921,527	2,881,111	2,848,759	2,734,642
Total common shares outstanding	3,004,176	2,946,324	2,898,983	2,862,993	2,834,422
Return on average common equity	10.4%	12.8%	14.5%	13.1%	12.0%

	1980	1979	1978	1977	1976
CAPITALIZATION DATA (000's):					
Common stock equity	$ 66,467	$ 64,350	$ 60,425	$ 55,486	$ 51,921
Non-redeemable preferred	15,236	15,258	15,285	15,303	15,323
Redeemable preferred	11,970	5,310	6,650	7,990	9,330
Long-term debt	75,760	67,548	62,213	56,744	58,590
Total capitalization	$169,433	$152,466	$144,573	$135,523	$135,164
CAPITALIZATION RATIOS					
Common stock equity	39.2%	42.2%	41.8%	40.9%	38.4%
Non-redeemable preferred	9.0%	10.0%	10.6%	11.3%	11.3%
Redeemable preferred	7.1%	3.5%	4.6%	5.9%	6.9%
Long-term debt	44.7%	41.3%	43.0%	41.9%	43.4%

	1980	1979	1978	1977	1976
FINANCIAL DATA:					
Times interest earned:					
Before income taxes	2.7x	3.4x	4.3x	4.3x	3.0x
After income taxes	2.3x	2.6x	3.2x	3.2x	2.7x
Times interest earned and preferred dividend earned:					
After income taxes	1.7x	2.0x	2.3x	2.1x	1.9x
Embedded cost of long-term debt (year end)	8.39%	7.95%	7.75%	7.39%	7.00%
Embedded cost of preferred stock (year end)	9.71%	8.73%	9.08%	9.40%	9.63%

	1980	1979	1978	1977	1976
OPERATING DATA:					
ELECTRIC REVENUES (000's)					
Residential	$ 40,657	$ 36,462	$ 35,648	$ 33,189	$ 30,760
Commercial and industrial	36,449	30,859	29,427	26,498	23,848
Other electric utilities	5,947	3,629	2,952	2,879	2,764
Other	7,682	7,235	6,992	6,555	6,182
TOTAL	$ 90,735	$ 78,185	$ 75,019	$ 69,121	$ 63,554
ELECTRIC SALES MWH					
Residential	754,241	724,041	716,915	698,901	701,244
Commercial and industrial	885,2[illegible]3	848,646	830,225	759,222	742,549
Other electric utilities	166,329	148,389	121,127	118,052	133,589
Other	106,757	105,052	107,293	104,041	102,271
TOTAL	1,912,575	1,826,128	1,775,560	1,680,216	1,679,653
CUSTOMERS (end of year)					
Residential	98,910	96,966	95,016	93,190	91,687
Commercial and industrial	10,624	10,562	10,485	10,285	10,094
Other electric utilities	14	10	10	12	13
Other	2,172	2,442	2,466	2,474	2,435
TOTAL	111,720	109,980	107,977	105,961	104,229
Average KWH use per residential customer	7,704	7,541	7,624	7,577	7,712
Average revenue per residential customer	$ 415.26	$ 379.76	$ 379.10	$ 339.27	$ 338.30
Average revenue per KWH (cents)					
Residential	5.39	5.04	4.97	4.48	4.39
Commercial	6.31	5.91	5.85	5.25	5.21
Industrial	3.58	3.07	2.99	2.77	2.70
SOURCES OF ENERGY BY PERCENTAGE					
Hydro	28.5%	31.4%	31.0%	35.4%	40.3%
Nuclear	39.0%	40.6%	38.0%	41.2%	40.8%
Coal	10.7%	11.2%	8.0%	10.9%	1.6%
Oil	21.8%	16.8%	23.0%	12.5%	17.3%
System capability (MW) (winter)	428	406	399	424	404
Reserve margin (winter)	19%	9%	13%	21%	15%
System peak (MW)	365	373	353	350	351
Load factor	62.9%	58.8%	61.2%	57.9%	57.0%
Number of employees	574	577	571	612	612

Shareholder Information

Common Stock

At the end of 1980, there were 14,500 holders of the Company's common stock. Vermont residents accounted for 12.7 percent of this total. Residents of Connecticut represented the largest group of shareholders with 20.5 percent.

Individuals or families represented 97 percent of the shareholders. Shareholders reside in all states of the union and a number of foreign countries. The average holding is approximately 200 shares for all accounts.

Preferred Stock

There were 2,800 owners of the Company's preferred stock.

Dividend Reinvestment and Common Stock Purchase Plan

In 1976, the Company established a Dividend Reinvestment and Common Stock Purchase Plan. The Plan has grown and currently over 10 percent of shareholders participate.

Since the Plan's inception, $2.5 million of common equity has been raised through the operation of the Plan.

If you are not participating, you may wish to consider the benefits of joining. The Plan affords the opportunity for owners of our common stock and preferred stock to reinvest cash dividends and/or additional cash contributions in amounts from $25 to $5,000 per quarter to purchase additional shares of common stock without paying any brokerage or service charge.

To receive a prospectus containing details of the Plan, please complete and mail the card attached to this annual report.

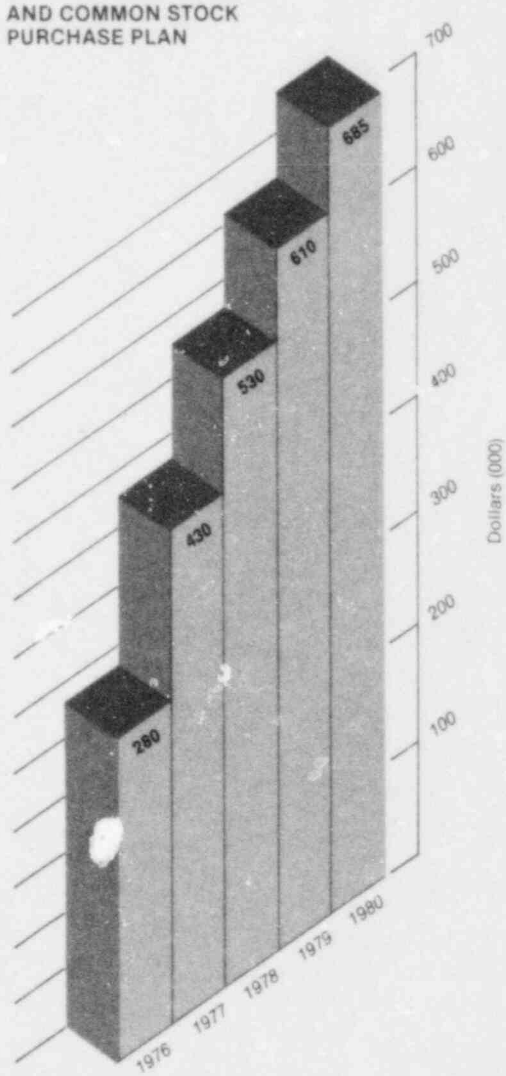
Market Information

The common stock of the Company is traded in the Over-the-Counter market and the prices reported on this page are from NASDAQ (The National Association of Securities Dealers Automated Quotation System). The Company symbol is CPUB.

Other Information

The Company welcomes at any time inquiries as to any matter of interest to its financial community, stockholders or employees.

NEW EQUITY RAISED FROM DIVIDEND REINVESTMENT AND COMMON STOCK PURCHASE PLAN



Common Stock Prices and Dividends

1979	High	Low	Dividends Per Share
1st Quarter	16¼	14⅜	$.41
2nd Quarter	15⅝	14¾	.41
3rd Quarter	18	15⅛	.41
4th Quarter	16¼	15⅛	.46
1980			
1st Quarter	16⅜	12¾	$.46
2nd Quarter	15⅞	13	.46
3rd Quarter	15¾	13½	.46
4th Quarter	15⅜	13½	.48

Board of Directors

Robert P. Bliss, Jr., /1973/ President, Bob Bliss, Ltd., St. Albans, Vermont (Insurance Industry Consultants) (4)

Allen O. Eaton, /1960/ Partner, Messrs. Ropes & Gray (Lawyers), Boston, Massachusetts (1) (3)

James E. Griffin, /1972/ President and Chief Executive Officer, Central Vermont Public Service Corporation (1)

Luther F. Hackett, /1979/ President, Hackett, Valine & MacDonald, Inc., Burlington, Vermont (Insurance) (2)

Robert T. Holden, /1959/ President and Treasurer, Fairdale Farms, Inc., Bennington, Vermont (Dairy Products) (1)

Frances C. Hutner, /1980/ Economics Consultant, Princeton, New Jersey and Acting Associate Professor, Rider College, Lawrenceville, New Jersey (2)

F. Ray Keyser, Jr., /1980/ Chairman, Keyser, Crowley, Banse & Kenlan, Inc., (Lawyers) Rutland, Vermont (4)

L. Douglas Meredith, /1953/ Chairman, Former President of the Company, South Burlington, Vermont (1)

Gordon P. Mills, /1980/ President, EHV-Weidmann Industries, Inc., St. Johnsbury, Vermont (Manufacturer of Electric Transformer Insulation) (2)

Preston Leete Smith, /1977/ President and Chief Executive Officer, Sherburne Corporation, Killington, Vermont (Ski Business) (1) (3)

Holmes H. Whitmore, /1963/ Retired, Past President, Jones & Lamson, Division of Waterbury Farrel, a Textron Company, Springfield, Vermont (Manufacturer of Machine Tools) (3)

Fred W. Yeadon, Jr., /1974/ President and Chief Executive Officer, First Vermont Bank and Trust Company, Brattleboro, Vermont (1) (3) (4)

(1) Member of Executive Committee
(2) Member of Audit Committee
(3) Member of Compensation Committee
(4) Member of Nominating Committee

Officers and Executive Staff

L. Douglas Meredith	Chairman
James E. Griffin	President and Chief Executive Officer
Richard W. Mallary	Executive Vice President
Robert E. Schill	Vice President —Finance and Corporate Planning
Donald L. Rushford	Vice President and General Counsel
Thomas J. Hurcomb	Vice President — External Affairs
Theodore W. Millspaugh	Treasurer
Alice L. Del Bianco	Secretary
Warren L. Stevens	Assistant Treasurer
Doris E. Rogers	Assistant Treasurer
Virginia S. Papineau	Assistant Secretary
John A. Ritsher	Assistant Secretary
Clifford E. Giffin	General Manager — Division Administration
Darrow R. McLeod	General Manager — Engineering and Power Operations
Patrick J. Garahan	General Manager — Administrative Services

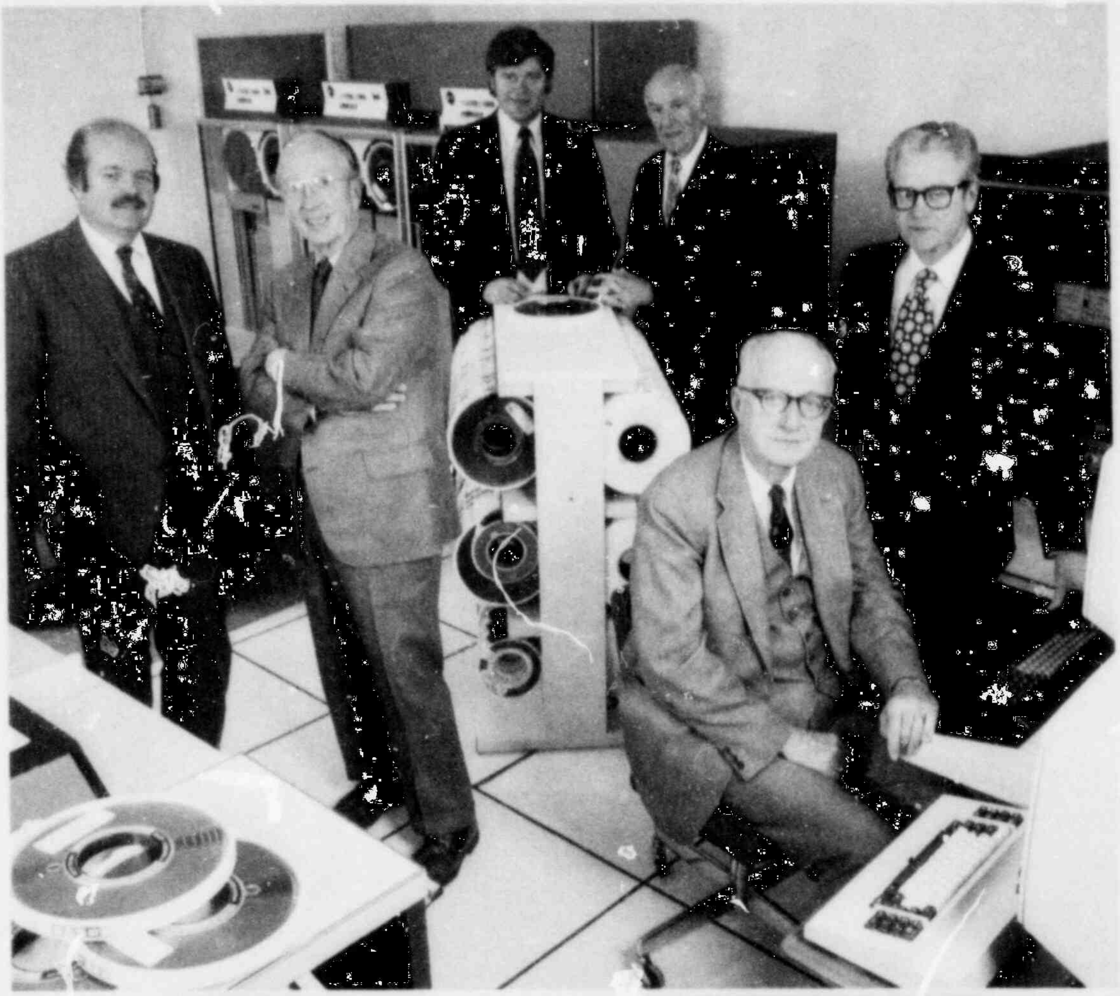
[illegible]

Central Vermont Public Service Corporation serves a majority of Vermont homes. Through its [illegible] subsidiary, Connecticut Valley Electric Company In[illegible] service extends into the bordering Connecticut River Valley in [illegible].

Vermont's tourist ind[illegible] developed attractions for all four seasons. Tourism has be[illegible] $500 million annual b[illegible]. Agriculture provides a very important economic activity. The[illegible] over 3000 dairy farms in the state, with a similar number of oth[illegible] raising beef cattle, sheep, and apples and producing cider, m[illegible], honey and other products. Manufacturing, recreation, education, wood and mineral production are other major segments of Vermont's business [illegible].

Electricity is provided by the Company through a network of [illegible] and distribution lines tied into the New England Power Pool. The [illegible] power includes: 28 percent hydroelectric [illegible] U.S., [illegible] and Canadian sources augmented by 18 [illegible] Company owned and operated stations; 39 percent nuclear power from the Vermont Yankee, Maine Yankee, Connecticut Yankee and [illegible] plants; 11 percent coal generation from New [illegible] Merrimack station, with the balance consisting of gas, [illegible] and New England Power Pool oil-fired units.

The Company's 574 employees are committed to our corporate [illegible] of providing safe, adequate and reliable electric service to our [illegible] ensuring a fair and competitive return on our [illegible] investment.



Left to Right:
Gordon P. Mills
Fred W. Yeadon, Jr.
Preston Leete Smith
Holmes H. Whitmore
James E. Griffin
L. Douglas Meredith

Left to Right:
Robert P. Bliss, Jr.
Robert T. Holden
F. Ray Keyser, Jr.
Frances C. Hutner
Luther F. Hackett
Allen O. Eaton

Central Vermont Public Service CORPORATION

CONFORMED COPY

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the fiscal year ended December 31, 1980

Commission File No:____

CENTRAL VERMONT PUBLIC SERVICE CORPORATION
(Exact name of registrant as specified in its charter)

Vermont	03-0111290
(State of incorporation)	(IRS Employer Identification No.)
77 Grove Street, Rutland, Vermont	05701
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number: 802-773-2711

Securities registered pursuant to Section 12(b) of the Act: None

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

(Title of class)

Common Stock, $6.00 par value

Preferred Stock, $100 Par Value
4.15% Dividend Series
4.65% Dividend Series
4.75% Dividend Series
5.375% Dividend Series
12.75% Dividend Series
13 1/2% Dividend Series

Preferred Stock, $25 Par Value
9.00% Dividend Series

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the

preceding 12 months and (2) has been subject to such filing requirements for the past 90 days: Yes x No ___

State the aggregate market value of the voting stock held by non affiliates of the registrant: $42,236,082, based upon average bid and asked prices of Common Stock, $6 Par Value, as of February 27, 1981.

Indicate the number of shares outstanding of each of the registrant's classes of common stock: As of February 27, 1981, there were outstanding 3,016,863 shares of Common Stock, $6 Par Value.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, or indicated portions thereof, have been incorporated herein by reference:

(1) Specifically identified information on pages 18 through 29, inclusive, and page 32 of the registrant's Annual Report to Stockholders for the fiscal year ended December 31, 1980 is incorporated by reference as Part II hereof.

(2) Specifically identified information on pages 2, 3 and 4 of the registrant's definitive proxy material for its annual meeting of stockholders to be held on May 5, 1981.

PART I

Item 1. Business.

Central Vermont Public Service Corporation (the "Company") is the largest electric utility in Vermont engaged in the purchase, production, transmission, distribution and sale of electricity. Its wholly owned subsidiary, Connecticut Valley Electric Company Inc. ("Connecticut Valley"), distributes and sells electricity in parts of New Hampshire bordering the Connecticut River. The Company also owns 58.4% of the common stock of Vermont Electric Power Company, Inc. ("Velco"), which owns the high voltage transmission system in Vermont, and 31.3% of the common stock of Vermont Yankee Nuclear Power Corporation ("Vermont Yankee"), a nuclear generating company.

The Company and Connecticut Valley (the "Companies") serve a large portion of Vermont (about 103,000 customers) and portions of New Hampshire bordering the Connecticut River (about 9,000 customers). The Companies serve 174 of the 245 towns in Vermont as well as 12 towns in New Hampshire. Over 60% of the Vermont population and about 3% of the population of New Hampshire reside in this service area. The Company supplies electricity at wholesale to two rural cooperatives, two small private utilities and four municipal utilities.

The Companies' sales, both among their various revenue classes and within each class, are derived from a diversified customer mix. The Companies' sales to commercial and industrial customers accounted for about 51% of retail KWH sales for the year ended December 31, 1980. Sales to the five largest of such customers receiving electric service constituted about 7% of the Companies' retail KWH sales for the year.

The Company and its subsidiaries employ approximately 574 persons, of which approximately 230 are represented by unions.

POWER SOURCES

The Company owns and operates 22 generating units with an effective capability of 85,000 KW and in addition purchases power from other sources including four nuclear generating companies in which it has investments. In addition, the Company owns an 11,000 KW undivided interest in the W. F. Wyman Unit #4, located in Maine. The maximum one-hour system demand experienced by the Companies and their wholesale customers prior to 1981 was approximately 372,480 KW on February 12, 1979. Energy generated by operating and proposed units in which the Company has an

interest together with energy purchased pursuant to firm power contracts are anticipated to be sufficient to meet the Company's projected customer demand for energy through 1985. The Company's long-term compound growth rate is forecasted to be approximately 2.4% of KWH sales. Any significant further delay in the commencement of commercial operation of planned nuclear units or failure to obtain extension of the Power Authority of the State of New York ("PASNY") agreements which expire in 1985 could require the Company to develop other power sources at a cost which is unknown but which could be significantly increased. Because the generation and transmission systems of the Company and the other major New England utilities are operated through the New England Power Pool ("NEPOOL") as if they were a single system, the ability of the Company to meet its load is related to the ability of all the New England utilities to meet all of the New England load.

Existing Nuclear Units.

The Company is a stockholder, together with other New England electric utilities, in four nuclear generating companies which have plants currently in commercial operation:

Company	Net Capability	Company's Entitlement
Vermont Yankee.........	528 MW	35.0%--184.8 MW(1)
Maine Yankee...........	830 MW	2.0%-- 16.6 MW(2)
Connecticut Yankee.....	580 MW	2.0%-- 11.6 MW
Yankee Rowe............	176 MW	3.5%-- 6.2 MW

(1) 24.8 MW of the Company's entitlement has been sold by the Company through Velco to other Vermont utlities.

(2) 1.7 MW of the Company's entitlement has been sold by the Company to certain municipal utilities in Massachusetts.

The Company is entitled to its entitlement percentage of the power output of each of these companies. The Company is similarly obligated to pay such percentage of the operating expenses, including depreciation, and a return on invested capital whether or not the plant is operating. The Company is obligated to provide its entitlement percentage of the capital requirements of Vermont Yankee and Maine Yankee and has a similar, but limited, obligation to Connecticut Yankee.

The Federal Price-Anderson Act provides, among other things, that the maximum liability for damages resulting

from a nuclear incident would be $560 million, to be provided by private insurance and governmental sources. Under amendments to that Act, owners of operating nuclear facilities may be assessed a retrospective premium of up to $5 million for each reactor owned in the event of any one nuclear incident occurring at any reactor in the United States, with a maximum assessment of $10 million per year per reactor owned. The Company's interests in the above nuclear power units are such that it could become liable for a maximum assessment of $4,250,000 for any year.

Events at Three Mile Island Nuclear Unit No. 2 in Pennsylvania ("TMI") have prompted a rigorous reexamination of safety related equipment and operating procedures in all nuclear facilities. New regulatory requirements involving both physical and procedural changes have been and are being promulgated, with which all nuclear facilities will have to comply. Until the scope of these improvements, as they apply to particular reactors, and the time schedules for compliance have been defined, neither the cost of any modifications and their effect, if any, on the operations of particular units in which the Company has an interest, nor the impact, if any, upon the construction schedules and costs of units under construction in which the Company has an interest, can be determined.

Vermont Yankee. As a result of problems encountered in the original nuclear reactor fuel, Vermont Yankee limited the power output of its plant throughout most of the first two years of its operation. Since 1976, plant performance has been as indicated in the following table:

	Availability Factor(1)	Capacity Factor(2)
1976..................	77.1%	72.2%
1977..................	85.1%	78.6%
1978..................	75.9%	72.0%
1979..................	82.1%	76.6%
1980..................	71.5%	66.0%

(1) "Availability Factor" means the hours that the plant is capable of producing electricity divided by the total hours in the period.

(2) "Capacity Factor" means the total net electrical generation divided by the product of the maximum dependable electrical capacity multiplied by the total hours in the period.

The Vermont Yankee plant now normally operates in a closed-cycle mode, which cools condensing water exclusively with cooling towers, from May 16 through October 14 each

year. From October 15 through May 15 of the following year, Vermont Yankee normally operates in an open-cycle mode, discharging about 300 cubic feet per second of warmed water into the Connecticut River. This discharge is permitted during winter months under Vermont Yankee's National Pollution Discharge Elimination System (NPDES) permit, which was renewed for a four-year term on January 19, 1981. The NPDES permit contains operational criteria designed to insure protection of the general environment and Connecticut River biota.

The Atomic Energy Commission ("AEC"), now the Nuclear Regulatory Commission ("NRC"), granted a full-term (forty-year), full power operating license for the Vermont Yankee plant in 1973. Certain intervenors, challenging the sufficiency of the NRC's environmental review of portions of the fuel cycle in the Vermont Yankee proceeding, appealed the decision to the Court of Appeals for the District of Columbia Circuit in Natural Resources Defense Council v. NRC, where their appeal was consolidated with another appeal from the NRC's generic rulemaking proceeding on the same subject. In July, 1976 that Court decided the appeals by setting aside and remanding to the NRC for further proceedings certain aspects of the rulemaking which dealt with fuel reprocessing and waste disposal and by remanding the Vermont Yankee decision to await the outcome of the rulemaking. That decision was appealed to the United States Supreme Court which, by decision dated April 3, 1978, reversed the Court of Appeals and remanded the matter to the Court of Appeals for further proceedings. The matter is still pending before the Court of Appeals. The Company is unable to predict the outcome of the proceeding. Meanwhile, the NRC has promulgated a new final rule (superseding the prior rules) on the effects of fuel reprocessing and waste disposal which quantifies the environmental impact of those portions of the fuel cycle for use in the general environmental evaluation of plant licenses. A petition for review of this final rule is also pending before the United States Court of Appeals for the District of Columbia. It is Vermont Yankee's opinion that the new rule will not adversely affect Vermont Yankee's operating license and that the above-described court proceedings will not otherwise adversely affect its ability to operate.

By decision dated January 27, 1978, the NRC Atomic Safety and Licensing Appeal Board affirmed an earlier licensing board decision authorizing a license amendment to permit expansion of the fuel rack capacity for storage of spent fuel at the Vermont Yankee plant. On appeal by one intervenor the United States Court of Appeals for the District of Columbia Circuit rejected certain contentions by the petitioners as to procedural issues but remanded the matter to the NRC for further consideration in light of the new generic fuel cycle rule promulgated by the NRC as a

result of the litigation referred to above. The court specifically did not stay the challenged license amendment which remains in effect. The remanded matter is pending before the NRC.

Vermont Yankee is one of the Company's two major sources of power. The effect on the Company's earnings of a prolonged shutdown of the Vermont Yankee plant could be materially adverse and would be dependent upon various factors such as the timing and the length of the shutdown, action by the Vermont Public Service Board on any request to reflect the higher cost of replacement power in rates, and any contractual arrangements for the disposition of energy associated with the Company's entitlement.

• W. F. Wyman Unit. The W. F. Wyman Unit #4, an oil-fired plant located in Maine, came on line in late 1978 as a source of base load power. The Company is a joint-owner of this unit, holding an 11 MW share.

Planned Generation Facilities.

The Company presently expects to participate as a part owner with other New England utilities in several major electric generating stations on a tenancy-in-common basis. The Company's actual expenditures (including allowance for funds used during construction and present commitments for nuclear fuel expenditures) through December 31, 1980 and estimated expenditures for total construction costs of these facilities are set forth in Table I (on page 5A).

Significant regulatory and other problems may be involved in the construction and operation of the nuclear units. Licenses, permits and approvals for such construction and operation are required from various governmental agencies, including the Environmental Protection Agency ("EPA") and the NRC. Substantial investments must be made prior to obtaining such licenses, permits and approvals, and there is no assurance that they will be obtained or, if obtained, that they will not be modified or revoked. In each of these jointly financed projects there is the additional risk that another participant may be unable to finance its share of the construction or operating costs of such project which could have an adverse impact upon its construction schedule. In addition, various groups have filed law suits, introduced legislation and participated in administrative proceedings claiming that the construction and operation of nuclear units present risks to public health and safety and to the environment.

The Company's share of the Seabrook units represents a significant portion of its total projected generation expenditures during the next five years and the output from

Table I

Unit	Energy Source	Estimated Date of Commercial Operation(1)	Total Capacity (MW)	Capacity (MW)	Company's Share: Expenditures through December 31, 1980(2) (thousands)	Company's Share: Total Estimated Construction Cost(2) (thousands)	Company's Share: Estimated Construction Cost Per KW(2)
Seabrook #1 & #2..	Nuclear	1984;1986	2,300	36	$20,954	$57,298	$1,592
Millstone #3......	Nuclear	1986	1,150	20	16,161	50,457	2,523
Pilgrim #2........	Nuclear	1987	1,150	20	7,085	36,961	1,848

(1) The completion dates of certain of these units have been deferred from time to time and additional deferrals may occur due to licensing delays, economic conditions and other factors. Deferrals have the effect of increasing the costs of a unit.

(2) Including allowance for funds used during construction and present commitments for nuclear fuel. Estimated construction expenditures are based upon information furnished by the utility responsible for the construction of each unit. These utilities have advised the Company that they are continually reviewing their construction budgets. Each of these budgets has increased and may increase further as a result of deferrals and delays, increases in financing costs, fuel and related costs, other problems affecting construction such as strikes and inflation as well as other events and conditions not presently foreseen. See "Construction Program".

those units is significant to the Company's ability to meet its projected demand beginning in 1984. Construction permits for the Seabrook units were originally issued on July 7, 1976 and construction commenced shortly thereafter but was subsequently suspended in 1977 and 1978 for periods of seven months and three weeks, respectively, as a result of administrative and court proceedings described below. The Initial Decision authorizing the construction permits was affirmed by an NRC Appeal Board (one member dissenting) and by the NRC, and on August 22, 1978 the United States Court of Appeals for the First Circuit dismissed four appeals therefrom. A timely petition for review of the seismic issue raised by the dissenting Appeal Board opinion resulted in a remand of that issue by the NRC to the NRC Appeal Board for a limited further hearing on aspects of that issue which is tentatively scheduled to commence on April 6, 1981. The Company is unable to predict the outcome of that proceeding.

In March, 1979, Public Service Company of New Hampshire ("PSCo"), the lead participant, announced its intention to reduce its ownership interest in the Seabrook project. PSCo obtained commitments from nine other utilities to increase their ownership interests by about 15% by gradual payments over an Adjustment Period, with a corresponding decrease in PSCo's interest. All but three accepting utilities received their required approvals and commenced their Adjustment Period on January 31, 1981. The other three are awaiting various required approvals before their Adjustment Periods can commence.

In March, 1980, in view of capital market conditions and the lack of approvals of its ownership reduction, PSCo reduced the level of construction activity at the Seabrook Project; such reduction is expected to continue until all Adjustment Periods have commenced. The Company is unable to predict what impact, if any, that reduction in the interest of the financial condition of PSCo or the reduction in construction activity may have upon the construction schedule for the Seabrook project.

Power Contracts.

Under agreements between the State of Vermont (the "State") and PASNY, the State purchases 100,000 KW of St. Lawrence power and 50,000 KW of Niagara Project Power through June 30, 1985. The Company in turn has contracts with the State for the purchase at cost of a 45,790 KW share of the St. Lawrence Power and a 21,735 KW share of the Niagara Project Power. Both contracts with the State are subject to extension for the periods, if any, for which the contracts between the State and PASNY are extended. During the twelve months ended December 31, 1980, the Company

purchased 388,783,200 KWH of such power for which it paid $3,347,997.

Under an agreement between the Company and Velco, the Company is purchasing at Velco's cost 46,577 KW of unit power purchased by Velco from Public Service Company of New Hampshire's Merrimack Unit #2 for a thirty-year period which commenced May 1, 1968. For the twelve months ended December 31, 1980, the Company purchased from Velco 214,715,300 KWH of this power for which it paid Velco $5,217,418.

In addition to the contracts described above, the Company directly or through Velco has contracts or commitments for unit and system power from various sources. It also has by its contractual participation in NEPOOL through Velco access to sources of power from other utilities in New England and throughout the Northeast region.

NEPOOL.

The NEPOOL Agreement, to which the major investor-owned utilities in New England, including the Company and Velco, and certain municipal and cooperative utilities are parties, provides for joint planning, operation of generating and transmission facilities, including central dispatch of the region's facilities, and imposes generating capacity reserve obligations and use of major transmission lines and payment for such use.

Based upon the power sources described above, the Company expects to be able to satisfy its reserve obligation through 1985. Because of the NEPOOL requirement that the most efficient generating facilities in the region be dispatched first, the Company's operating revenues and costs are affected to some extent by the operations of other NEPOOL participants.

Fuel Supply.

The Company's sources of power for the twelve months ended December 31, 1980 included 39% nuclear, 28% hydro, 11% coal and 7% oil, with the remainder coming from various NEPOOL sources, mostly oil.

Nuclear. The cycle of production and utilization of nuclear fuel for nuclear generating units consists of (1) the mining and milling of uranium ore, (2) the conversion of the resulting concentrate to uranium hexafluoride, (3) the enrichment of the uranium hexafluoride, (4) the fabrication of fuel assemblies, (5) the utilization of the nuclear fuel and (6) the storage, reprocessing or disposal of spent fuel.

Vermont Yankee has commitments for nuclear fuel purchases through 1985 approximating $95,709,000. Expenditures for such commitments will be approximately $19,269,000, $19,082,000, $19,362,000, $19,129,000 and $18,867,000 in the years 1981 through 1985, respectively.

Vermont Yankee has contracted for uranium concentrate to meet substantially all its power production requirements through 1984 and has two additional long-term contracts for uranium by-product extraction on facilities for 20 and 12 years, respectively, each of which is expected to provide up to about 20% of its uranium requirements during these periods. Under one of these contracts Vermont Yankee is committed to make minimum payments, aggregating $6,250,000 plus interest, over an approximately 9-year period which commenced in September, 1980 regardless of the amount of uranium that is actually produced; the facility from which uranium is to be supplied under that contract has not yet achieved its design production capability, although some amounts have been produced since September, 1980.

Vermont Yankee has an enrichment contract with the United States Department of Energy through 2001 and has contracted for fuel fabrication requirements through 1984 and conversion services through 1983. Vermont Yankee has no contractual arrangements for disposal or reprocessing of spent fuel and there are no commercial reprocessing facilities presently operating in the United States. Vermont Yankee is expanding its temporary storage capacity so that spent fuel removed from the reactor through 1987 can be stored while maintaining the ability to discharge a full core should that be necessary for operational reasons. Commencing in October, 1977, Vermont Yankee began accruing for estimated costs of disposing of spent nuclear fuel through an addition to its energy component charge.

The nuclear fuel component of the average cost to the Company of energy generated at the Vermont Yankee plant has been 3.60, 3.49, 4.04, 4.30 and 6.32 mills per KWH for the years 1976 through 1980.

The Company has been advised by the companies operating or planning other nuclear generating stations in which the Company has or expects to have an interest that they have contracted for certain segments of the nuclear fuel production cycle through various dates. Contracts for the remainder of the fuel cycle will be required but their availability, prices and terms cannot be predicted.

Coal. The Merrimack Unit #2 obtains its coal from West Virginia sources under a contract which expires on March 31, 1983, providing for one five-year extension by mutual consent of the parties. The specifications for the coal to

be supplied under the contract meet existing air pollution control requirements.

Oil. The Company has no long-term contracts for fuel for its two small oil-burning generating stations, used almost entirely for standby purposes, and two gas turbine (oil-burning) generating stations. It relies upon local supplies for the modest amounts required.

CONSTRUCTION PROGRAM

The Companies are engaged in a construction program to renew existing facilities and to provide for future growth in demand for electrical energy. Through this program, the Company is presently undertaking a long-term program to increase the portion of its energy requirements supplied by generating units in which it has an ownership interest.

The amount which the Companies will spend for construction is regularly under review and is subject to changes influenced by business and economic conditions and other factors such as the rate of load growth, escalation of labor, material and equipment costs, rate of construction progress, environmental quality control, nuclear and other governmental regulation, service reliability, system efficiencies and other operating considerations. The Companies' projected expenditures for the five years 1981-1985, exclusive of allowance for funds during construction, are estimated at $123,207,000, itemized as follows:

	1981	1981-1985
Generation..........	$10,661,800	$ 74,424,000
Nuclear fuel........	1,474,000	5,387,000
Transmission........	1,096,600	11,245,000
Distribution........	4,642,600	30,840,000
Other...............	383,000	1,311,000
Total..........	$18,258,000	$123,207,000

The foregoing table includes the Company's investments to be made in jointly owned generating units.

RATE MATTERS

Retail Rate Increases.

During the past five years the Vermont Public Service Board ("PSB") has granted permanent rate increases as shown below:

Date of Application	Date of PSB Order	Effective Date of Rate Increase	Amount of Rate Increase(1)
May 18, 1977	December 8, 1978	June 20, 1977	$6,347,000
November 30, 1979	(2)	January 1, 1980	5,281,000
March 21, 1980	February 26, 1981	March 21, 1980	2,324,000

(1) Based upon KWH sales in respective twelve-month test periods ended December 31, 1974, May 31, 1977 and September 30, 1979.

(2) Entire increase was allowed to become effective without PSB order.

On November 26, 1980 the Company filed a rate request with the PSB for $18,031,000 annually, or 22.8%, applicable to Vermont retail customers, based on an August, 1980 test period. The petition covered all cost of service items, including a request for a 13.1% overall rate of return, an 18.2% return on equity, tax normalization of accelerated depreciation and a portion of construction work in progress in the rate base.

On September 4, 1980 the Company made application with the PSB for additional rate relief of $3,450,000 annually, or 4.6%, applicable to Vermont retail customers, based on a 1980 pro forma test period. The request related solely to power costs.

On March 21, 1980, the Company filed a rate request with the PSB for $4,328,000 annually, or 6.23%, applicable to Vermont retail customers, based on a September, 1979 test period. The requested increase was related solely to purchased power costs. In an order dated February 26, 1981, the Company was allowed to increase retail rates by $2,324,000 or 3.35% on an annual basis. Although the allowed rate increase was less than expected, the difference between revenue recorded during 1980 based on management's judgment about future PSB actions (See Note 9 to Notes to Consolidated Financial Statements) and the revenues which should have been received is not material.

On November 30, 1979 the Company filed a rate increase request with the PSB for $5,281,000 annually, or 8.2%, applicable to Vermont retail customers, also based on a September, 1979 test period. The rate petition included an overall rate of return of 10.8% and a return on equity of 14.5%. The increase was allowed to become effective on January 1, 1980 without suspension or hearing.

The actual rate of return earned by the Company depends upon operating and other conditions. The Company's earned rate of return on average common equity for 1980 was 10.5%.

The PSB, by order dated December 8, 1978 in the Company's previous rate case, allowed a retail increase of $6.3 million or 11.96%. The PSB approved the Company's request for a return on equity of 14.5% and an overall return of 10.6%. The Company was also allowed, in accordance with prior practice, to recoup over a future period the difference between the prior rates and the approved rates during the suspension period of June 20, 1977 through December 19, 1977. The amount of recoupment to be collected includes a return on the outstanding balance.

The Board in its order disallowed the continuance of the purchased energy and fuel adjustment clause. However, the Company is legally entitled to reasonable rates and can file for rate adjustments as necessary. The Company still has operative fuel clauses applicable to approximately 15% of kilowatthour sales.

The rate order did allow 25 percent of the requested construction work in progress as a rate base item, including all of its in-state construction and one out-of-state generating facility which has since become operational. Among the crit- -a for allowing construction work in progress in rate base which the Board outlined are (1) imminence of service of the facilities, and (2) demonstrated financial hardship.

Wholesale and Connecticut Valley Rates Increases.

In the past five years, the Company has been granted two increases in wholesale rates by the Federal Energy Regulatory Commission ("FERC"). The most recent increase became effective August 2, 1980 as a re-ult of a settlement agreement which increased revenues by $786,000 per annum, or 11.9%, on a 1980 test year basis.

The Ne Hampshire Public Utilities Commission has allowed Connecticut Valley five retail rate increases since 1975, two of which were solely to recover increased costs of purchased power. Rate proceedings allowed retail rates to be increased by $163,000 effective June 2, 1980, or 2.7% annually, and then by an additional $44,000 effective January 1, 1981.

COMPETITION

The Company's business is generally free from direct competition by other electrical utilities, municipalities or other agencies.

In Vermont a municipality may construct or acquire and operate electrical generation and distribution facilities. If property is taken by eminent domain the municipality must pay just compensation as well as severance damages determined by the PSB. The municipality has the authority to finance the cost of acquiring the municipal public utility plant by pledging the net earnings derived from the operations of the municipal public utility.

In October, 1977 the voters of the Town of Springfield voted to proceed with the construction of hydroelectric generating facilities on the Black River in and outside the Town and to acquire the Company's distribution properties in the Town. Springfield has been granted a preliminary permit by FERC to study the proposed hydroelectric facilities and has filed a license application. Springfield could proceed with the acquisition of the Company's distribution properties in Springfield without developing the proposed hydroelectric facilities. Hearings with respect to condemnation of the distribution properties have been completed before the PSB but no decision has been rendered. Any decision in those proceedings is likely to be appealed by one of the parties. The Company's revenues in 1980 from customers in Springfield were approximately $3,434,000.

No other municipality served by the Company is, so far as is known to the Company, taking steps to establish a municipal electric distribution system.

In 1977, a municipal power association, of which a number of municipalities in the Company's service area are members, was organized with the stated purpose of planning and coordinating the power requirements of its members. Legislation was enacted in 1979 by the Vermont Legislature which empowers that association to finance the acquisition or construction of generating facilities, the output of which would be available to its members and others. In addition, preliminary action has been taken by a number of municipalities to study the possible construction by them of small hydroelectric generating facilities, and the Company has indicated its willingness to cooperate with such municipalities in studying such possible projects. In March, 1977, a number of municipalities in the valley of the West River voted to study the possible construction by them of generating facilities at a United States flood control dam constructed and operated by the Corps of Engineers; the Company had previously applied to FERC for a preliminary permit to study such a proposed facility. FERC awarded this group a permit on February 13, 1980.

REGULATION

State Commissions.

The Company is subject to the regulatory authority of the PSB with respect to rates, and the Company and Velco are subject to PSB jurisdiction respecting security issues, construction of major generation and transmission facilities and various other matters. Connecticut Valley is subject to the regulatory authority of the New Hampshire Public Utilities Commission with respect to rates, security issues and various other matters. The Company and Velco are, except as limited by the applicable statutes of the United States, subject to the regulatory authority of the New Hampshire Public Utilities Commission as to matters pertaining to construction and transfers of utility property, rates and service in New Hampshire. Additionally, the Public Utilities Commission of Maine, the Connecticut Public Utilities Control Authority, the New Hampshire Public Utilities Commission and the Massachusetts Department of Public Utilities each has limited jurisdiction over the Company based on its ownership as a tenant-in-common of Wyman #4, Millstone #3, Seabrook #1 & #2 and Pilgrim #2, respectively. The Company is also subject to regulation with regard to zoning, land use and similar controls by various state and local authorities.

Public Utility Holding Company Act of 1935.

Although the Company is a holding company, as defined in the Public Utility Holding Company Act of 1935, by reason of its ownership of the stock of Connecticut Valley, Velco and Vermont Yankee, it is presently exempt, pursuant to Rule 2, promulgated by the Commission under said Act, from all the provisions of said Act except Section 9(a)(2) thereof relating to the acquisition of securities of public utility affiliates.

Federal Power Act.

The Company and Velco are subject, as to some phases of their businesses, including certain rates, to the jurisdiction of FERC: the Company as a licensee of hydroelectric developments under Part I, and the Company and Velco as interstate public utilities under Parts II and III of the Federal Power Act, as amended and supplemented by the National Energy Act.

The Company has licenses expiring in 1987 and 1993 under Part I of the Federal Power Act for twelve of its hydroelectric plants. The Company has applied to FERC for abandonment of the license for one plant no longer in operation. The Company has filed applications now pending

before FERC with respect to two previously abandoned plants and one proposed project.

Environmental Matters.

The EPA administers programs established under the Federal Water Pollution Control Act and the Clean Air Act which affect all of the Company's thermal generating facilities, as well as the nuclear facilities in which it has an interest. The former Act establishes a national objective of complete elimination of discharges of pollutants into the nation's water and creates a rigorous permit program designed to achieve these effluent limitations. The latter Act empowers the EPA to establish clean air standards which are implemented and enforced by state agencies. The EPA has broad authority in administering these programs, including the ability to require installation of pollution control and mitigation devices and to limit or halt construction or operation of a unit. The Company is also subject to regulation with regard to environmental matters by various state and local authorities.

The environmental standards administered by these agencies, together with the equipment and technology available and the length of time afforded for meeting those standards, are in a period of development and change. Accordingly, both the timing and amount of capital and operating costs in this area are not subject to precise determination. While these factors have had some impact upon the Company's past operations as a distribution company, the Company anticipates that they will have a more significant impact upon the capital costs and construction schedules of the new generating facilities in which it is participating.

Nuclear Matters.

The nuclear generating facilities of Vermont Yankee and the other such facilities in which the Company has or will have an interest are subject to extensive regulation by the NRC. The NRC is empowered to regulate the siting, construction and operation of nuclear reactors after consideration of public health, safety, environmental and antitrust matters. Under its continuing jurisdiction, the NRC may, after appropriate proceedings, require modification of units for which construction permits or operating licenses have already been issued, or impose new conditions on such permits or licenses, and may require that the operation of a unit cease or that the level of operation of a unit be temporarily or permanently reduced.

Velco purchases bulk power for resale at cost to the Company and the other electric utilities in Vermont and transmits such power over its high voltage transmission system to them. Velco participates for itself and as agent for the Company and eighteen other Vermont utilities in NEPOOL. The Company is the major user of Velco's services.

The Company owns 58.4% of the common stock of Velco, the balance being owned by Green Mountain (29.0%), Citizens Utilities Company (3.4%) and other Vermont utilities. An agreement between Velco, the Company, Green Mountain and Citizens provides, among other things, that Citizens and Green Mountain may each require the Company to purchase the Velco common stock owned by each at its book value at the time of purchase.

Under a contract with the State (the "Transmission Contract"), Velco transmits to certain Vermont utilities the 150,000 KW of power which the State purchases from PASNY and any other power the State may acquire outside Vermont. The Transmission Contract terminates by its terms June 30, 2000 but is subject to renewal by the State for a period not exceeding ten years. For Velco's services the State agrees to pay amounts equal to all Velco's costs (as defined) including operating expenses, taxes, interest on and amortization of its debt and a return on common stock, except that if Velco should use its system for the transmission of firm power owned by it (which it does not presently do), Velco's costs would be allocated between the State and Velco in proportion to the uses of the system for the transmission of firm power owned by the State and by Velco, respectively. The Transmission Contract also provides that contracts for the use by others of the Velco system (as therein defined) are subject to approval by the State, any revenues therefrom being deducted from Velco's costs allocable to the State.

Velco, the Company and Green Mountain have entered into an agreement (the "Three Party Agreement") which imposes obligations on the Company and Green Mountain if, and only if, Velco transmits firm power owned by it. Velco does not now transmit, and does not presently have plans to transmit in the future, power owned by it. Nevertheless, if that transmission occurs, under the Three Party Agreement the Company and Green Mountain would have the right to purchase all such firm power not sold to others with their consent and be obligated to pay (in proportions agreed upon between the Company and Green Mountain) amounts sufficient, together with Velco's revenues from other sources, to pay all Velco's operating expenses, debt service and taxes. In connection with the transfer to Velco of their entitlements of the output of the Vermont Yankee plant, the Company and Green

Mountain entered into a Three-Party Power Agreement and Three-Party Transmission Agreement with Velco (the "Vermont Yankee Agreements"), whereby they have agreed to repurchase from Velco all Vermont Yankee power not taken by other Vermont utilities and to pay transmission charges thereon in an aggregate amount sufficient, with Velco's other revenues, to pay all of Velco's expenses including capital costs

Velco's Bonds are secured by a first mortgage on the major part of Velco's transmission properties and by the assignment to the Trustee of the Transmission Contract, the Three Party Agreement, the Vermont Yankee Agreements and certain other contracts as specified in the Velco Indenture.

Item 2. Properties.

The Company. The Company's electric properties consist of five principal distribution systems: the Central, Bennington, St. Albans, St. Johnsbury and Brattleboro systems. Transmission lines tie the Bennington and Brattleboro systems together. All, except the Brattleboro system, are connected to the transmission facilities of Velco and all except the St. Albans system are interconnected with the facilities of New England Electric System; also the Brattleboro system is directly connected with the Public Service Company of New Hampshire, and the St. Johnsbury system is indirectly connected through Velco to Public Service Company of New Hampshire. The Central and Bennington systems are also indirectly connected, through the transmission lines of Velco and the facilities of Niagara Mohawk Power Corporation.

The electric generating plants of the Company consist of 18 hydroelectric generating stations, two gas turbine generating stations, one steam-electric generating station and one diesel-electric generating station, of which one hydroelectric generating station is located in New York and the remainder in Vermont. In addition, the Company owns undivided interests in an operating oil-fired generating station located in Maine and in nuclear generating units in New Hampshire, Massachusetts and Connecticut which are presently under construction (See "Power Sources" under Item 1, *supra*).

The electric systems of the Company include about 610 pole miles of transmission lines, about 6,462 pole miles of overhead distribution lines and about 65 miles of underground distribution lines which are located in Vermont except for about 23 pole miles of transmission lines which are located in New Hampshire.

Connecticut Valley. Connecticut Valley's electric properties consist of two principal systems in New Hampshire

which are not interconnected with each other but each of which is connected directly with facilities of the Company.

The electric systems of Connecticut Valley include about two pole miles of transmission lines and about 376 pole miles of overhead distribution lines and about three miles of underground distribution lines.

Velco. Velco has no generating facilities but has approximately 455 pole miles of transmission lines and 23 associated substations located in Vermont. Velco's properties interconnect with the lines of New York State Power Authority at the New York-Vermont state line near Plattsburgh, New York; with the transmission facilities of Niagara Mohawk Power Corporation at the New York-Vermont state line near Whitehall, New York and North Troy, New York; with the lines of New England Power Company at Wilder, Vermont, near the New Hampshire-Vermont state line at Monroe, New Hampshire and at Claremont, New Hampshire, and near the Massachusetts-Vermont state line at North Adams, Massachusetts; and with the lines of Public Service Company of New Hampshire near the New Hampshire-Vermont state line at Littleton, New Hampshire and near the New Hampshire-Vermont state line at Ascutney, Vermont and at Vernon, Vermont. All of its transmission facilities are in Vermont except for approximately 4.3 pole miles of transmission lines in New Hampshire.

All the principal plants and important units of the Company and its subsidiaries are held in fee. Transmission and distribution facilities which are not located in or over public highways are, with minor exceptions, located either on land owned in fee or pursuant to easements substantially all of which are perpetual. Transmission and distribution lines located in or over public highways are so located pursuant to authority conferred on public utilities by statute, subject to regulation of state or municipal authorities.

Item 3. Legal Proceedings.

There are no material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the Company or any of its subsidiaries is a party or to which any of their property is the subject. See Item 1 for descriptions of proceedings relating to nuclear units and condemnation proceedings by Town of Springfield.

Item 4. Security Ownership of Certain Beneficial Owners and Management.

(a) Security ownership of certain beneficial owners: As of October 1, 1980, there was no person who was known to

registrant to be the beneficial owner of more than five percent of any class of registrant's voting securities.

(b) Security ownership of management: The following is a tabulation of the equity securities of the registrant beneficially owned by its directors, and its directors and officers as a group, as of January 22, 1981:

Title Of Class	Name of Beneficial Owner	Number of Shares Beneficially Owned	Percent Of Class
Common Stock,			
$6 Par Value	Robert P. Bliss, Jr.	754.338	
	Allen O. Eaton	161.333	
	James E. Griffin	595.021	
	Luther F. Hackett	218.	
	Robert T. Holden	220.	
	Frances C. Hutner	1,100.	
	F. Ray Keyser, Jr.	10.	
	L. Douglas Meredith	1,000.	
	Gordon P. Mills	500.	
	Preston Leete Smith	100.	
	Holmes H. Whitmore	500.	
	Fred W. Yeadon, Jr.	200.	
	All Directors and Officers as a group	7,071.174	0.24%

(c) Changes in control: Not applicable.

PART II

Item 5. Market for Registrant's Common Stock and Related Security Holder Matters.

See the information under the heading "Shareholder Information" on page 32 of the registrant's 1980 Annual Report to Stockholders, which is hereby incorporated herein by reference; said Annual Report to Stockholders is filed as an exhibit hereto.

The registrant's Articles of Association contain certain limitations, applicable so long as the Senior Preferred Stock is outstanding, on the registrant's right to declare dividends on the Common Stock out of net income or in the event Common Stock Equity (as defined) is less than 25% of Total Capitalization (as defined). The Indentures relating to the registrant's Debentures contain similar restrictions on dividends. As of December 31, 1980 the Common Stock Equity was approximately 39.2% of Total Capitalization (as defined). As at December 31, 1980, $18,900,000 of the registrant's retained earnings were free of these indenture restrictions.

Item 6. Selected Financial Data.

See the information under the heading "Selected Financial Data" on page 18 of the registrant's 1980 Annual Report to Stockholders, which is hereby incorporated herein by reference; said Annual Report to Stockholders is filed as an exhibit hereto.

See also Note 9 to the Notes to Consolidated Financial Statements (Item 8 below) relating to the change in accounting policy in 1980 with respect to accrual of revenues expected to be allowed in rate proceedings.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

See the information under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations" on pages 18 and 19 of the registrant's 1980 Annual Report to Stockholders, which is hereby incorporated herein by reference; said Annual Report to Stockholders is filed as an exhibit hereto.

See also Note 9 to the Notes to Consolidated Financial Statements (Item 8 below) relating to the change in accounting policy in 1980 with respect to accrual of revenues expected to be allowed in rate proceedings.

Item 8. Financial Statements and Suplementary Data.

See the consolidated financial statements and notes to the consolidated financial statements, together with the related report of Peat, Marwick, Mitchell & Co. dated February 20, 1981, on pages 20 through 29 of the registrant's 1980 Annual Report to Stockholders, which is hereby incorporated herein by reference; said Annual Report to Stockholders is filed as an exhibit hereto.

PART III

Item 9. Directors and Executive Officers of the Registrant.

See the information under the heading "Election of Directors" on pages 2 and 3 of the registrant's definitive proxy material for its annual meeting of stockholders to be held on May 5, 1981, which is hereby incorporated herein by reference.

Item 10. Management Remuneration and Transactions.

See the information under the heading "Information on Remuneration and Other Transactions" on pages 3 and 4 of the registrant's definitive proxy material for its annual meeting of stockholders to be held on May 5, 1981, which is hereby incorporated herein by reference.

Filed
Herewith
at Page

PART IV

Item 11. Exhibits, Financial Statements, Schedules and Reports on Form 8-K.

(a) The following documents are filed as part of this report:

1. Financial Statements:

1.1. Central Vermont Public Service Corporation and its wholly-owned subsidiary, Connecticut Valley Electric Company Inc.: (See Item 8)

Consolidated Statement of Income and Retained Earnings, years ended December 31, 1980, 1979, 1978, 1977 and 1976.

Consolidated Balance Sheet, December 31, 1980 and 1979.

Consolidated Statement of Changes in Financial Position, years ended December 31, 1980, 1979, 1978, 1977 and 1976.

Notes to Consolidated Financial Statements.

2. Financial Statement Schedules:

2.1. Central Vermont Public Service Corporation and its wholly-owned subsidiary, Connecticut Valley Electric Company Inc.:

Schedule III - Investments in Securities of Affiliates, years ended December 31, 1980, 1979 and 1978.	24
Schedule V - Utility Plant, years ended December 31, 1980, 1979 and 1978.	27
Schedule VI - Accumulated Depreciation of Utility Plant, years ended December 31, 1980, 1979 and 1978.	27
Schedule VIII - Reserves, years ended December 31, 1980, 1979 and 1978.	30
Schedule IX - Short-Term Borrowings, year ended December 31, 1978.	33
Summary of Other Paid-In Capital, years ended December 31, 1980, 1979 and 1978.	34

2.2. Financial Statements and Schedules for Vermont Electric Power Company, Inc. - per index attached. 40

2.3. Financial Statements and Schedules for Vermont Yankee Nuclear Power Corporation - per index attached. 51

Schedules not included have been omitted because they are not applicable or the required information is shown in the financial statements or notes thereto. Separate financial statements of the Registrant (which is primarily an operating company) have been omitted since they are consolidated only with those of a totally held subsidiary. Other than Vermont Electric Power Company, Inc. separate financial statements of subsidiary companies not consolidated have been omitted since, if considered in the aggregate, they would not constitute a significant subsidiary. Other than Vermont Yankee Nuclear Power Corporation separate financial statements of 50 percent or less owned persons for which the investment is accounted for by the equity method by the Registrant have been omitted since, if considered in the aggregate, they would not constitute a significant investment.

2.4. Accountants' Consent re Dividend Reinvestment and Common Stock Purchase Plan 65

The listing of exhibits hereto begins on page 66.

Peat, Marwick, Mitchell & Co.

Certified Public Accountants

One Boston Place
Boston, Massachusetts 02108

Accountants' Report

The Stockholders and Board of Directors
Central Vermont Public Service Corporation:

Under date of February 20, 1981, we reported on the consolidated balance sheet of Central Vermont Public Service Corporation and subsidiary as of December 31, 1980 and 1979, and the related consolidated statements of income and retained earnings and changes in financial position for each of the five years in the period ended December 31, 1980, as contained in the annual report to stockholders for the year 1980. These financial statements and our report thereon are incorporated by reference in the annual report (Form 10-K) required to be filed by Central Vermont Public Service Corporation under the Securities Exchange Act of 1934.

In connection with our examinations of the aforementioned consolidated financial statements we also examined the supporting financial statement schedules listed in Section 2.1 of the accompanying index. In our opinion, such supporting schedules present fairly the information set forth therein.

Peat, Marwick, Mitchell & Co

PEAT, MARWICK, MITCHELL & CO.

Boston, Massachusetts
February 20, 1981

Schedule III

CENTRAL VERMONT PUBLIC SERVICE CORPORATION
AND ITS WHOLLY-OWNED SUBSIDIARY
CONNECTICUT VALLEY ELECTRIC COMPANY INC.

Investments in, Equity in Earnings of, and Dividends Received from Related Parties

Year ended December 31, 1980

	Balance at Beginning of Year			Additions		Deductions		Balance at End of Year		
Name of Issuer and Description of Investment	Percent ownership	No. of shares or units. Principal amount of bonds and notes	Amount in dollars	Equity taken up in earnings (losses) of related parties for the period	Other	Distribution of earnings by persons in which earnings (losses) were taken up	Other	Percent ownership	No. of shares or units. Principal amount of bonds and notes	Amount in dollars
Non-consolidated subsidiaries, at equity:										
Vermont Electric Power Company, Inc.-common stock	58.4%	30,971 shares	$ 3,110,329	$ 228,738		$ 228,738		58.4%	30,971 shares	$ 3,110,329
C. V. Realty, Inc. - common stock	100.0%	300 shares	(159,838)	(86,039)				100.0%	300 shares	(245,877)
C. V. Realty, Inc. - notes		$279,000 notes	279,000		$ 50,000(1)		$60,000(3)		$269,000 notes	269,000
			3,229,491	142,699	50,000	228,738	60,000			3,133,452
Other persons accounted for by the equity method:										
Vermont Yankee Nuclear Power Corporation-common stock	31.3%	125,156 shares	18,331,748	1,815,495		1,877,340		31.3%	125,156 shares	18,269,903
Maine Yankee Atomic Power Company-common stock	2.0%	10,000 shares	1,336,716	131,480		131,900		2.0%	10,000 shares	1,336,296
Connecticut Yankee Atomic Power Company-common stock	2.0%	7,000 shares	1,028,786	64,522	100,000(2)	56,000		2.0%	7,000 shares	1,137,308
Yankee Atomic Electric Company-common stock	3.5%	5,369 shares	716,688	64,449		65,771		3.5%	5,369 shares	715,366
			21,413,938	2,075,946	100,000	2,131,011	-			21,458,873
Totals			$24,643,429	$2,218,645	$150,000	$2,359,749	$60,000			$24,592,325

(1) Purchased $50,000 note for cash.

(2) Promissory Note.

(3) Partial payments on two notes.

CENTRAL VERMONT PUBLIC SERVICE CORPORATION
AND ITS WHOLLY-OWNED SUBSIDIARY
CONNECTICUT VALLEY ELECTRIC COMPANY INC.

Investments in, Equity in Earnings of, and Dividends Received from Related Parties

Year ended December 31, 1979

Name of Issuer and Description of Investment	Balance at Beginning of Year: Percent ownership	Balance at Beginning of Year: No. of shares or units. Principal amount of bonds and notes	Balance at Beginning of Year: Amount in dollars	Additions: Equity taken up in earnings (losses) of affiliates and other persons for the period	Additions: Other	Deductions: Distributions of earnings by persons in which earnings (losses) were taken up	Deductions: Other	Balance at End of Year: Percent ownership	Balance at End of Year: No. of shares or units. Principal amount of bonds and notes	Balance at End of Year: Amount in dollars
Non-consolidated subsidiaries, at equity:										
Vermont Electric Power Company, Inc.-common stock	61.7%	29,005 shares	$ 2,914,712	$ 234,163	$356,800(1)	$ 235,146	$160,200(2)	58.4%	30,971 shares	$ 3,110,329
C. V. Realty, Inc. - common stock	100.0%	300 shares	(96,973)	(62,865)				100.0%	300 shares	(159,838)
C. V. Realty, Inc. - notes		$304,000 notes	304,000				25,000(3)		$279,000 notes	279,000
			3,121,739	171,298	356,800	235,146	185,200			3,229,491
Other persons accounted for by the equity method:										
Vermont Yankee Nuclear Power Corporation-common stock	31.3%	125,156 shares	18,389,615	1,819,472		1,877,339		31.3%	125,156 shares	18,331,748
Maine Yankee Atomic Power Company-common stock	2.0%	10,000 shares	1,336,213	133,003		132,500		2.0%	10,000 shares	1,336,716
Connecticut Yankee Atomic Power Company-common stock	2.0%	7,000 shares	948,867	136,619		56,700		2.0%	7,000 shares	1,028,786
Yankee Atomic Electric Company-common stock	3.5%	5,369 shares	724,953	66,900		75,165		3.5%	5,369 shares	716,688
			21,399,648	2,155,994		2,141,704				21,413,938
Totals			$24,521,387	$2,327,292	$356,800	$2,376,850	$185,200			$24,643,429

(1) Purchased 3,568 shares of Class B stock for cash.

(2) Sale of 1,602 shares of Class B stock for cash.

(3) Partial payment of a note.

Schedule III

CENTRAL VERMONT PUBLIC SERVICE CORPORATION
AND ITS WHOLLY-OWNED SUBSIDIARY
CONNECTICUT VALLEY ELECTRIC COMPANY INC.

Investments in, Equity in Earnings of, and
Dividends Received from Related Parties

Year ended December 31, 1978

Name of Issuer and Description of Investment	Balance at Beginning of Year: Percent ownership	Balance at Beginning of Year: No. of shares or units. Principal amount of bonds and notes	Balance at Beginning of Year: Amount in dollars	Additions: Equity taken up in earnings (losses) of affiliates and other persons for the period	Additions: Other	Deductions: Distributions of earnings by persons in which earnings (losses) were taken up	Deductions: Other	Balance at End of Year: Percent ownership	Balance at End of Year: No. of shares or units. Principal amount of bonds and notes	Balance at End of Year: Amount in dollars
Non-consolidated subsidiaries, at equity:										
Vermont Electric Power Company, Inc.-common stock	61.7%	29,004 shares	$ 2,914,612	$ 213,007	$100(1)	$ 213,007	$ -	61.7%	29,005 shares	$ 2,914,712
C. V. Realty, Inc. - common stock	100.0%	300 shares	(72,396)	(24,577)				100.0%	300 shares	(96,973)
C. V. Realty, Inc. - notes		$544,000 notes	544,000				240,000(2)		$304,000 notes	304,000
			3,386,216	188,430	100	213,007	240,000			3,121,739
Other persons accounted for by the equity method:										
Vermont Yankee Nuclear Power Corporation-common stock	31.3%	125,156 shares	18,739,454	1,837,889		2,187,728		31.3%	125,156 shares	18,389,615
Maine Yankee Atomic Power Company-common stock	2.0%	10,000 shares	1,336,170	134,043		134,000		2.0%	10,000 shares	1,336,213
Connecticut Yankee Atomic Power Company-common stock	2.0%	7,000 shares	949,840	61,327		62,300		2.0%	7,000 shares	948,867
Yankee Atomic Electric Company-common stock	3.5%	5,369 shares	718,752	92,105	—	85,904	—	3.5%	5,369 shares	724,953
			21,744,216	2,125,364	—	2,469,932	—			21,399,648
Totals			$25,130,432	$2,313,794	$100	$2,682,939	$240,000			$24,521,387

(1) Purchased one share of Class A stock for cash.

(2) Payment of various notes.

CENTRAL VERMONT PUBLIC SERVICE CORPORATION
AND ITS WHOLLY-OWNED SUBSIDIARY
CONNECTICUT VALLEY ELECTRIC COMPANY INC.

Utility Plant

Year ended December 31, 1980

Description	Balance at beginning of year	Additions at Cost	Retirements or Sales	Other Charges (Credits)	Balance at end of year
Electric plant:					
Intangible	$ 161,809	$ 10,044	$ -	$ -	$ 171,853
Production	19,898,700	609,747	24,492	(219,935)(1)	20,264,020
Transmission	16,754,001	678,147	104,905	2,732 (2)	17,329,975
Distribution	78,554,380	4,680,572	1,037,829	(2,732)(2)	82,194,391
General	2,590,782	169,400	17,715	-	2,742,467
Completed construction not classified	1,383,954	102,686	-	-	1,486,640
Completed retirement not classified	(307,122)	-	18,230	-	(325,352)
Construction work in progress	36,758,797	11,597,809	-	(4,663)(3) 219,935 (1)	48,571,878
Experimental electric plant not classified	403,589	-	-	6,942 (4)	410,531
Total electric plant	$156,198,890	$17,848,405	$1,203,171 (5)	$ 2,279	$172,846,403

(1) Transferred from Plant Held for Future Use to Construction Work in Progress.
(2) Reclassification of plant from distribution to transmission.
(3) Transferred to nonutility property.
(4) Transferred from research, development and demonstration expenditures.
(5) Includes $1,426 of non-depreciable property.

Schedule VI

Accumulated Depreciation of Utility Plant

Year ended December 31, 1980

Balance at beginning of year	$31,269,327
Additions:	
Charged to expenses	3,664,424
Salvage value of plant retired	477,547
Miscellaneous	5,412
	35,416,710
Deductions:	
Retirements, renewals and replacements	1,201,745
Removal cost of plant retired during year	512,148
Balance at end of year	$33,702,817

CENTRAL VERMONT PUBLIC SERVICE CORPORATION
AND ITS WHOLLY-OWNED SUBSIDIARY
CONNECTICUT VALLEY ELECTRIC COMPANY INC.

Utility Plant

Year ended December 31, 1979

Description	Balance at beginning of year	Additions at Cost	Retirements or Sales	Other Charges (Credits)	Balance at end of year
Electric plant:					
Intangible	$ 161,809	$ -	$ -	$ -	$ 161,809
Production	19,396,189	517,619	14,125	(983)(1)	19,898,700
Transmission	16,264,434	539,479	88,809	38,897 (1)	16,754,001
Distribution	74,877,055	4,534,585	818,384	(38,876)(1)	78,554,380
General	2,361,051	245,829	17,060	962 (1)	2,590,782
Completed construction not classified	924,715	459,239	-	-	1,383,954
Completed retirement not classified	(274,207)	-	32,915	-	(307,122)
Construction work in progress	28,583,432	8,222,687	-	(47,322)(2)	36,758,797
Experimental electric plant not classified	168,884	228,867	-	5,838 (3)	403,589
Total electric plant	$142,463,362	$14,748,305	$971,293 (4)	$(41,484)	$156,198,890

(1) Reclassification of plant from production and distribution to transmission and general.
(2) Transferred to nonutility property.
(3) Transferred from research, development and demonstration expenditures.
(4) Includes $(24) of non-depreciable property.

Schedule VI

Accumulated Depreciation of Utility Plant

Year ended December 31, 1979

Balance at beginning of year	$28,890,634
Additions:	
Charged to expenses	3,466,258
Salvage value of plant retired	466,796
Miscellaneous	2,385
	32,826,073
Deductions:	
Retirements, renewals and replacements	971,317
Removal cost of plant retired during year	585,429
Balance at end of year	$31,269,327

CENTRAL VERMONT PUBLIC SERVICE CORPORATION
AND ITS WHOLLY-OWNED SUBSIDIARY
CONNECTICUT VALLEY ELECTRIC COMPANY INC.

Utility Plant

Year ended December 31, 1978

Description	Balance at beginning of year	Additions at Cost	Retirements or Sales	Other Charges (Credits)	Balance at end of year
Electric plant:					
Intangible	$ 161,809	$ -	$ -	$ -	$ 161,809
Production	16,019,877	3,508,942	132,630	-	19,396,189
Transmission	15,788,896	532,773	62,541	5,306 (1)	16,264,434
Distribution	71,820,076	3,949,499	887,697	(4,823)(1)	74,877,055
General	2,214,959	175,173	28,598	(483)(1)	2,361,051
Completed construction not classified	1,029,526	(104,811)	-	-	924,715
Completed retirements not classified	(326,868)	-	(52,661)	-	(274,207)
Construction work in progress	21,874,545	7,072,995	-	(364,108)(2)	28,583,432
Experimental electric plant not classified	-	-	-	168,884 (3)	168,884
Total electric plant	$128,582,820	$15,134,571	$1,058,805(4)	$(195,224)	$142,463,362

(1) Reclassification of plant from distribution and general to transmission.
(2) Transferred to nonutility property.
(3) Transferred from research, development and demonstration expenditures.
(4) Includes $6,177 of non-depreciable property.

Schedule VI

Accumulated Depreciation of Utility Plant

Year ended December 31, 1978

Balance at beginning of year	$26,953,706
Additions:	
Charged to expenses	3,148,314
Salvage value of plant retired	492,656
Miscellaneous	(9,131)
	30,585,545
Deductions:	
Retirements, renewals and replacements	1,052,628
Removal cost of plant retired during year	642,283
Balance at end of year	$28,890,634

CENTRAL VERMONT PUBLIC SERVICE CORPORATION
AND ITS WHOLLY-OWNED SUBSIDIARY
CONNECTICUT VALLEY ELECTRIC COMPANY INC.

Reserves

Year ended December 31, 1980

	Balance at beginning of year	Additions: Charged to cost and expenses	Additions: Charged to other accounts	Deductions	Balance at end of year
Reserves deducted from assets to which they apply:					
Reserve for uncollectible accounts receivable	$ 298,194	$328,494	$95,981(1)	$433,602(2)	$ 289,067
Reserve for investments in miscellaneous properties - rental water heaters	$1,316,561	$229,696	$ -	$ 97,841	$1,448,416
Reserves shown separately:					
Injuries and damages reserve	$ 72,698	$ -	($ 938(3) ($11,842(4)	$ 6,075(5)	$ 79,403

(1) Collections of accounts previously written off.

(2) Uncollectible accounts written off.

(3) Miscellaneous minor items.

(4) Charged to construction and retirement work in progress.

(5) Payments for construction accidents.

CENTRAL VERMONT PUBLIC SERVICE CORPORATION
AND ITS WHOLLY-OWNED SUBSIDIARY
CONNECTICUT VALLEY ELECTRIC COMPANY INC.

Reserves

Year ended December 31, 1979

	Balance at beginning of year	Additions: Charged to costs and expenses	Additions: Charged to other accounts	Deductions	Balance at end of year
Reserves deducted from assets to which they apply:					
Reserve for uncollectible accounts receivable	$ 376,252	$207,828	$86,470(1)	$372,356(2)	$ 298,194
Reserve for investments in miscellaneous properties - rental water heaters	$1,193,169	$182,044	$ -	$ 58,652	$1,316,561
Reserves shown separately:					
Injuries and damages reserve	$ 66,163	$ -	($ 459(3) ($10,773(4)	$ 4,697(5)	$ 72,698

(1) Collections of accounts previously written off.

(2) Uncollectible accounts written off.

(3) Miscellaneous minor items.

(4) Charged to construction and retirement work in progress.

(5) Payments for construction accidents.

CENTRAL VERMONT PUBLIC SERVICE CORPORATION
AND ITS WHOLLY-OWNED SUBSIDIARY
CONNECTICUT VALLEY ELECTRIC COMPANY INC.

Reserves

Year ended December 31, 1978

	Balance at beginning of year	Additions: Charged to costs and expenses	Additions: Charged to other accounts	Deductions	Balance at end of year
Reserves deducted from assets to which they apply:					
Reserve for uncollectible accounts receivable	$ 336,783	$355,777	$88,077(1)	$404,385(2)	$ 376,252
Reserve for investments in miscellaneous properties - rental water heaters	$1,072,361	$157,488	$ -	$ 36,680	$1,193,169
Reserves shown separately:					
Injuries and damages reserve	$ 58,196	$ -	($ 513(3) ($10,165(4)	$ 2,711(5)	$ 66,163

(1) Collections of accounts previously written off.

(2) Uncollectible accounts written off.

(3) Miscellaneous minor items.

(4) Charged to construction and retirement work in progress.

(5) Payments for construction and public accidents.

CENTRAL VERMONT PUBLIC SERVICE CORPORATION
AND ITS WHOLLY-OWNED SUBSIDIARY
CONNECTICUT VALLEY ELECTRIC COMPANY INC.

Short-Term Borrowings

Year ended December 31, 1978

Notes Payable - Banks:

1)	Unused lines of credit at year end	$8,000,000
2)	Amount outstanding at end of period	$6,600,000
3)	Average interest rate at year end	11.13%
4)	Maximum amount outstanding at any month end	$7,700,000
5)	Average amount outstanding during year	$4,213,000
6)	Average interest rate for the year	8.88%

CENTRAL VERMONT PUBLIC SERVICE CORPORATION
AND ITS WHOLLY-OWNED SUBSIDIARY
CONNECTICUT VALLEY ELECTRIC COMPANY INC.

Summary of Other Paid-In Capital

	Year ended December 31 1980	1979	1978
Balance at beginning of period	$24,192,232	$23,613,476	$23,159,021
Conversion of second preferred stock to common stock	14,803	18,013	12,452
Excess of proceeds over par value from sales of common stock (56,662 shares in 1980, 45,893 shares in 1979 and 34,989 shares in 1978)	506,895	448,165	324,571
Amortization of capital stock expense related to the 13.50% series preferred stock	78,083	132,940	132,940
Preferred and common stock issuance expenses	(113,510)	(20,362)	(15,508)
Balance at end of period	$24,678,503	$24,192,232	$23,613,476

Next Page is Page 40

VERMONT ELECTRIC POWER COMPANY, INC.

INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

DECEMBER 31, 1980, 1979 AND 1978

All other schedules are omitted as the required information is inapplicable or the information is included in the financial statements or related notes.

ARTHUR ANDERSEN & CO.

BOSTON, MASSACHUSETTS

To the Stockholders and Board of Directors of

Vermont Electric Power Company, Inc.:

We have examined the balance sheets of VERMONT ELECTRIC POWER COMPANY, INC. (a Vermont corporation and subsidiary of Central Vermont Public Service Corporation) as of 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 present fairly the financial position of Vermont Electric Power Company Inc. as of December 31, 1980 and 1979, and the results of its operations and the 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 consistently applied during the periods.

Arthur Andersen & Co.

Boston, Massachusetts,

February 20, 1981.

VERMONT ELECTRIC POWER COMPANY, INC.

BALANCE SHEETS - DECEMBER 31, 1980 AND 1979

ASSETS

	1980	1979
UTILITY PLANT, at original cost	$59,680,601	$57,243,738
Less- Accumulated depreciation and amortization (Note 2)	11,771,781	10,326,757
	$47,908,820	$46,916,981
Expenditures for future transmission facilities, at cost (Note 5)	$ 284,922	$ 501,405
Expenditures for Seabrook nuclear project, at cost (Note 6)	$ -	$ 1,277,813
CURRENT ASSETS:		
Cash	$ 247,293	$ 133,063
Temporary cash investments	223,669	199,494
Bond sinking fund deposits	521,167	481,500
Bond interest deposits	748,308	786,981
Accounts receivable-		
Affiliated companies	13,605,131	5,267,634
Other	1,053,580	2,451,388
Notes receivable from affiliate	860,000	575,000
Materials and supplies, at average cost	414,800	422,206
Other	50,995	6,468
	$17,724,943	$10,323,734
DEFERRED CHARGES:		
Unamortized cost of site location studies (Note 5)	$ -	$ 380,788
Other, principally unamortized debt expense	344,164	331,105
	$ 344,164	$ 711,893
	$66,262,849	$59,731,826

STOCKHOLDERS' INVESTMENT AND LIABILITIES

	1980	1979
CAPITALIZATION:		
Stockholders' investment (Notes 1 and 3)-		
Common stock, $100 par value per share:		
Class A, authorized 12,000 shares, outstanding 11,000 shares	$ 1,100,000	$ 1,100,000
Class B, authorized 80,000 shares, outstanding 42,000 shares	4,200,000	4,200,000
Retained earnings	23,250	23,250
	$ 5,323,250	$ 5,323,250
First mortgage bonds (Note 3)-		
Series A, 4.95% due through 1985	$ 2,901,000	$ 3,401,000
Series B, 9-1/2% due through 1999	8,802,000	8,968,000
Series C, 10% due through 2000	4,506,000	4,580,000
Series D, 8-1/2% due through 2000	6,640,000	6,771,000
Series E, 8% due through 2000	6,640,000	6,779,000
Series F, 11-1/2% due through 1990	6,434,000	6,794,000
Series G, 9.70% due through 2000	8,718,000	8,866,000
	$44,641,000	$46,159,000
Less- Bonds to be retired within one year	1,646,000	1,518,000
	$42,995,000	$44,641,000
Total capitalization	$48,318,250	$49,964,250
CURRENT LIABILITIES:		
Notes payable to banks (Note 4)	$ 900,000	$ -
Other current liabilities-		
Bonds to be retired within one year	$ 1,646,000	$ 1,518,000
Accounts payable-		
Affiliated companies	3,570,277	4,433,647
Other	10,381,710	2,353,471
Accrued interest on bonds	748,308	786,981
Accrued taxes (Note 9)	549,889	616,665
Other	148,415	58,812
	$17,044,599	$ 9,767,576
	$17,944,599	$ 9,767,576
COMMITMENTS AND CONTINGENCIES (Note 9)		
	$66,262,849	$59,731,826

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

VERMONT ELECTRIC POWER COMPANY, INC.

STATEMENTS OF INCOME AND RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 1980, 1979 AND 1978

	1980	1979	1978
OPERATING REVENUES:			
Transmission services for the State of Vermont	$ 2,317,397	$ 2,270,713	$ 2,321,072
Other transmission revenues	8,128,238	8,154,378	7,525,042
Sales of power	95,977,071	72,121,063	66,717,943
	$106,422,706	$82,546,154	$76,564,057
OPERATING EXPENSES:			
Purchased power	$ 95,977,071	$72,121,063	$66,717,943
Transmission expenses-			
Operations	410,688	357,383	330,282
Maintenance	382,733	358,453	292,518
Rents	618,576	680,906	677,194
Administrative and general expenses	928,982	916,577	926,455
Amortization of site location studies (Note 5)	380,789	380,789	380,789
Amortization of expenditures for future transmission facilities (Note 5)	216,483	271,007	28,006
Depreciation and amortization (Note 2)	1,557,667	1,444,000	1,201,667
Taxes-			
Local property and other	1,579,690	1,435,242	1,394,142
Federal and state income (Note 7)	288,096	226,149	-
	$102,340,775	$78,191,569	$71,948,996
OPERATING INCOME	$ 4,081,931	$ 4,354,585	$ 4,615,061
OTHER INCOME, including $7,623 in 1980 and $6,271 in 1979 of allowance for other funds used during construction	359,494	281,961	133,217
	$ 4,441,425	$ 4,636,546	$ 4,748,278
INTEREST EXPENSE:			
Interest on first mortgage bonds	$ 4,168,048	$ 4,267,147	$ 3,518,822
Other interest (Note 4)	37,360	29,965	920,260
Amortization of debt expense	26,935	27,483	21,397
Allowance for borrowed funds used during construction (Note 2)	(192,918)	(90,049)	(66,201)
	$ 4,039,425	$ 4,234,546	$ 4,394,278
NET INCOME (Note 1)	$ 402,000	$ 402,000	$ 354,000
RETAINED EARNINGS AT BEGINNING OF PERIOD	23,250	23,250	23,250
	$ 425,250	$ 425,250	$ 377,250
CASH DIVIDENDS DECLARED AND PAID	402,000	402,000	354,000
RETAINED EARNINGS AT END OF PERIOD	$ 23,250	$ 23,250	$ 23,250

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

VERMONT ELECTRIC POWER COMPANY, INC.

STATEMENTS OF CHANGES IN FINANCIAL POSITION

FOR THE YEARS ENDED DECEMBER 31, 1980, 1979 AND 1978

	1980	1979	1978
SOURCES OF FUNDS:			
Internal sources-			
From operations-			
Net income	$ 402,000	$ 402,000	$ 354,000
Charges (credits) not requiring funds-			
Depreciation and amortization	1,557,667	1,444,000	1,201,667
Amortization of site location studies	380,789	380,789	380,789
Amortization of future transmission facilities	216,483	271,007	28,006
Amortization of debt expense	26,935	27,483	21,397
Allowance for other funds used during construction	(7,623)	(6,271)	-
	$ 2,576,251	$ 2,519,008	$ 1,985,859
Less-			
Reduction in first mortgage bonds	(1,646,000)	(1,652,000)	(1,265,000)
Dividends declared and paid	(402,000)	(402,000)	(354,000)
Other, net	(26,858)	(40,627)	169,171
	$ 501,393	$ 424,381	$ 536,030
Change in net current assets (exclusive of notes payable to banks)-			
Cash and temporary cash investments	$ (138,405)	$ 576,497	$ 317,837
Accounts receivable	(6,939,689)	(1,401,080)	709,524
Accounts payable	7,164,869	1,266,213	(746,586)
Other, net	(210,961)	234,042	77,214
	$ (124,186)	$ 675,672	$ 357,989
Internal sources, net	$ 377,207	$ 1,100,053	$ 894,019
External sources-			
Notes payable to banks	$ 900,000	$(10,000,000)	$ 500,000
Sale of first mortgage bonds, Series G	-	9,000,000	-
Sales of Class B common stock	-	600,000	-
Sale of Seabrook nuclear project	1,729,876	-	-
External sources, net	$ 2,629,876	$ (400,000)	$ 500,000
	$ 3,007,083	$ 700,053	$ 1,394,019
FUNDS USED FOR CONSTRUCTION:			
Utility plant	$ 2,562,643	$ 205,576	$ 1,031,074
Seabrook nuclear project	452,063	500,748	362,945
Allowance for other funds used during construction	(7,623)	(6,271)	-
	$ 3,007,083	$ 700,053	$ 1,394,019

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

VERMONT ELECTRIC POWER COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1980, 1979 AND 1978

(1) The Company

The Company is an affiliate of Central Vermont Public Service Corporation ("CVPSC"), which owns 86.5% of its Class A common stock and 51.1% of its Class B common stock. The Company owns and operates the transmission system constructed to transport power under the terms of a contract, administered by the Vermont Public Service Board ("PSB"), with the State of Vermont.

The transmission contract with the State provides, among other things, for the Company to earn an annual return on its transmission operations equal to 6% of the par value of the Class A common stock and 8% of the par value of the Class B common stock. These defined earnings are distributed annually as dividends to the Company's stockholders. The Company earns no return from its other activities which include the Company's function as ag[illegible] in the purchase, sale and transmission of power under contracts with other Vermont utilities.

(2) Summary of Significant Accounting Policies

Depreciation and Amortization

All of the Company's depreciable utility plant has been financed through sales of first mortgage bonds. The remaining utility plant has been financed through sales of common stock. The Company's contract with the State of Vermont provides for funding the amortization of first mortgage bonds. In accordance with these provisions, the Company utilizes the sinking fund method of depreciation for recovering the cost of utility plant. Depreciation and amortization are recorded as operating expenses in amounts equivalent to payments made to satisfy sinking fund requirements of the bonds over periods ranging from 15 to 30 years.

Maintenance

Maintenance and repairs are charged to operating expenses and include replacements of less than retirement units. Replacements of retirement units and betterments are charged to utility plant. The original cost of units retired and the cost of removal thereof, less salvage, are charged to accumulated depreciation and amortization.

VERMONT ELECTRIC POWER COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1980, 1979 AND 1978

(Continued)

(2) Summary of Significant Accounting Policies (Continued)

Allowance for Funds Used During Construction (AFUDC)

AFUDC is the estimated cost, during the period of construction, of funds used for the construction program. Such allowance is not realized in cash currently but will be recovered in the future in the form of increased revenue collected as a result of depreciation expense recorded utilizing the method described above. The Company capitalized AFUDC at annual rates of 11.4% in 1980, 9.7% in 1979 and 9.2% in 1978.

For other significant accounting policies, see the following Notes:

Note 5 - Expenditures for Site Location Studies and Future Transmission Facilities
Note 6 - Expenditures for Seabrook Nuclear Project
Note 7 - Federal Income Taxes
Note 8 - Employee Benefits

(3) First Mortgage Bonds

The First Mortgage Bonds are secured by a first mortgage lien on the Company's utility plant. The bonds to be retired within the next five years will amount to $1,646,000 in 1981, $1,785,000 in 1982, $1,938,000 in 1983, $2,104,000 in 1984 and $2,289,000 in 1985.

The terms of the indenture, as supplemented, under which the First Mortgage Bonds were issued, require that total stockholders' investment and indebtedness of the Company subordinated to the First Mortgage Bonds must equal at least one-ninth of the aggregate principal amounts of the bonds outstanding or $4,960,000 as of December 31, 1980.

(4) Notes Payable to Banks

The Company uses short-term borrowings under lines of credit agreements with two banks to provide interim financing of up to $2,000,000 for plant construction. The Company had borrowings under these lines as of December 31, 1980 of $900,000. As part of these agreements, the Company maintains average compensating balances equal to 7-1/2% of credit lines available, and an additional 7-1/2% of outstanding borrowings, if any.

Information regarding notes payable to banks for 1980, 1979 and 1978 is as follows:

	1980	1979	1978
Notes Outstanding-			
Amount at year-end	$ 900,000	$ -	$10,000,000
Average daily borrowings	237,158	235,068	9,719,000
Maximum amount based on month-end balances	1,250,000	-	10,000,000
Weighted Average Interest Rate-			
Year-end	14.50%	-	12.21%
Daily average	14.39%	12.38%	9.47%

(5) Expenditures for Site Location Studies and Future Transmission Facilities

The Company had engaged in studies to evaluate proposed generating plant sites in Vermont. In 1974, as a result of lower than expected load growth forecasts, it was determined not to proceed with these studies. With the approval of the PSB, the costs incurred for these studies have been amortized to expense over a five-year period ending December 31, 1980.

During the early 1970's, projects for the planned expansion of the Company's transmission system resulted in expenditures for land, rights-of-way and engineering studies. As a result of lower than expected load growth, the originally anticipated dates of

(5) Expenditures for Site Location Studies and Future Transmission Facilities (Continued)

completion for those projects have been postponed. In late 1978, the Company began amortizing the costs of these facilities for which there were no definite plans for completion. The amounts amortized were $28,006 in 1978, $271,007 in 1979 and $216,483 in 1980. The Company plans to charge the remaining $284,922 of expenditures to operating expenses in 1981.

(6) Expenditures for Seabrook Nuclear Project

In November 1980, the Company sold its investment in the Seabrook Nuclear Project to another Vermont utility at its book value of approximately $1,730,000, including approximately $322,000 of allowance for funds used during construction.

This sale resulted in a gain for income tax purposes equal to the allowance for funds used during construction, capitalized for financial reporting purposes but deducted for income tax purposes. As the Company provides for income taxes based upon taxable income rather than book income, the income tax provision in 1980 is increased to provide for this gain.

(7) Federal Income Taxes

The Company computes its Federal income tax expense by applying the statutory rate to its taxable income, in accordance with the rate-making practices followed by the PSB with respect to the Company. The tax effects of all timing differences (differences between the periods in which transactions affect pretax income in the financial statements and the periods in which they affect the determination of income subject to tax) are flowed through for both accounting and billing purposes. The Company expects that the unrecorded costs, arising from the tax effects of these timing differences, will be recovered in the future when the timing differences reverse and the related taxes become payable.

(7) Federal Income Taxes (Continued)

Federal and state income tax expense in 1980 and 1979 is as follows:

	1980	1979
Federal	$199,050	$143,457
State	89,046	82,692
	$288,096	$226,149

In 1978, utlization of net operating loss carryforwards offset taxable income.

The principal reasons for the difference between income tax expense and an amount calculated by applying the Federal income tax rate to income before income tax expense are as follows:

(7) Federal Income Taxes (Continued)

	1980	1979	1978
Income before Federal income taxes	$ 601,050	$ 545,457	$ 354,000
Federal statutory rate	46%	46%	48%
Computed "expected" tax expense	$ 276,483	$ 250,910	$ 169,920
Increases (reductions) in taxes resulting from:			
Investment tax credit carryforward utilized	(490,900)	(351,057)	-
Interest and overhead charged to construction and expensed for tax purposes	(100,947)	(48,348)	(36,052)
Excess of book over tax depreciation	138,434	119,063	29,712
Difference between property taxes accrued and paid	29,178	(10,809)	14,739
Net operating loss carryforward utilized	-	(4,602)	(362,350)
Amortization of site location studies	175,162	175,162	182,778
Taxable gain on Seabrook sale	148,550	-	-
Other	23,090	13,138	1,253
Federal income tax expense	$ 199,050	$ 143,457	$ -

The Company records investment tax credits as a reduction of Federal income tax expense in the year such credits are utilized in its Federal income tax return. The Company has investment tax credit carryforwards of approximately $656,200 as of December 31, 1980 which expire as follows: $354,900 in 1984; $157,900 in 1985; $10,500 in 1986; and $132,900 in 1987. These investment tax credit carryforwards are subject to review by the Internal Revenue Service.

VERMONT ELECTRIC POWER COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1980, 1979 AND 1978

(Continued)

(8) Employee Benefits

The regular employees of the Company participate in the noncontributory trusteed Pension Plan of Central Vermont Public Service Corporation and its subsidiaries. The total pension expense was $60,500 in 1980, $61,680 in 1979 and $76,373 in 1978, which includes amortization of past service cost over a thirty-year period beginning January 1, 1976. The Company follows the practice of funding currently all costs accrued. A comparison of accumulated plan benefits and plan net assets for the Company's allocable share of the plan is presented below:

	January 1, 1980	January 1, 1979
Actuarial present value of accumulated plan benefits:		
Vested	$231,340	$191,150
Nonvested	63,420	52,430
	$294,760	$243,580
Net assets available for benefits	$435,119	$322,110

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 6.5% for each year.

The Company established an Employee Savings Plan, whereby, beginning in January 1981, the Company will match each participants' contribution to a maximum of 3% of the individual's annual earnings.

(9) Commitments and Contingencies

Capital expenditures in 1981 are estimated to total $2,854,000. Present intentions are to finance these expenditures on an interim basis with short-term borrowings which are expected to be replaced by first mortgage bonds and common stock.

VERMONT ELECTRIC POWER COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1980, 1979 AND 1978

(Continued)

(9) Commitments and Contingencies (Continued)

The Company is currently undergoing an examination by the Internal Revenue Service (IRS) for the tax years 1973-1978. The additional tax liability cannot be determined at this time. However, under the terms of the Company's service contracts, any ultimate liability, which could be significant, to the IRS will be billed to the Vermont utilities in the period that the taxes become due and payable. A closing conference between the Company and the Internal Revenue Service is expected in April 1981.

(10) Supplementary Income Statement Information

The following amounts have been charged to operating expenses for 1980, 1979 and 1978:

	1980	1979	1978
Maintenance and repairs	$ 462,843	$ 438,411	$ 362,888
Taxes other than income:			
State and municipal	$1,531,878	$1,392,942	$1,356,553
Payroll	47,812	42,300	37,589
	$1,579,690	$1,435,242	$1,394,142
Rentals	$ 674,077	$ 727,800	$ 735,655

Substantially all of the rentals are transmission rentals incurred under long-term contracts containing renewable provisions extending through June 30, 1985.

Depreciation and amortization charges are set forth in the Statements of Income and Retained Earnings.

VERMONT ELECTRIC POWER COMPANY, INC.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1980, 1979 AND 1978

(Continued)

(11) Related Party Transactions

CVPSC personnel provide the Company with certain operational, maintenance, construction and administrative services, principally planning, engineering, personnel and purchasing services. These services are provided at cost and amounted to $304,163 in 1980, $210,879 in 1979 and $250,980 in 1978. CVPSC's President and Secretary also serve as Chairman of the Board of Directors and Secretary of the Company, respectively. In addition, payments were made by the Company to CVPSC for the following:

	1980	1979	1978
Materials and supplies	$ 9,510	$ 3,727	$14,137
Office rent	$42,900	$42,500	$39,900

ARTHUR ANDERSEN & CO.

BOSTON, MASSACHUSETTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON SCHEDULES

To Vermont Electric Power Company, Inc.:

In connection with our examination of the financial statements of Vermont Electric Power Company, Inc., we have also examined the supporting schedules listed in the accompanying index. In our opinion, these schedules present fairly, when read in conjunction with the related financial statements, the financial data required to be set forth therein, in conformity with generally accepted accounting principles consistently applied during the periods.

Arthur Andersen & Co.

Boston, Massachusetts,
February 20, 198[illegible].

VERMONT ELECTRIC POWER COMPANY, INC.

UTILITY PLANT

YEAR ENDED DECEMBER 31, 1980

	Balance at Beginning of Year	Additions at Cost	Retirements or Sales	Other Charges (Credits)	Balance at End of Year
Electric Plant:					
Intangible	$ 7,937	$ -	$ -	$ -	$ 7,937
Transmission	54,608,408	-	33,126	1,496,177 (1)	56,071,459
General	1,456,629	-	92,654	143,352 (1)	1,507,327
Plant held for future use	1,071,686	108,109 (3)	-	-	1,179,795
Construction work in progress	99,078	2,454,534	-	(1,639,529)(1)	914,083
	$57,243,738	$2,562,643	$125,780	$ -	$59,680,601
Expenditures for future transmission facilities	501,405	184,087	-	(288,423)(2) (2,662)(3) (103,528)(4) (5,957)(5)	284,922
Expenditures for Seabrook Nuclear Project	1,277,813	452,063	-	(1,729,876)(5)	-
Site location and engineering costs for future generating plants	380,788	-	-	(380,788)(6)	-
	$59,403,744	$3,198,793	$125,780	$(2,511,234)	$59,965,523

(1) Reclassification of completed projects out of construction work in progress.
(2) Transferred to operations.
(3) Transferred to plant held for future use.
(4) Transferred to construction work in process.
(5) Transferred to accounts receivable.
(6) Being amortized to expense over five years.

SCHEDULE VI

ACCUMULATED DEPRECIATION AND

AMORTIZATION OF UTILITY PLANT

YEAR ENDED DECEMBER 31, 1980

Balance at beginning of year	$10,326,757
Additions:	
Charged to expense	1,557,667
Salvage value of plant retired and other	16,510
	$11,900,934
Deductions:	
Retirement, renewals and replacements	123,230
Removal cost of plant retired	5,923
Balance at end of year	$11,771,781

SCHEDULE V

VERMONT ELECTRIC POWER COMPANY, INC.

UTILITY PLANT

YEAR ENDED DECEMBER 31, 1979

	Balance at Beginning of Year	Additions at Cost	Retirements or Sales	Other Charges (Credits)	Balance at End of Year
Electric Plant:					
Intangible	$ 7,937	$ -	$ -	$ -	$ 7,937
Transmission	54,679,838	-	105,562	(8,052)(4) 42,184 (1)	54,608,408
General	1,410,654	-	8,212	54,187 (1)	1,456,629
Plant held for future use	373,570	10,127 (4)	-	687,989 (4)	1,071,686
Construction work in progress	-	195,449	-	(96,371)(1)	99,078
	$56,471,999	$205,576	$113,774	$ 679,937	$57,243,738
Expenditures for future transmission facilities	1,452,350	214,802	-	(448,189)(2) (27,494)(3) (690,064)(4)	501,405
Expenditures for Seabrook Nuclear Project	777,065	503,867	-	(3,119)(3)	1,277,813
Site location and engineering costs for future generating plants	761,577	-	-	(380,789)(5)	380,788
	$59,462,991	$924,245	$113,774	$(869,718)	$59,403,744

(1) Reclassification of completed projects out of construction work in progress.
(2) Transferred to operations.
(3) Transferred to accounts receivable.
(4) Transferred to plant held for future use.
(5) Being amortized to expense over five years.

SCHEDULE VI

ACCUMULATED DEPRECIATION AND

AMORTIZATION OF UTILITY PLANT

YEAR ENDED DECEMBER 31, 1979

Balance at beginning of year	$ 8,950,817
Additions:	
Charged to expense	1,444,000
Salvage value of plant retired and other	5,394
	$10,400,211
Deductions:	
Retirement, renewals and replacements	63,255
Removal cost of plant retired	10,199
Balance at end of year	$10,326,757

SCHEDULE V

VERMONT ELECTRIC POWER COMPANY, INC.

UTILITY PLANT

YEAR ENDED DECEMBER 31, 1978

	Balance at Beginning of Year	Additions at Cost	Retirements or Sales	Other Charges (Credits)	Balance at End of Year
Electric Plant:					
Intangible	$ 7,937	$ -	$ -	$ -	$ 7,937
Transmission	51,769,917	-	95,910	3,005,831 (2)	54,679,838
General	1,317,720	-	46,506	139,440 (2)	1,410,654
Plant held for future use	-	122,006 (5)	-	251,564 (5)	373,570
Construction work in progress	624,152	909,068	-	1,612,051 (1) (3,145,271)(2)	-
	$53,719,726	$1,031,074	$142,416	$ 1,863,615	$56,471,999
Expenditures for future transmission facilities	3,346,298	248,016	-	(1,612,051)(1) (149,343)(3) (7,000)(4) (373,570)(5)	1,452,350
Expenditures for Seabrook Nuclear Project	414,120	362,945	-	-	777,065
Site location and engineering costs for future generating plants	1,142,365	-	-	(380,788)(6)	761,577
	$58,622,509	$1,642,035	$142,416	$ (659,137)	$59,462,991

(1) Transferred to construction work in process.
(2) Reclassification of completed projects out of construction work in progress.
(3) Transferred to operations.
(4) Transferred to accounts receivable.
(5) Transferred to plant held for future use.
(6) Being amortized to expense over five years.

SCHEDULE VI

ACCUMULATED DEPRECIATION AND AMORTIZATION OF UTILITY PLANT

YEAR ENDED DECEMBER 31, 1978

Balance at beginning of year	$7,705,785
Additions:	
Charged to expense	1,201,667
Salvage value of plant retired and other	201,406
	$9,108,858
Deductions:	
Retirement, renewals and replacements	142,416
Removal cost of plant retired	15,625
Balance at end of year	$8,950,817

Peat, Marwick, Mitchell & Co.

Certified Public Accountants

One Boston Place
Boston, Massachusetts 02108

ACCOUNTANTS' REPORT

The Stockholders and Board of Directors
Vermont Yankee Nuclear Power Corporation:

We have examined the financial statements and related schedules of Vermont Yankee Nuclear Power Corporation as listed in the accompanying index. 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 in the accompanying index present fairly the financial position of Vermont Yankee Nuclear Power Corporation at December 31, 1980 and 1979, and the results of its operations and the changes in its financial position for each of the years in the three year period ended December 31, 1980, in conformity with generally accepted accounting principles applied on a consistent basis; and the schedules, in our opinion, present fairly the information set forth therein.

Peat, Marwick, Mitchell & Co

PEAT, MARWICK, MITCHELL & CO.

Boston, Massachusetts
February 18, 1981

VERMONT YANKEE NUCLEAR POWER CORPORATION

Index to Financial Statements and Schedules

Financial statements:

Schedules:

All other schedules are omitted as the required information is inapplicable or the required information is included in the financial statements or related notes.

VERMONT YANKEE NUCLEAR POWER CORPORATION

Balance Sheets

December 31, 1980 and 1979

Assets	1980	1979
Utility plant:		
Electric plant, at cost	$ 228,947,888	214,335,562
Less accumulated depreciation	61,267,447	53,003,149
Net electric plant	167,680,441	161,332,413
Nuclear fuel, at cost:		
Assemblies in reactor	58,493,360	48,955,319
Fuel in process	15,662,953	16,011,781
Fuel in stock	2,283,785	-
Spent fuel	57,232,938	51,294,372
	133,673,036	116,261,472
Less accumulated amortization	99,395,239	80,674,131
Net nuclear fuel	34,277,797	35,587,341
Net utility plant	201,958,238	196,919,754
Current assets:		
Cash (note 3)	1,639,289	4,053,574
Temporary investments, at cost which approximates market	199,833	-
Accounts receivable, principally from sponsors	7,757,520	9,482,524
Materials and supplies, at cost	3,911,527	3,188,717
Prepaid expenses	977,453	390,143
Total current assets	14,485,622	17,114,958
Deferred charges:		
Unamortized debt expense	522,368	410,944
Unamortized downtime costs	5,298,146	3,218,783
Other deferred charges	87,936	-
Total deferred charges	5,908,450	3,629,727
	$ 222,352,310	217,664,439

See accompanying notes to financial statements.

VERMONT YANKEE NUCLEAR POWER CORPORATION

Balance Sheets

December 31, 1980 and 1979

Capitalization and Liabilities	1980	1979
Capitalization:		
Common stock equity (note 4):		
Common stock, $100 par value; authorized 400,100 shares; outstanding 400,014 shares	$ 40,001,400	40,001,400
Other paid-in capital	13,314,284	13,100,071
Retained earnings	5,057,009	5,578,401
Total common stock equity	58,372,693	58,679,872
Redeemable cumulative preferred stock, 7.48% series; $100 par value; authorized 300,000 shares; outstanding 172,197 shares (183,254 shares in 1979) (note 4)	17,219,700	18,325,400
Long-term debt, net (note 5)	76,757,449	81,278,573
Total capitalization	152,349,842	158,283,845
Current liabilities:		
Notes payable (note 3)	5,200,000	6,000,000
Long-term debt to be retired within one year (note 5)	2,229,000	4,348,000
Accounts payable	12,021,402	4,065,958
Accrued interest	1,868,128	1,977,273
Accrued taxes	702,650	629,409
Dividends declared -- preferred	319,951	-
Total current liabilities	22,341,131	17,020,640
Unamortized gain on reacquired debt, net	1,480,457	392,370
Accumulated deferred income taxes	41,692,880	39,173,584
Accumulated deferred investment tax credits	4,488,000	2,794,000
Commitments and contingencies (note 8)		
	$ 222,352,310	217,664,439

VERMONT YANKEE NUCLEAR POWER CORPORATION

Statements of Income and Retained Earnings

Years ended December 31, 1980, 1979 and 1978

	1980	1979	1978
Operating revenues	$ 78,339,803	65,981,810	61,637,509
Operating expenses:			
Nuclear fuel expense (note 2)	18,721,108	15,326,978	13,151,317
Other operating expenses	16,724,441	11,245,967	10,260,905
Maintenance	8,756,236	5,363,759	3,120,981
Depreciation	8,629,219	8,299,930	8,085,918
Taxes on income (note 6)	6,296,000	6,564,000	7,509,531
Other taxes, principally property taxes	4,227,031	4,006,552	3,812,365
Total operating expenses	63,354,035	50,807,186	45,941,017
Operating income	14,985,768	15,174,624	15,696,492
Other income and deductions, net	72,097	190,387	153,024
Income before interest expense	15,057,865	15,365,011	15,849,516
Interest expense:			
Interest on long-term debt	7,521,524	7,944,832	8,373,201
Other interest expense	366,938	162,557	71,949
Total interest expense	7,888,462	8,107,389	8,445,150
Net income	7,169,403	7,257,622	7,404,366
Retained earnings at beginning of year	5,578,401	5,774,009	6,899,155
	12,747,804	13,031,631	14,303,521
Dividends declared:			
Preferred stock, $9.35 per share in 1980, and $7.48 per share in 1979 and 1978	1,690,585	1,453,020	1,537,267
Common stock, $15.00 per share in 1980 and 1979, and $17.48 in 1978	6,000,210	6,000,210	6,992,245
Retained earnings at end of year	$ 5,057,009	5,578,401	5,774,009
Net income per average share of common stock outstanding	$ 13.70	14.53	14.68

See accompanying notes to financial statements.

VERMONT YANKEE NUCLEAR POWER CORPORATION

Statements of Changes in Financial Position

Years ended December 31, 1980, 1979 and 1978

	1980	1979	1978
Source of funds:			
From operations:			
Net income	$ 7,169,403	7,257,622	7,404,366
Charges not requiring use of funds:			
Depreciation	8,629,219	8,299,930	8,085,918
Amortization of nuclear fuel	18,721,108	15,326,978	13,151,317
Amortization of deferred downtime costs	5,033,610	2,350,554	2,567,388
Deferred income taxes	2,519,296	4,013,170	5,667,414
Investment tax credit adjustments	1,694,000	461,000	204,000
Amortization of debt and capital stock expense	(8,054)	18,711	23,018
Total from operations	43,758,582	37,727,965	37,103,421
Decrease in working capital	7,949,827	6,242,579	-
Other, net	23,020	499,609	384,267
	$ 51,731,429	44,470,153	37,487,688
Use of funds:			
Electric plant additions	15,021,450	5,020,200	4,389,235
Nuclear fuel additions	17,411,563	22,276,307	16,472,622
Downtime costs deferred	7,112,973	4,099,292	2,140,169
Reduction of long-term debt	3,388,948	4,521,124	4,521,124
Retirement of preferred stock	1,105,700	1,100,000	1,126,300
Preferred stock dividends	1,690,585	1,453,020	1,537,267
Common stock dividends	6,000,210	6,000,210	6,992,245
Increase in working capital	-	-	308,726
	$ 51,731,429	44,470,153	37,487,688
Changes in components of working capital:			
Increase (decrease) in current assets:			
Cash	(2,414,285)	596,224	2,771,088
Temporary investments	199,833	(2,591,448)	(1,098,295)
Accounts receivable	(1,725,004)	2,822,731	(443,884)
Materials and supplies	722,810	434,319	230,395
Prepaid expenses	587,310	99,295	(36,484)
	(2,629,336)	1,361,121	1,422,820
Increase (decrease) in current liabilities:			
Notes payable	(800,000)	6,000,000	-
Long-term debt to be retired within one year	(2,119,000)	2,230,000	(2,269,000)
Accounts payable	7,955,444	(78,723)	2,971,668
Accrued interest	(109,145)	(29,314)	(155,354)
Accrued taxes	73,241	(518,263)	566,780
Dividends payable	319,951	-	-
	5,320,491	7,603,700	1,114,094
Increase (decrease) in working capital	$ (7,949,827)	(6,242,579)	308,726

See accompanying notes to financial statements.

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

December 31, 1980, 1979 and 1978

(1) Summary of Significant Accounting Policies

(a) Regulation and Operations

The Company is subject to the regulatory authority of the Federal Energy Regulatory Commission (FERC) and the Public Service Board of the State of Vermont as to transactions with associated companies, accounting and security issues. The Company is also subject to regulation by Federal or state agencies with respect to nuclear plant licensing and safety, air and water quality, land use and other environmental matters.

Pursuant to the terms of Power Contracts with sponsors, for a term of 30 years commencing on December 1, 1972, each Sponsor is obligated to pay the Company each month (regardless of the Plant's operating level or whether it is operating or shutdown during the period), an amount equal to its entitlement percentage of the Company's total fuel costs and operating expenses with respect to the Plant, and an allowed return on equity. Also, under terms of the Capital Funds Agreements, the Sponsors are committed, subject to obtaining necessary regulatory authorizations, to make funds available in amounts required to obtain or maintain licenses necessary to keep the Plant in operation.

(b) Depreciation and Maintenance

Electric plant is being depreciated on the straight-line method at rates designed to fully depreciate all depreciable properties through 1998.

Renewals and betterments constituting retirement units are charged to electric plant. Minor renewals and betterments are charged to maintenance expense. At the time depreciable properties are retired, the original cost, plus cost of removal, less salvage of such property is charged to the accumulated provision for depreciation.

(c) Amortization of Nuclear Fuel

The cost of nuclear fuel is amortized to expense on the basis of the rate of burn down of the individual assemblies comprising the total core. The Company also accrues the estimated future costs of disposing of spent nuclear fuel. See note 2 of notes to financial statements.

(d) Deferred Charges

Costs associated with scheduled plant downtime for replacement of nuclear fuel assemblies and major maintenance are amortized to expense over the estimated period until the succeeding downtime (normally between twelve and fourteen months).

(e) Taxes on Income

The tax effects of timing differences are accounted for as prescribed by and in accordance with the rate-making policies of FERC. Provisions for deferred income taxes reflect the tax effects of all timing differences.

(Continued)

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

Investment tax credits are deferred and amortized to income over the lives of the related assets.

(2) Nuclear Fuel Expense

The Company accrues estimated costs of disposing of nuclear fuel as a component of nuclear fuel expense. Provisions for estimated costs of disposing of nuclear fuel in the reactor (at projected costs in 1988) are being accrued based on the rate of burn-down of assemblies in the reactor. Provisions for costs of disposing of nuclear fuel used prior to October, 1977 (estimated to cost $39,300,000 in 1988) are being accrued over an 11 year period ending in 1988.

Accruals for estimated costs of disposing of nuclear fuel increased 1980, 1979 and 1978 nuclear fuel expense by approximately $7,900,000, $5,800,000 and $4,900,000, respectively, and are expected to increase annual nuclear fuel expense by approximately $8,800,000 (including $4,300,000 for spent fuel) in 1981 and through the year 1988. Current estimates of disposal costs are subject to a number of uncertainties including the cost, availability and timing of disposal facilities, the extent of future inflation, regulatory requirements and the cost of future services, all of which may require periodic revisions in estimated costs of disposal.

(3) Compensating Balances and Short-term Borrowings

The Company had bank lines of credit aggregating $16,000,000 and $12,000,000 at December 31, 1980 and 1979, respectively, requiring average compensating balances equal to 7.5% of outstanding loans (there were $5,200,000 and $6,000,000 of loans outstanding at December 31, 1980 and 1979, respectively), and 7.5% of the line (increased to $25,000,000 in January, 1981). During 1980 and 1979, respectively, the maximum amount of short-term borrowings outstanding at any month end was $10,100,000 and $6,000,000 and the daily average amount of short-term borrowings outstanding was $1,948,100 and $975,300 with a corresponding weighted average interest rate of 17.77% and 15.35%.

(4) Capital Stock

So long as any shares of the Cumulative Preferred Stock are outstanding, the payment of cash dividends and distributions on Common Stock (other than redemptions, which requires 30% common equity after redemption) is limited when Common Stock Equity (as defined) is less than 25% of Total Capitalization (as defined). At December 31, 1980 Common Stock Equity was 37.51% of Total Capitalization.

The 7.48% series Preferred Stock is redeemable (1) at par through a mandatory sinking fund in the amount of $1,100,000 per annum, (2) at the option of the Company, at par, an additional $1,100,000 per annum and (3) in whole or in part from time to time, at redemption prices per share ranging from $106.97 in 1981 to $100 in 1998, together in each case with accrued and unpaid dividends to the redemption date.

(Continued)

(5) Long-Term Debt

A summary of long-term debt follows:

	1980	1979
First mortgage bonds:		
Series A - 9-5/8% due 1998	$ 54,816,000	59,503,000
Series B - 8-1/2% due 1998	10,357,000	11,150,000
Series C - 7.70% due 1998	13,687,000	14,840,000
Total first mortgage bonds	78,860,000	85,493,000
Unamortized premium on debt	126,449	133,573
Total long-term debt	78,986,449	85,626,573
Less long-term debt to be retired within one year	2,229,000	4,348,000
Long-term debt, net	$ 76,757,449	81,278,573

The Mortgage constitutes a first lien on utility plant, excluding nuclear fuel. Bonds issued under the Mortgage are further secured by the terms of the Power Contracts (except for related fuel payments) and the Capital Funds Agreements with the sponsors. Sinking fund requirements with respect to First Mortgage Bonds amount to $4,514,000 annually.

(6) Income Taxes

The components of income tax expense are:

	1980	1979	1978
Current:			
Federal income taxes:			
Included in operating income	$ 1,436,209	1,419,479	826,912
Included in non-operating income	82,000	173,000	158,000
Vermont income taxes:			
Included in operating income	646,495	670,351	811,205
	2,164,704	2,262,830	1,796,117
Deferred:			
Federal income taxes:			
Included in operating income	2,198,791	3,695,521	5,412,088
Vermont income taxes:			
Included in operating income	320,505	317,649	255,326
Total deferred income taxes	2,519,296	4,013,170	5,667,414
Investment tax credit adjustments	1,694,000	461,000	204,000
Total income taxes	$ 6,378,000	6,737,000	7,667,531

(Continued)

A reconciliation of the Company's effective income tax rates with the Federal statutory rate is as follows:

	1980	1979	1978
Federal statutory rate	46.0%	46.0%	48.0%
State income taxes, net of Federal income tax benefit	3.9	3.8	3.7
Investment credit	(4.5)	(3.1)	(2.4)
Other	1.7	1.4	1.6
	47.1%	48.1%	50.9%

The principal items comprising deferred income tax expense are:

	1980	1979	1978
Excess of tax depreciation over financial statement depreciation	$ 2,805,196	3,196,427	3,995,000
Excess of fuel amortization for financial statement purposes over tax amortization	(1,742,770)	(1,750,704)	(1,614,000)
Maintenance expenses deferred for financial statement purposes	1,034,770	735,875	([illegible]20,000)
Other	422,100	51,572	60,000
Investment tax credits utilized	-	1,780,000	3,[illegible]46,414
	$ 2,519,296	4,013,170	5,667,414

(7) Pension Plans

The Company has two non-contributory trusteed pension plans covering all regular employees and follows the consistent policy of funding all costs accrued. Pension costs were $216,000, $230,000 and $250,000 for the years 1978 through 1980 including amortization of unfunded liabilities over a period ending in 1998. A comparison of accumulated plan benefits and plan net assets is presented below:

	January 1, 1980	January 1, 1979
Actuarial present value of accumulated plan benefits:		
Vested	$ 327,520	229,538
Nonvested	61,935	67,932
	$ 389,455	297,470
Net assets available for benefits	$ 1,086,962	803,941

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 9% for 1980 and 1979.

(Continued)

(8) Commitments and Contingencies

Certain intervenors, challenging the sufficiency of the Nuclear Regulatory Commission's (NRC) environmental review of portions of the fuel cycle, appealed the NRC decision authorizing the Company's permanent, full power, forty-year operating license, to the Court of Appeals for the District of Columbia Circuit, where their appeal was consolidated with another appeal from the NRC's generic rulemaking proceeding on the same subject. In July, 1976, that Court decided the appeals by setting aside and remanding to the NRC for further proceedings certain aspects of the rulemaking which dealt with fuel reprocessing and waste disposal and by remanding the Vermont Yankee decision to await the outcome of the rulemaking. On April 3, 1978 the United States Supreme Court ruled favorably on the Company's appeal from that decision and remanded the consolidated cases to the District of Columbia Circuit where the matter is still pending.

The Company has commitments for nuclear fuel purchases through 1992 approximating $135,609,000. Expenditures for such commitments will be approximately $19,300,000 in 1981 and approximately $19,100,000; $19,300,000; $19,100,000 and $18,900,000 in the years 1982 through 1985, respectively.

The Company has contracted for uranium concentrate to meet substantially all power production requirements through 1984. The Company has an enrichment contract with the United States Department of Energy through 2001 and has contracted for fuel fabrication requirements through 1984 and conversion services through 1983.

The Company does not have contracts for disposal of spent fuel. Pursuant to an effective amendment to the plant's operating license, work is underway to expand temporary storage capacity so that spent fuel removed from the reactor through 1987 can be safely stored while maintaining the ability to discharge a full core should that be necessary for operational reasons. By decision dated January 27, 1978 the NRC Atomic Safety and Licensing Appeal Board affirmed an earlier Licensing Board decision authorizing the license amendment to permit expansion of the fuel rack capacity for storage of spent fuel at the Vermont Yankee plant. An appeal by one intervenor from that decision is currently pending before the Court of Appeals for the District of Columbia Circuit.

Events at Three Mile Island Nuclear Unit No. 2 in Pennsylvania ("TMI") have prompted a rigorous reexamination of safety related equipment and operating procedures in all nuclear facilities. New regulatory requirements involving both physical and procedural changes have been and are being promulgated, with which all nuclear facilities will have to comply. Until the scope of these improvements, as they apply to the Plant, and the time schedules for compliance have been defined, neither the cost of any modifications nor their effect, if any, on the operations of the Company can be definitively determined. The Company presently anticipates these new requirements will necessitate significant capital expenditures during the period 1981 through 1983.

(Continued)

The Company is responsible for costs which will be incurred to decommission its nuclear generating plant at the end of its useful life. The eventual costs of decommissioning will be largely dependent upon technology and regulatory requirements at or near the time of decommissioning (the plant's current operating license expires in 2007) and such requirements could materially affect estimates based upon current technology. The Company is not presently providing for decommissioning costs.

The Price-Anderson Act provides that each owner of an operating power reactor may be assessed a retrospective premium of up to $5,000,000 per reactor in the event of any one nuclear incident occurring in any reactor in the United States (with a maximum assessment of $10,000,000 per year per reactor) should any nuclear incident result in liability losses which exceed the maximum available private insurance protection (presently $160,000,000). That Act further provides for federal indemnity for liability losses in excess of the above two layers of insurance up to the statutory limit of liability of $560,000,000.

(9) Unaudited Quarterly Financial Information

The following quarterly financial information is unaudited and in the opinion of management includes all adjustments (consisting only of normal recurring accruals) necessary to a fair statement of results of operations for such periods.

1980	Quarter ended			
	December	September	June	March
Operating revenues	$ 16,33[illegible],385	19,962,649	21,262,527	20,779,242
Operating income	3,676,672	3,610,178	3,874,904	3,824,014
Net income	1,813,183	1,781,930	1,773,445	1,800,845
Net income per share of common stock	2.88	3.60	3.58	3.64

1979	Quarter ended			
	December	September	June	March
Operating revenues	$ 19,318,085	15,762,525	15,788,644	1[illegible],112,556
Operating income	4,089,777	3,516,110	3,804,876	3,763,861
Net income	1,999,078	1,611,900	1,826,582	1,820,062
Net income per share of common stock	4.11	3.12	3.66	3.64

(Continued)

(10) Unaudited Information on the Effects of Changing Prices

The following information is supplied for the purpose of providing certain information about the effects of changing prices. It should be viewed as an estimate of the approximate effect of changing prices, rather than as a precise measure. A statement of income adjusted for changing prices follows (dollars in thousands):

	Year ended December 31, 1980		
	Conventional historical cost	Adjusted for general inflation	Adjusted for changes in specific prices
Operating revenues	$ 78,340	78,340	78,340
Operating expenses:			
Nuclear fuel expense	18,722	23,347	23,163
Other operating expenses	16,724	16,724	16,724
Maintenance	8,756	8,756	8,756
Depreciation	8,630	16,481	18,343
Taxes on income	6,296	6,296	6,296
Other taxes, principally property taxes	4,227	4,227	4,227
Total operating expenses	63,355	75,831	77,509
Operating income	14,985	2,509	831
Other income and deductions, net	72	72	72
Interest expense	(7,888)	(7,888)	(7,888)
Net income (loss) excluding reduction to net recoverable cost	$ 7,169	(5,307) (A)	(6,985) (A)
Gain from decline in purchasing power of net amounts owed		16,608	16,608
Reduction to net recoverable cost		(12,434)	(10,756)
		$ 4,174	5,852
Increase in specific prices (current cost) of property, plant and equipment held during the year (B)			26,262
Effect of increase in general price level			49,799
Excess of increase in general price level over increase in specific prices			$ 23,537

(A) Including the reduction to net recoverable cost, the net loss would have been $17,741.

(B) At December 31, 1980, the current cost of utility plant net of accumulated depreciation and amortization was estimated to be approximately $419,009,000 as compared with net utility plant recoverable through depreciation and amortization of $201,958,000.

(Continued)

A five-year comparison of selected supplementary financial data adjusted for the affects of changing prices follows (in thousands of average 1980 dollars except per share amounts):

	Year ended December 31				
	1980	1979	1978	1977	1976
Operating revenues	$ 78,340	74,905	77,852	83,103	76,744
Historical cost information adjusted for general inflation:					
Net loss (excluding reduction to net recoverable cost)	5,307	761			
Net loss per share of common stock (excluding reduction to net recoverable cost)	17.49	6.01			
Net assets at year-end at net recoverable cost	74,743	75,912			
Current cost information:					
Net loss (excluding reduction to net recoverable cost)	$ 6,985	4,484			
Net loss per share of common stock (excluding reduction to net recoverable cost)	21.69	15.31			
Excess of increase in general price level over increase in specific prices	23,537	13,056			
Net assets at year-end at net recoverable cost	74,743	75,912			
General information:					
Gain from decline in purchasing power of net amounts owed	$ 16,608	19,106			
Cash dividends declared per common share	$ 15.00	17.03	22.08	23.77	25.30
Average consumer price index	246.8	217.4	195.4	181.5	170.5

Dollar amounts adjusted for general inflation (constant dollar amounts) represent historical costs stated in terms of dollars of equal purchasing power, as measured by the Consumers Price Index for all Urban Consumers (CPI-U). Dollar amounts adjusted for changes in specific prices (current cost amounts) reflect the changes in specific prices of net utility plant from the date the plant was acquired to the present, and differ from constant dollar amounts to the extent that specific prices have increased more or less rapidly than prices in general.

(Continued)

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

The current cost of property, plant, and equipment, which includes land, land rights, intangible plant and construction work in progress, represents the estimated cost of replacing existing plant assets and was determined by indexing surviving plant by the Handy-Whitman Index of Public Utility Construction Costs. The current cost of nuclear fuel was determined by engineering estimates of the replacement cost of fuel currently in the reactor. The current year's provisions for nuclear fuel expense and depreciation on the constant dollar and current cost amounts of utility plant were determined by applying the Company's depreciation and amortization rates to the restated plant amounts.

As prescribed in Financial Accounting Standard No. 33, income taxes were not adjusted.

Under terms of the Power Contracts, which specify costs billable to the Company's sponsors, only the historical cost of utility plant is recoverable in revenues as depreciation. Therefore, the excess of the cost of plant stated in terms of constant dollars or current cost that exceeds the historical cost of plant is not presently recoverable in rates as depreciation, and is reflected as a reduction to net recoverable cost. The Company will be allowed to earn on the increased cost of its net investment when replacement of facilities actually occurs.

To properly reflect the economics of rate regulation in the statement of income adjusted for changing prices, the reduction of net property, plant, and equipment should be offset by the gain from the decline in purchasing power of net amounts owed. During a period of inflation, holders of monetary assets suffer a loss of general purchasing power while holders of monetary liabilities experience a gain. The gain from the decline in purchasing power of net amounts owed is primarily attributable to the substantial amount of debt which has been used to finance property, plant, and equipment. Since the depreciation on this plant is limited to the recovery of historical costs, the Company does not have the opportunity to realize a holding gain on debt and is limited to recovery only of the embedded cost of debt capital.

VERMONT YANKEE NUCLEAR POWER CORPORATION

Utility Plant

Year ended December 31, 1980, 1979 and 1978

	1980	1979	1978
Land and land rights	$ 600,894	600,894	600,894
Structures and improvements	46,746,238	45,843,216	45,298,908
Reactor, turbogenerator and accessory equipment	170,228,195	154,390,600	152,937,256
Transmission equipment	6,066,322	6,066,322	6,066,322
Other	1,115,857	1,115,857	1,115,857
Construction work in progress	4,190,382	6,318,673	3,971,650
	$ 228,947,888	214,335,562	209,990,887

Neither total additions of $15,021,450, $5,020,200 and $4,389,235, nor total retirements of $409,124, $675,525 and $653,160 during the years ended December 31, 1980, 1979 and 1978, respectively, exceeded 10% of the utility plant balance at the end of the year.

Accumulated Depreciation of Utility Plant

Year ended December 31, 1980, 1979 and 1978

	1980	1979	1978
Balance at beginning of year	$ 53,003,149	45,273,555	37,563,490
Additions:			
Charged to expense	8,629,219	8,299,930	8,085,918
Salvage and removal costs (net)	44,203	105,189	277,307
Deductions:			
Plant retired	409,124	675,525	653,160
Balance at end of year	$ 61,267,447	53,003,149	45,273,555

Depreciation is being calculated on the entire plant as a composite unit (see note 1 of notes to financial statements).

ACCOUNTANTS' CONSENT

The Board of Directors
Central Vermont Public Service Corporation:

We consent to incorporation by reference in the Registration Statement on Form S-16 of Central Vermont Public Service Corporation of our report dated February 20, 1981, relating to the consolidated financial statements of Central Vermont Public Service Corporation and subsidiary for the five years in the period ended December 31, 1980 that appears in the annual report on Form 10-K of Central Vermont Public Service Corporation.

PEAT, MARWICK, MITCHELL & CO.

Boston, Massachusetts
March 26, 1981

	Incorporated Documents Exhibit	SEC Docket	Filed herewith at Page
3. Exhibits			
A. Articles of incorporation and bylaws			
Filed herewith:			
A-1 Articles of Association, as amended			
Incorporated herein by reference:			
A-2 By-laws	2.1.3	2-52177	
B. Instruments defining the rights of security holders			
Incorporated herein by reference:			
*B-1 Mortgage dated October 1, 1929 between the Company and Old Colony Trust Company, Trustee, securing the Company's First Mortgage Bonds.	B-3	2-2364	
*B-2 Supplemental Indenture dated as of August 1, 1936, supplemental to B-1.	B-4	2-2364	
B-3 Copy of Supplemental Indenture dated as of November 15, 1943, supplemental to B-1.	B-3	2-5250	
*B-4 Copy of Supplemental Indenture dated as of December 1, 1943, supplemental to B-1.	B-4	2-5250	

*Classified by the Securities and Exchange Commission as a basic document.

		Incorporated Documents Exhibit	SEC Docket	Filed herewith at Page
*B-5	Copy of directors' resolutions adopted December 14, 1943, establishing the Series C Bonds and dealing with other related matters.	B-5	2-5250	
*B-6	Copy of Supplemental Indenture dated as of April 1, 1944, supplemental to B-1.	B-6	2-5466	
*B-7	Copy of Supplemental Indenture dated as of February 1, 1945, supplemental to B-1.	7.6.	2-5615 (22-385)	
*B-8	Directors' resolutions adopted April 9, 1945, establishing the Series D Bonds and dealing with other matters.	7.8.	2-5615 (22-385)	
*B-9	Copy of Supplemental Indenture dated as of September 2, 1947, supplemental to B-1.	7.9.	2-7489	
*B-10	Copy of Supplemental Indenture dated as of July 15, 1948, and directors' resolutions establishing the Series E Bonds and deal . other matters.	7.10.	2-8388	
*B-11	Copy of Supplemental Indenture dated as of May 1, 1950, and directors' resolutions, establishing the Series F Bonds and dealing with other matters.	7.11.	2-8388	

*Classified by the Securities and Exchange Commission as a basic document.

		Incorporated Documents Exhibit	SEC Docket	Filed herewith at Page
*B-12	Copy of Supplemental Indenture dated August 1, 1951, and directors' resolutions, establishing the Series G Bonds and dealing with other matters.	7.12.	2-9073	
*B-13	Copy of Supplemental Indenture dated May 1, 1952 and directors' resolutions, establishing the Series H Bonds and dealing with other matters.	4.3,13.	2-9613	
*B-14	Copy of Supplemental Indenture dated as of July 10, 1953, supplemental to B-1.	C	Company 8-K July, 1953	
*B-15	Copy of Supplemental Indenture dated as of June 1, 1954, and directors' resolutions, establishing the Series K Bonds and dealing with other matters.	4.2.16.	2-10959	
*B-16	Copy of Supplemental Indenture dated as of February 1, 1957, and directors' resolutions, establishing the Series L Bonds and dealing with other matters.	4.2.16.	2-13321	
*B-17	Copy of Supplemental Indenture dated as of March 15, 1960.		Company 8-K March, 1960	

*Classified by the Securities and Exchange Commission as a basic document.

	Description	Incorporated Documents: Exhibit	Incorporated Documents: SEC Docket	Filed herewith at Page
*B-18	Copy of Supplemental Indenture dated as of March 1, 1962.		Company 8-K March, 1962	
*B-19	Copy of Supplemental Indenture dated as of March 2, 1964.		Company 8-K March, 1964	
*B-20	Copy of Supplemental Indenture dated as of March 1, 1965, and directors' resolutions, establishing the Series M Bonds and dealing with other matters.		Company 8-K April, 1965	
*B-21	Copy of Supplemental Indenture dated as of December 1, 1966, and directors' resolutions, establishing the Series N Bonds and dealing with other matters.		Company 8-K January, 1967	
B-22	Copy of Supplemental Indenture dated as of December 1, 1967, and directors' resolutions, establishing the Series O Bonds and dealing with other matters.		Company 8-K December, 1967	
B-2`	Copy of Supplemental Indenture dated as of July 1, 1969, and directors' resolutions, establishing the Series P Bonds and dealing with other matters.		Company 8-K July, 1969	

*Classified by the Securities and Exchange Commission as a basic document.

		Incorporated Documents Exhibit	SEC Docket	Filed herewith at Page
B-24	Copy of Supplemental Indenture dated as of December 1, 1969, and directors' resolutions, establishing the Series Q Bonds and dealing with other matters.		Company 8-K January, 1970	
B-25	Copy of Supplemental Indenture dated as of May 15, 1971, and directors resolutions establishing the Series R Bonds dealing with other matters.		Company 8-K May, 1971	
B-26	Copy of Supplemental Indenture dated as of April 15, 1973, and directors' resolutions establishing the Series S Bonds and dealing with other matters.		Company 8-K May, 1973	
B-27	Copy of Supplemental Indenture dated as of April 1, 1975, and directors' resolutions establishing the Series T Bonds and dealing with other matters.		Company 8-K April, 1975	
B-28	Copy of Supplemental Indenture dated as of April 1, 1977, modifying B-1.	2.42	2-58621	
B-29	Copy of Supplemental Indenture dated as of July 29, 1977, and directors' resolutions establishing the Series U, V, W, and X Bonds.	2.43	2-58621	

*Classified by the Securities and Exchange Commission as a basic document.

		Incorporated Documents Exhibit	SEC Docket	Filed herewith at Page
Filed herewith:				
B-30	Copy of Thirtieth Supplemental Indenture dated as of September 15, 1978, and directors' resolutions establishing the Series Y Bonds.			
B-31	Copy of Thirty-first Supplemental Indenture dated as of September 1, 1979 and establishing the Series Z Bonds.			
Incorporated herein by reference:				
*B-32	Copy of Indenture of Mortgage, dated as of September 1, 1957, between Vermont Electric Power Company, Inc. ("Velco") and Bankers Trust Company, securing Velco's First Mortgage Bonds.	(b)(1)	Company 10-K for 1957	
*B-33	Copy of Supplemental Indenture dated as of December 1, 1958, modifying B-32.	(b)(1)	Company 10-K for 1958	
*B-34	Copy of Trust Indenture dated as of May 1, 1962 between the Company and Mellon National Bank and Trust Company, Trustee, relating to the Company's 4 7/8% Debentures due May 1, 1987.	4.2.24.	2-26485	

*Classified by the Securities and Exchange Commission as a basic document.

		Incorporated Documents Exhibit	SEC Docket	Filed herewith at Page
*B-35	Copy of Trust Indenture dated as of May 1, 1968 between the Company and The First National Bank of Boston, Trustee, relating to the Company's 7% Debentures due May 1, 1993.		Company 8-K May, 1968	
*B-36	Copy of Trust Indenture dated as of April 1, 1970 between the Company and The First National Bank of Boston, Trustee, relating to the Company's 10 5/8% Debentures due April 1, 1995.		Company 8-K April, 1970	
B-37	Copy of Supplemental Indenture dated as of December 1, 1969, modifying B-32.	2.35.	2-57458	
B-38	Copy of Supplemental Indenture dated as of November 1, 1970, modifying B-32.	2.36.	2-57458	
B-39	Copy of Supplemental Indenture dated as of December 1, 1971, modifying B-32.	2.37.	2-57458	
B-40	Copy of Supplemental Indenture dated as of December 1, 1972, modifying B-32.	2.38.	2-57458	
B-41	Copy of Supplemental Indenture dated as of July 1, 1974, modifying B-32.	2.39.	2-57458	

*Classified by the Securities and Exchange Commission as a basic document.

		Incorporated Documents Exhibit	SEC Docket	Filed herewith at Page
B-42	Copy of Supplemental Indenture dated as of February 1, 1975, modifying B-32.	2.40.	2-57458	

C. Material Contracts

Incorporated herein by reference:

		Exhibit	SEC Docket	Filed herewith at Page
*C-1	Copy of firm power Contract dated August 29, 1958, and supplements thereto dated September 19, 1958, October 7, 1958 and October 1, 1960, between the Company and the State of Vermont (the "State").	13.9.	2-17184	
*C-2	Copy of Transmission Contract dated June 13, 1957 between Velco and the State, relating to transmission of power.	(b)(2)	Company 10-K for 1957	
C-3	Copy of letter agreement dated August 4, 1961 between Velco and the State, supplementing C-2 above.	13.36.	2-26485	
C-4	Copy of First Amendment to C-2 above dated September 23, 1969 between Velco and the State relating to terms and allowable return.	13.71.	2-38161	

---

*Classified by the Securities and Exchange Commission as a basic document.

		Incorporated Documents Exhibit	SEC Docket	Filed herewith at Page
*C-5	Copy of subtransmission contract dated August 29, 1958 between Velco and the Company (there are seven similar contracts between Velco and other utilities).	(b)(3)	Company 10-K for 1957	
*C-6	Copies of Amendments dated September 7, 1961, November 2, 1967, March 22, 1968 and October 29, 1968 to C-5 above.	13.42.	2-32917	
*C-7	Copy of Three-Party Agreement dated September 25, 1957 between the Company, Green Mountain and Velco.	13.8.	2-17184	
*C-8	Copy of firm power Contract dated December 29, 1961, between the Company and the State, relating to purchase of Niagara Project power.	13.17.	2-26485	
*C-9	Copy of agreement dated July 16, 1966 and letter supplement dated July 16, 1966 between Velco and Public Service Company of New Hampshire relating to purchase of single unit power from Merrimack II.	13.33.	2-26485	
*C-10	Copy of Letter Agreement dated July 10, 1968 modifying Exhibit A of C-9 above.	13.48.	2-32917	
*C-11	Copy of Capital Funds Agreement between the Company and Vermont Yankee			

*Classified by the Securities and Exchange Commission as a basic document.

		Incorporated Documents Exhibit	SEC Docket	Filed herewith at Page
	dated as of February 1, 1968.	B-2	70-4611	
*C-12	Copy of Amendment dated March 12, 1968 to C-11 above.	B-3	70-4611	
*C-13	Copy of Power Contract between the Company and Vermont Yankee dated as of February 1, 1968.	B-4	70-4591	
*C-14	Copy of Capital Funds Agreement between the Company and Maine Yankee dated as of May 20, 1968.	B-2	70-4658	
*C-15	Copy of Power Contract between the Company and Maine Yankee dated as of May 20, 1968.	B-3	70-4658	
*C-16	Copy of Agreement dated January 17, 1968 between Velco and Public Service Company of New Hampshire relating to purchase of additional unit power from Merrimack II.	13.47.	2-32917	
*C-17	Copy of Agreement dated February 10, 1968 between the Company and Velco relating to purchase by Company of Merrimack II unit power. (There are 25 similar agreements between Velco and other utilities.)	13.49.	2-32917	

*Classified by the Securities and Exchange Commission as a basic document.

		Incorporated Documents Exhibit	SEC Docket	Filed herewith at Page
C-18	Copy of Three-Party Power Agreement dated as of November 21, 1969 among the Company, Velco, and Green Mountain relating to purchase and sale of power from Vermont Yankee Nuclear Power Corporation.	13.69.	2-38161	
C-19	Copy of Three-Party Transmission Agreement dated as of November 21, 1969 among the Company, Velco and Green Mountain providing for transmission of power from Vermont Yankee Nuclear Power Corporation.	13.70.	2-38161	
*C-20	Copy of Stockholders Agreement dated March 29, 1957 between the Company, Velco, Green Mountain and Citizens Utility Company.	13.7.	70-3558	
C-21	New England Power Pool Agreement dated as of September 1, 1971, as amended to November 1, 1975.	4.8.	2-55385	
C-22	Agreement setting out Supplemental NEPOOL Understandings dated as of April 2, 1973.	5.10.	5-50198	
C-23	Agreement dated October 13, 1972 for Joint Ownership, Construction and Operation of Pilgrim Unit No. 2 among Boston Edison Company and other			

*Classified by the Securities and Exchange Commission as a basic document.

		Incorporated Documents		Filed herewith at
		Exhibit	SEC Docket	Page
	utilities, including the Company.	5-3(d).	2-45390	
C-24	Amendments to Exhibit C-23 dated September 20, 1973 and September 15, 1974.	5.14.	2-51999	
C-25	Amendment to Exhibit C-23 dated December 1, 1974.	13-45.	2-54449	
C-26	Amendment to Exhibit C-23 dated February 15, 1975.	13-52A	2-53819	
C-27	Amendment to Exhibit C-23 dated April 30, 1975.	13-52B	2-53819	
C-28	Amendment to Exhibit C-23 dated as of June 30, 1975.	13-45(a)	2-54449	
C-29	Instrument of Transfer dated as of October 1, 1974 assigning partial interest under Company to Green Mountain Power Corporation.	5.40.	2-52177	
C-30	Instrument of Transfer dated as of January 17, 1975 assigning a partial interest under Exhibit C-23 from the Company to the Burlington Electric Department.	5.44.	2-55458	
C-31	Addendum dated as of October 1, 1974 to Exhibit C-23 [illegible] which Green Mount[illegible] Power Corporation becar[illegible] party thereto.	5.41.	2-52177	

*Classified by the Securities and Exchange Commission as a basic document.

		Incorporated Documents		Filed herewith at
		Exhibit	SEC Docket	Page
C-32	Addendum dated as of January 17, 1975 to Exhibit C-23 by which the Burlington Electric Department became a party thereto.	5.45.	2-55450	
C-33	Agreement for Sharing Costs Associated with Pilgrim Unit No. 2 Transmission dated October 13, 1972 among Boston Edison Company and other utilities including the Company.	5-3(e).	2-45990	
C-34	Addendum dated as of October 1, 1974 to Exhibit C-33 by which Green Mountain Power Corporation became a party thereto.	5.42.	2-52177	
C-35	Addendum dated as of January 17, 1975 to Exhibit C-33 by which Burlington Electric Department became a party thereto.	5.46.	2-55458	
C-36	Agreement dated as of May 1, 1973 for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units among Public Service and other utilities, including Velco.	13-57.	2-48966	
C-37	Amendments to Exhibit C-36 dated May 24, 1974, June 21, 1974 and September 25, 1974 and dated as of October 25,			

---

*Classified by the Securities and Exchange Commission as a basic document.

		Incorporated Documents Exhibit	SEC Docket	Filed herewith at Page
	1974 and January 31, 1975.	5.1-12.	2-53674	
C-38	Instrument of Transfer dated September 27, 1974, assigning partial interest under Exhibit C-36 from Velco to the Company.	5.37.	2-52177	
C-39	Transm. sion Support Agreement dated as of May 1, 1973 among Public Service and other utilities, including Velco, with respect to New Hampshire Nuclear Units.	13-58.	2-48966	
C-40	Sharing Agreement - 1979 Connecticut Nuclear Unit dated September 1, 1973 to which the Company is a party.	6.43.	2-50142	
C-41	Amendment to Exhibit C-40 dated as of August 1, 1974.	5.16.	2-51999	
C-42	Instrument of Transfer dated as of February 28, 1974, transferring partial interest under Exhibit C-40 from the Company to Green Mountain.	5.39	2-52177	
C-43	Instrument of Transfer dated January 17, 1975 transferring a partial interest under Exhibit C-40 from the Company to Burlington Electric Department.	5.47.	2-55458	

*Classified by the Securities and Exchange Commission as a basic document.

		Incorporated Documents Exhibit	SEC Docket	Filed herewith at Page
C-44	Preliminary Agreement dated as of July 5, 1974 with respect to 1981 Montague Nuclear Generating Units.	5.5.17.	2-51733	
C-45	Amendment to C-44 dated June 30, 1975.	13-58(a)	2-54449	
C-46	Agreement for Joint Ownership, Construction and Operation of William F. Wyman Unit No. 4 dated November 1, 1974 among Central Maine Power Company and other utilities including the Company.	5.16.	2-52900	
C-47	Amendment to Exhibit C-46 dated as of June 30, 1975.	5.48.	2-55458	
C-48	Instrument of Transfer dated July 30, 1975 assigning a partial interest under Exhibit C-46 from Velco to the Company.	5.49.	2-55458	
C-49	Transmission Agreement dated November 1, 1974 among Central Maine Power Company and other utilities including the Company with respect to William F. Wyman Unit No. 4.	13-57.	2-54449	
C-50	Amendment to Exhibit C-23 dated as of 1975.	1.4.7.	Annual Report 1-2301-2 for 1975	

*Classified by the Securities and Exchange Commission as a basic document.

	Incorporated Documents		Filed herewith at
	Exhibit	SEC Docket	Page

Filed herewith:

C-51 Amendment effective as of January 1, 1980 to Exhibit C-8

C-52 Amendment dated December 31, 1976 to Exhibit C-21.

C-53 Amendment dated January 31, 1977 to Exhibit C-21

C-54 Amendment dated July 1, 1977 to Exhibit C-21.

C-55 Amendment dated August 1, 1977 to Exhibit C-21.

C-56 Amendment dated August 15, 1978 to Exhibit C-21.

C-57 Amendment dated January 31, 1979 to Exhibit C-21.

C-58 Amendment dated February 1, 1980 to Exhibit C-21.

D. Statement re computation of per share earnings

The computation can be clearly determined from the information contained in the Consolidated Statement of Income and Retained Earnings.

E. Statements re computation of ratios

Not applicable.

	Incorporated Documents Exhibit	SEC Docket	Filed herewith at Page
F. Annual report to security holders			
Filed herewith:			
F-1 1980 Annual Report to Stockholders			
G. Letter re chance in accounting principles			
G-1 Letter dated October 30, 1980 of Peat, Marwick, Mitchell & Co.		Company 10-Q, 3rd Quarter 1980	
H. Previously unfiled documents			
Not applicable.			
I. Subsidiaries of the registrant			
Filed herewith:			
I-1 List of subsidiaries of registrant			

(b) No reports on Form 8-K were filed during the last quarter of the fiscal year ended December 31, 1980.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

CENTRAL VERMONT PUBLIC SERVICE CORPORATION

By /s/ James E. Griffin
James E. Griffin, President and Chief Executive Officer

By /s/ Robert E. Schill
Robert E. Schill, Vice-President and principal financial officer

By /s/ T. W. Millspaugh
T. W. Millspaugh, Treasurer and principal accounting officer

March 27, 1981

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

March 27, 1981 ______________________
Robert P. Bliss, Jr.
Director

March 27, 1981 ______________________
Allen O. Eaton
Director

March 27, 1981 /s/ James E. Griffin
James E. Griffin
Director

March 27, 1981	/s/ Luther F. Hackett Luther F. Hackett Director
March 27, 1981	/s/ Robert T. Holden Robert T. Holden Director
March , 1981	________________ Frances C. Hutner Director
March 27, 1981	/s/ F. Ray Keyser, Jr. F. Ray Keyser, Jr. Director
March , 1981	________________ L. Douglas Meredith Director
March 27, 1981	/s/ Gordon P. Mills Gordon P. Mills Director
March 27, 1981	/s/ Preston Leete Smith Preston Leete Smith Director
March , 1981	________________ Holmes H. Whitmore Director
March 27, 1981	/s/ Fred W. Yeadon, Jr. Fred W. Yeadon, Jr. Director

FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D. C. 20549

Quarterly Report Under Section 13 or 15(d)

of the Securities Exchange Act of 1934

For Quarter Ended March 31, 1981

Commission file number ______________________

Central Vermont Public Service Corporation

(Exact name of registrant as specified in its charter)

Incorporated in Vermont	03-0111290
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

77 Grove Street, Rutland, Vermont	05701
(Address of principal executive offices)	(Zip Code)

802-773-2711

(Registrant's telephone number, including area code)

____

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X . No_____.

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. As of April 30, 1981 there were outstanding 3,019,844 shares of Common Stock, $6 Par Value.

CENTRAL VERMONT PUBLIC SERVICE CORPORATION

CONSOLIDATED STATEMENT OF INCOME

(dollars in thousands except amounts per share)

	Quarter Ended March 31		Twelve Months Ended March 31	
	1981	1980	1981	1980
OPERATING REVENUES	$30,937	$24,050	$97,622	$81,191
OPERATING EXPENSES				
Operation				
Purchased power	15,755	13,366	50,052	39,339
Production and transmission	2,105	1,730	6,882	6,077
Other operation	3,282	3,003	12,217	11,215
Maintenance	1,593	1,022	4,950	4,124
Depreciation	952	912	3,704	3,530
Other taxes, principally property taxes	1,161	1,150	4,358	4,397
Taxes on income	2,099	537	4,275	2,910
Total operating expenses	26,947	21,720	86,438	71,592
OPERATING INCOME	3,990	2,330	11,184	9,599
OTHER INCOME AND DEDUCTIONS				
Equity in earnings of companies not consolidated	557	575	2,201	2,338
Allowance for equity funds during construction	604	502	2,597	1,837
Other income, net	219	18	596	189
Taxes on income	(146)	(52)	(423)	(318)
TOTAL OPERATING AND OTHER INCOME	5,224	3,373	16,155	13,645
INTEREST EXPENSE				
Interest on long-term debt	1,590	1,595	6,370	5,413
Other interest	724	156	1,298	939
Allowance for borrowed funds during construction	(705)	(424)	(1,984)	(1,566)
Net interest expense	1,609	1,327	5,684	4,786
NET INCOME	3,615	2,046	10,471	8,859
Preferred stock dividend requirements	641	431	2,308	1,726
Net income applicable to common stock	$ 2,974	$ 1,615	$ 8,163	$ 7,133
Average shares of common stock outstanding	3,011,779	2,952,404	2,986,760	2,933,348
NET INCOME PER SHARE OF COMMON STOCK	$.99	$.55	$2.73	$2.43

CENTRAL VERMONT PUBLIC SERVICE CORPORATION

CONSOLIDATED STATEMENT OF RETAINED EARNINGS

(dollars in thousands)

	Quarter Ended March 31		Twelve Months Ended March 31	
	1981	1980	1981	1980
Balance at beginning of period	$23,763	$22,480	$22,739	$20,706
Net income	3,615	2,046	10,471	8,859
	27,378	24,526	33,210	29,565
Cash dividends declared				
Preferred stock	641	431	2,308	1,726
Common stock	1,442	1,356	5,607	5,100
Total dividends declared	2,083	1,787	7,915	6,826
Balance at end of period	$25,295	$22,739	$25,295	$22,739

CENTRAL VERMONT PUBLIC SERVICE CORPORATION

CONSOLIDATED BALANCE SHEET

(dollars in thousands)

	March 31 1981	December 31 1980
ASSETS		
UTILITY PLANT, at original cost	$124,855	$124,275
Less accumulated depreciation	34,643	33,703
	90,212	90,572
Construction work in progress	51,937	48,572
Net utility plant	142,149	139,144
INVESTMENTS IN AFFILIATES, at equity	24,986	24,592
NONUTILITY PROPERTY, less accumulated depreciation	3,701	3,723
CURRENT ASSETS		
Cash	2,868	640
Accounts receivable, less allowance for uncollectible accounts	14,965	11,069
Refundable income taxes	5,673	6,048
Unbilled revenue	7,090	7,050
Materials and supplies, at average cost	2,021	2,035
Prepayments	833	1,530
Other current assets	493	910
Total current assets	33,943	29,282
DEFERRED POWER COSTS	7,177	8,405
OTHER DEFERRED CHARGES	8,682	6,049
	$220,638	$211,195
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common stock, $6 par value, authorized 5,000,000 shares; outstanding 3,016,998 shares and 3,004,176 shares, respectively	$ 18,102	$ 18,025
Other paid-in capital	24,808	24,679
Retained earnings	25,295	23,763
Total common stock equity	68,205	66,467
Preferred and preference stock	15,229	15,236
Preferred stock with sinking fund requirements	11,970	11,970
Long-term debt	75,736	75,760
Total capitalization	171,140	169,433
CURRENT LIABILITIES		
Notes payable - banks	1,600	1,600
Commercial paper	15,650	10,700
Accounts payable	3,826	4,008
Accounts payable - affiliates	3,627	8,767
Accrued interest	1,842	1,082
Accrued income taxes	1,941	602
Deferred revenue	4,913	-
Other current liabilities	1,590	1,495
Total current liabilities	34,989	28,254
DEFERRED INCOME TAXES	9,840	9,326
DEFERRED INVESTMENT TAX CREDITS	4,104	3,740
DEFERRED CREDITS AND MISCELLANEOUS RESERVES	565	442
	$220,638	$211,195

CENTRAL VERMONT PUBLIC SERVICE CORPORATION

CONSOLIDATED STATEMENT OF CHANGES IN FINANCIAL POSITION

(dollars in thousands)

	Quarter Ended March 31 1981	Quarter Ended March 31 1980
SOURCE OF FUNDS		
Funds from operations		
Net income	$ 3,615	$ 2,C46
Principal non-cash charges (credits) to income		
Depreciation	952	912
Deferred income taxes and investment tax credits	878	362
Allowance for equity funds during construction	(604)	(502)
Dividends received (less) than equity income	(74)	(92)
Other	(770)	554
Total funds from operations	3,997	3,280
Funds from outside sources		
Long-term debt	-	10,750
Common stock	180	154
Change in short-term debt	4,950	(7,600)
Total funds from outside sources	5,130	3,304
Total funds provided	$ 9,127	$ 6,584
USE OF FUNDS		
Construction and plant expenditures	$ 4,299	$ 3,828
Dividends declared	2,083	1,787
Investments in affiliates	320	(60)
Retirement of long-term debt	24	39
Net increase (decrease) in other working capital items	2,876	(1,485)
Net decrease in deferred power costs	(1,228)	(444)
Other, net	753	2,919
Total funds used	$ 9,127	$ 6,584
CHANGES IN OTHER WORKING CAPITAL ITEMS		
Accounts receivable	$ 3,561	$ 4,044
Cash and other current assets	1,100	1,001
Accounts payable	5,322	(917)
Accrued income taxes	(1,339)	(454)
Deferred revenue	(4,913)	(4,563)
Other current liabilities	(855)	(596)
Net increase (decrease) in other working capital items	$ 2,876	$(1,485)

CENTRAL VERMONT PUBLIC SERVICE CORPORATION

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

March 31, 1981

During 1980, the Company applied to the Vermont Public Service Board (PSB) for retail rate increases to be effective on April 23, 1980 (approximately $4,300,000 on an annual basis which the Company began billing subject to refund on October 23, 1980) and October 6, 1980 (an additional amount of approximately $3,450,000 on an annual basis none of which was billed before March 31, 1981). These two applications were based on increased costs of purchased power incurred by the Company. The Company has also applied to the PSB for an additional retail rate increase to be effective January 1, 1981 (an additional amount of approximately $18,031,000 on an annual basis none of which was billed before March 31, 1981).

Based on previous PSB decisions, and as allowed by Vermont law, the Company anticipates that rates eventually approved will be effective retroactive to April 23, 1980, October 6, 1980 and January 1, 1981, respectively. The financial statements include estimates of revenues, based on management's judgement, expected to be allowed by the PSB for the periods subsequent to April 23, 1980. Operating revenues related to these pending rate cases amount to approximately $3,588,000 for the quarter ended March 31, 1981 and $6,660,000 for the twelve months ended March 31, 1981.

CENTRAL VERMONT PUBLIC SERVICE CORPORATION

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

March 31, 1981

The Company's net income of $3,615,000 for the first quarter of 1981 was $1,569,000 more than the first quarter of 1980. Net income was $.99 per share of common stock fc the first quarter of 1981 compared with $.55 per share fo 1980.

Operating Revenues

During the first quarter of 1981 operating revenues were $30,937,000, an increase of 28.6% over the same period in 1980. The increase in revenues was due to several retail rate increases totaling approximately 20%, a 3.3% increase in unit sales to retail customers, and an increase of $1,462,000 in revenue from wholesale customers resulting from higher unit sales. See Note to Consolidated Financial Statements for further information concerning revenue subject to pending rate increases. Total unit sales of electricity for the quarter increased by 9.5%, compared with a year ago.

Operating Expenses

Purchased power costs of $15,755,000 were $2,389,000, or 17.9%, higher than the first quarter of last year. Costs of purchased power, which represent more than 50% of our total operating expenses, are classified as costs for capacity available to the Company and costs for energy received. Capacity costs were up by $1,055,000, compared with a year ago, and energy costs were higher by $1,334,000. These cost increases were caused by a number of factors. The units of capacity and the energy purchased increased by 8.6% and 6.6%, respectively, and the average price per unit purchased increased by 6.9% for capacity and 12.2% for energy. Energy costs are directly related to the escalating prices for oil, nuclear fuel and coal and more importantly to the proportion of the Company's purchased energy that comes from each of these fuel sources, with oil being significantly more expensive than nuclear fuel.

Production and transmission expenses increased by $375,000 principally due to higher oil prices and a 51% increase in generation at the Wyman #4 plant. Maintenance expenses rose by $571,000 resulting from increased maintenance expenditures for the Company's hydroelectric production facilities and distribution lines.

In 1981 taxes on income were higher by $1,656,000 compared with the same period a year ago. This increase results from higher recorded income before taxes.

Other income grew by $201,000, principally due to improved profitability in the Company's rental water heater program.

Cost of Money and Financing Plans

Interest expense on short-term debt for 1981 rose by $568,000 due to higher average short-term borrowings and higher interest rates. During the first quarter of 1981 average short-term borrowings were $16,347,000 and short-term interest rates averaged 17.6%. Preferred stock dividend requirements increased by $210,000, compared with the first quarter of 1980, because of the issuance in July, 1980 of $8,000,000 of 12.75% Series Preferred Stock. The Company plans to sell $15,000,000 of First Mortgage Bonds during the second quarter of 1981 and to use the proceeds received to reduce short-term debt outstanding at that time.

Construction Program

The Company's continuing construction program including its participation as a joint owner in several nuclear generating units, represents a large undertaking relative to the Company's present size. In order to finance this construction program the Company must be able to produce adequate internally generated funds and also to be able to issue long-term debt and equity securities, as necessary. To accomplish this, the Company must receive adequate and timely rate increases. For the first quarter of 1981, internally generated funds (funds from operations less dividends declared) were 44.5% of total construction and plant expenditures, compared with 39.0% for the first quarter of 1980.

Allowance for Funds During Construction

Allowance for funds used during construction is the cost, during the period of construction, of funds used to finance construction projects. The allowance for equity funds and borrowed funds used during construction have continued to grow in recent years due to the continuing increase in the Company's construction work in progress for future nuclear generating plants, particularly the Seabrook, Millstone and Pilgrim units.

VERMONT ELECTRIC POWER COMPANY, INC.

STATEMENT OF INCOME AND RETAINED EARNINGS

(dollars in thousands)

	Quarter Ended March 31 1981	Quarter Ended March 31 1980	Twelve Months Ended March 31 1981	Twelve Months Ended March 31 1980
Operating revenues				
Transmission services for the state of Vermont	$ 656	$ 514	$ 2,459	$ 2,273
Other transmission revenues	2,027	2,097	8,058	8,133
Sales of power	25,636	24,577	97,036	79,568
Total operating revenues	28,319	27,188	107,553	89,974
Operating expenses				
Purchased power	25,636	24,577	97,036	79,568
Transmission expenses				
Operations	110	100	421	369
Maintenance	95	50	428	331
Rents	162	166	614	670
Administrative and general expenses	414	305	1,180	1,181
Amortization of site location studies	-	95	286	381
Depreciation and amortization	412	380	1,590	1,463
Other taxes, principally property taxes	423	380	1,623	1,443
Taxes on income	28	56	259	216
Total operating expenses	27,280	26,109	103,437	85,622
Operating income	1,039	1,079	4,116	4,352
Other income				
Interest	99	78	373	316
Allowance for other funds during construction	-	3	5	8
Total operating and [illegible] income	1,138	1,160	4,494	4,676
Interest expense				
Interest on first mortgage bonds	1,019	1,051	4,136	4,259
Other interest	54	-	91	-
Amortization of debt expense	6	7	27	28
Allowance for borrowed funds during construction	(42)	1	(162)	(13)
Net interest expense	1,037	1,059	4,092	4,274
Net income	101	101	402	402
Retained earnings at beginning of period	23	23	124	124
	124	124	526	526
Cash dividends declared and paid	-	-	402	402
Retained earnings at end of period	$ 124	$ 124	$ 124	$ 124

VERMONT ELECTRIC POWER COMPANY, INC.

BALANCE SHEET

(dollars in thousands)

	March 31 1981	December 31 1980
Assets		
Utility plant, at original cost	$60,369	$59,681
Less accumulated depreciation and amortization	12,183	11,772
Net utility plant	48,186	47,909
Expenditures foı future transmission facilities, at cost	139	285
Current assets		
Cash	58	247
Temporary cash investment	-	224
Bond sinking fund deposits	477	521
Bond interest deposits	1,325	748
Accounts receivable	2,952	1,054
Accounts receivable - affiliates	5,033	13,605
Materials and supplies, at average cost	420	415
Other	943	911
Total current assets	11,208	17,725
Other deferred charges, principally unamortized debt expense	357	344
	$59,890	$66,263
Capitalization and Liabilities		
Capitalization		
Common stock, $100 par value		
Class A, authorized 12,000 shares, outstanding 11,000 shares	$ 1,100	$ 1,100
Class B, authorized 80,000 shares, outstanding 42,000 shares	4,200	4,200
Retained earnings	124	23
Total stockholders' equity	5,424	5,323
First mortgage bonds	42,504	42,995
Total capitalization	47,928	48,318
Current liabilities		
Notes payable - banks	1,200	900
Bonds to be retired within one year	1,681	1,646
Accounts payable	2,436	10,382
Accounts payable - affiliates	4,267	3,570
Accrued interest on bonds	1,325	748
Accrued taxes	862	550
Other	191	149
Total current liabilities	11,962	17,945
	$59,890	$66,263

VERMONT ELECTRIC POWER COMPANY, INC.

STATEMENT OF CHANGES IN FINANCIAL POSITION

(dollars in thousands)

	Quarter Ended March 31 1981	1980
SOURCES OF FUNDS:		
Internal sources		
From operations		
Net income	$ 101	$ 101
Charges (credits) not requiring funds		
Depreciation and amortization	412	380
Amortization of site location studies	-	95
Amortization of debt expense	6	7
Future transmission facilities	146	111
Allowance for other funds during construction	-	(3)
	665	691
Less		
Reduction in first mortgage bonds	(491)	(456)
Other, net	(19)	(3)
	155	232
Change in net current assets (exclusive of interim financing)		
Cash	413	79
Accounts receivable	6,674	501
Accounts payable	(7,249)	(788)
Other, net	396	223
	234	15
Internal sources, net	389	247
External sources		
Notes payable to banks	300	-
	$ 689	$ 247
FUNDS USED FOR CONSTRUCTION:		
Utility plant	$ 689	$ 113
Seabrook nuclear project	-	137
Allowance for other funds during construction	-	(3)
	$ 689	$ 247

VERMONT YANKEE NUCLEAR POWER CORPORATION

Part I

Item 1. Summarized Financial Information

(Unaudited)

Results for the interim periods shown are subject to usual year-end audit by independent public accountants: however, in the opinion of management all adjustments necessary to a fair statement of the results are included for the interim periods shown.

1-A. Statement of Income and Retained Earnings

	For the three months ended	
	March 31, 1981	March 31, 1980
OPERATING REVENUES	$22,000,166	$20,779,242
OPERATING EXPENSES:		
Nuclear fuel expense	6,211,966	6,345,102
Other operation expenses	4,676,591	3,901,028
Maintenance	2,167,904	1,959,998
Depreciation	2,308,107	2,123,078
Taxes on income	1,507,000	1,609,000
Other taxes, principally property taxes	1,070,079	1,017,022
Total operating expenses	17,941,647	16,955,228
NET OPERATING INCOME	4,058,519	3,824,014
OTHER INCOME AND DEDUCTIONS, NET	8,745	11,385
Income before interest expense	4,067,[illegible]64	3,835,399
INTEREST EXPENSE		
Interest on long-term debt		
First mortgage bonds	1,793,011	1,911,076
Other interest expense	475,225	123,478
Total interest expense	2,268,236	2,034,554
NET INCOME	1,799,028	1.800,845
RETAINED EARNINGS, JANUARY 1	5,057,009	5,578,401
	6,856,037	7,379,246
CASH DIVIDENDS DECLARED		
Preferred stock	319,727	685,370
Common Stock	1,500,052	3,000,105
Total dividends	1,819,779	3,685,4[illegible]
RETAINED EARNINGS - MARCH 31	$ 5,036,258	$ 3,693,771
Net income per average share of common stock outstanding	$3.70	$2.79
Cash dividends paid per share on common stock outstanding	$3.75	$3.75
Dividends declared per share on common stock outstanding	$3.75	$7.50

Capitalization and Liabilities	March 31, 1981	December 31, 1980
Capitalization:		
Common stock equity		
Common stock, $100 par value: authorized 400,100 shares; outstanding 400,014 shares	$ 40,001,400	$ 40,001,400
Other paid-in capital	13,352,443	13,314,284
Retained earnings	5,036,258	5,057,009
Total common stock equity	58,390,101	58,372,693
Redeemable cumulative preferred stock, 7.48% series; $100 par value; authorized 300,000 shares; outstanding 171,037 shares (172,197 shares at 12/31/80)	17,103,700	17,219,700
Long-term debt, net	74,498,668	76,757,449
Total capitalization	149,992,469	152,349,842
Current liabilities:		
Notes payable	13,500,000	5,200,000
Long-term debt to be retired within one year	3,699,000	2,229,000
Accounts payable	7,142,085	12,021,402
Accrued interest	239,902	1,868,128
Accrued taxes	2,243,156	702,650
Dividends declared -- preferred	319,839	319,951
Total current liabilities	27,143,982	22,341,131
Unamortized gain on reacquired debt, net	1,673,990	1,480,457
Accumulated deferred income taxes	41,349,880	41,692,880
Accumulated deferred investment tax credits	4,785,000	4,488,000
	$224,945,321	$222,352,310

VERMONT YANKEE NUCLEAR POWER CORPORATION

1-C. Statement of Changes in Financial Position

	For the three months ended March 31, 1981	For the three months ended March 31, 1980
Source of funds:		
From operations	$12,007,478	$11,089,184
Decrease in working capital	3,840,841	2,133,334
Other, net	384,083	340,566
	$16,232,402	$13,563,084
Use of funds:		
Electric plant additions	$ 799,790	$1,805,868
Nuclear fuel additions	10,572,462	7,428,883
Downtime costs deferred	665,590	226,814
Reduction of long-term debt	2,258,781	2,258,781
Preferred stock dividends	319,727	342,685
Common stock dividends	1,500,052	1,500,053
Retirement of preferred stock	116,000	-
	$16,232,402	$13,563,084

With respect to the financial statements included herein, which are unaudited, in the opinion of management all adjustments (consisting only of normal recurring accruals) necessary to a fair statement of the results of operations for such interim periods have been included. The financial information for Central Vermont Public Service Corporation included in this form has been reviewed prior to filing by the Company's independent public accountants, Peat, Marwick, Mitchell & Co. and all adjustments or additional disclosures proposed by the independent accountants have been reflected in the data presented.

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.

CENTRAL VERMONT PUBLIC SERVICE CORPORATION

By T. W. Millspaugh
T. W. Millspaugh, Treasurer

(Authorized Officer and
Chief Accounting Officer)

Dated May 13, 1981

Peat, Marwick, Mitchell & Co.

Certified Public Accountants

One Boston Place
Boston, Massachusetts 02108
617-723-7700

The Board of Directors
Central Vermont Public Service Corporation

We have made a review of the consolidated balance sheet of Central Vermont Public Service Corporation and subsidiary as of March 31, 1981 and the related consolidated statements of income and changes in financial position for the three months then ended and the three months ended March 31, 1980 in accordance with standards established by the American Institute of Certified Public Accountants. We previously audited the December 31, 1980 consolidated balance sheet of Central Vermont Public Service Corporation and subsidiary and expressed our opinion in our report dated February 20, 1981.

A review of interim financial information consists principally of obtaining an understanding of the system for the preparation of interim financial information, applying analytical review procedures to financial data, and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an examination in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the aforementioned financial statements for them to be in conformity with generally accepted accounting principles.

Peat, Marwick, Mitchell & Co

April 29, 1981

Central Vermont Public Service CORPORATION

DIVIDEND REINVESTMENT AND COMMON STOCK PURCHASE PLAN

The Dividend Reinvestment and Common Stock Purchase Plan ("Plan") of Central Vermont Public Service Corporation ("Company") provides the Company's stockholders with

AUTOMATIC DIVIDEND REINVESTMENT

of Common and/or Preferred Stock dividends in Common Stock of the Company

and

INVESTMENT OF OPTIONAL CASH PAYMENTS

of between $25 and $5,000 in any quarter in Common Stock of the Company

or

INVESTMENT OF OPTIONAL CASH PAYMENTS ONLY.

Participants pay **NO** brokerage commission or service charge.

Stockholders participating in the Plan who are employed by the Company and its subsidiaries may have an aggregate of $25 to $1,000 per quarter deducted from their pay checks and invested in Common Stock.

The purchase price for the shares of Common Stock, $6 Par Value, to be sold by the Company pursuant to the Plan will be the average of the closing asked price for the Common Stock in the over-the-counter market during the five trading days immediately preceding the applicable dividend reinvestment date.

This Prospectus relates to 150,000 authorized and unissued shares of Common Stock of the Company registered for purchase under the Plan.

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

The date of this Prospectus is August 15, 1980.

DESCRIPTION OF THE PLAN

Purpose. The Dividend Reinvestment and Common Stock Purchase Plan provides holders of record of the Company's Common Stock and/or Preferred Stock with a convenient method of investing in shares of Common Stock without payment of any brokerage commission or service charge. Because such additional shares will be purchased from the Company out of its authorized but unissued shares of Common Stock, the Company will receive needed funds. See "Use of Proceeds".

Participation. Holders of Common Stock, any series of Preferred Stock, \$100 Par Value, or Preferred Stock, \$25 Par Value, or Second Preferred Stock, \$50 Par Value, of the Company are eligible to participate in the Plan by completing the Authorization Form and returning it to The First National Bank of Boston ("Agent"). Beneficial owners whose common and/or preferred shares are registered in names other than their own (e.g., broker or bank nominee) must have their shares transferred into their own names in order to be eligible to participate. Participants may (a) have cash dividends on their Common Stock and/or Preferred Stock automatically reinvested and at their option invest cash payments of between \$25 and \$5,000 in any quarter, or (b) continue to receive their cash dividends and invest only optional cash payments. Participating shareholders who are employees of the Company or its subsidiaries may also have an aggregate of from \$25 to \$1,000 deducted from their pay checks each quarter to be invested in Common Stock.

CURRENTLY PARTICIPATING STOCKHOLDERS NEED NOT RE-ENROLL. A former participant may re-enroll at any time in the same manner as initial enrollment.

There are no brokerage fees or service charges when stock is purchased under the Plan. All costs of administration of the Plan will be paid by the Company.

Each participant in the Plan will receive a statement of account each time the Agent receives an optional cash payment or makes an investment for the participant's account. These statements, containing cumulative information on a calendar year basis, are a participant's record of the number and price of shares purchased by the Agent and the last such statement for each calendar year should be retained for income tax purposes. Foreign participants will receive an annual statement indicating the amount of United States income tax withheld. In addition, each participant will receive an annual Prospectus relating to the Plan and copies of the communications sent to all holders of Common Stock as well as a proxy for each shareholders' meeting covering all shares of Common Stock owned by the participant.

Purchases. A participant's account will be credited with a number of shares of Common Stock, including fractions computed to three decimal places, equal to the total amount invested divided by the purchase price. In the case of those foreign holders whose dividends are subject to United States income tax withholding, the Agent will invest in Common Stock an amount equal to the dividends less the amount of tax required to be withheld. The per share purchase price under the Plan will be the average of the asked price (which may not represent actual transactions) for such stock in the over-the-counter market, as quoted in the Eastern Edition of *The Wall Street Journal*, for the last five trading days immediately preceding the applicable dividend reinvestment date.

Certificates for shares of Common Stock purchased under the Plan will not be issued to participants but will be registered in the name of the Agent (or its nominee) as agent for the participant

unless a participant otherwise notifies the Agent in writing. No certificates will be issued for fractional shares of Common Stock and any fractional shares will continue to be credited to the participant's account under the Plan.

Dividend Reinvestment. Unless a participant has checked the "optional cash payments only" box on the Authorization Form, the Agent will invest in additional Common Stock the participant's cash dividends on Common Stock and/or Preferred Stock including dividends paid on fractional shares. Dividends on Common Stock are normally paid on or about the 15th day of February, May, August and November and will be invested as of the dividend payment date. Dividends for all series of Preferred Stock, $100 Par Value, and Preferred Stock, $25 Par Value, are normally paid on the 1st day of January, April, July and October and will be invested as of the date five business days after the dividend payment date ("Preferred dividend reinvestment date"). Dividends for the Second Preferred Stock, $50 Par Value, are normally paid on the 15th day of January, April, July and October and will be invested as of the next succeeding Common Stock dividend payment date.

A stockholder will receive a separate Authorization Form for each class and series of stock owned and for each different name in which stock is held. Dividends will be reinvested on all (but not less than all) the shares as to which an executed Authorization Form is returned. Dividends from Common Stock purchased by reinvestment of dividends on Preferred Stock will also automatically be reinvested.

In order to commence dividend reinvestment, the Authorization Form must be received by the Agent two weeks prior to the dividend payment date for the class of stock as to which dividends are to be reinvested. If the Authorization Form is received after that date, dividend reinvestment will begin as of the next applicable dividend payment date.

Optional Cash Payments. If a participant has checked the "optional cash payments only" box on the Authorization Form, a participant will be paid the cash dividends on stock registered in his name as well as dividends on the shares held in his Plan account.

Any number of optional cash payments may be made in each quarter but the aggregate of such payments per participant may not be less than $25 nor more than $5,000. The same amount of money need not be invested each quarter, and there is no obligation to make an optional cash payment in any quarter. If a participant sends cash payments which aggregate less than $25 or more than $5,000 in a quarter, the amount under $25 or over $5,000 will be returned by the Agent to the participant.

Optional cash payments should be made by check payable to the Agent accompanied by the Authorization Form or, thereafter by the cash payment form which will be attached to the statement of account.

Optional cash payments of participants received at least five days preceding a dividend reinvestment date will be invested as of the next such date.

SINCE NO INTEREST WILL BE PAID BY THE COMPANY OR THE AGENT ON OPTIONAL CASH PAYMENTS, IT IS SUGGESTED THAT ANY OPTIONAL CASH PAYMENT BE SENT SO AS TO REACH THE AGENT BETWEEN FIFTEEN AND FIVE DAYS BEFORE A DIVIDEND REINVESTMENT DATE.

Payroll Deductions. If a participating employee elects payroll deductions on the Payroll Deduction Authorization Form, the Company will deduct any amount specified by such employee, aggregating between $25 and $1,000 per quarter, from his pay check each pay period. The Agent will invest the accumulated payroll deductions for the employee in Common Stock.

In order to commence payroll deductions, the Payroll Deduction Authorization Form must be received by the Agent two weeks before the payday on which the employee wishes to commence deductions. All deductions made not later than the last day of the month prior to the next Preferred Stock dividend payment date will be invested as of the next Preferred dividend reinvestment date. All deductions made after that date will be held by the Company and invested on the next succeeding Preferred dividend reinvestment date. NO INTEREST WILL BE PAID BY THE COMPANY OR THE AGENT ON PAYROLL DEDUCTIONS.

Tax Consequences. A participant will be treated for federal income tax purposes as having received on the dividend payment date dividends equal to the full amount of the cash dividends payable on such date with respect to his stock — even though that amount is not actually received by him in cash but instead is applied to the purchase of additional stock for his account.

An employee of the Company who participates in the payroll deduction aspect of the Plan will have the same federal income tax obligations with respect to the payroll deductions as he would otherwise have had if the money were not deducted from his pay check.

Administration. The First National Bank of Boston administers the Plan for participants, maintains records, sends statements of account to participants and performs other duties relating to the Plan. All requests of or notices to the Agent should be addressed to The First National Bank of Boston, CVPS Plan, P. O. Box 1681, Boston, Massachusetts 02105.

The Company and the Agent in administering the Plan will not be liable for any act done in good faith or for any good faith omission to act including, without limitation, any claim of liability arising out of failure to terminate a participant's account upon such participant's death prior to receipt of notice in writing of such death or with respect to any fluctuation in the market value after purchase or sale of stock. The Company cannot assure a profit or protect against a loss on the stock purchased under the Plan.

The Company reserves the right to amend, suspend, modify or terminate the Plan at any time. Notice of any such amendment, suspension, modification or termination will be sent to all participants. The Agent may resign and the Company may dismiss the Agent at any time upon 120 days' advance written notice to the other.

Withdrawal. In order to withdraw from the Plan, a participant must notify the Agent in writing that he wishes to withdraw. If a participant withdraws from the Plan or if the Company terminates the Plan, certificates for whole shares of Common Stock credited to the account of the participant under the Plan will be issued and a cash payment will be made for any fractional share of Common Stock based on the bid price of the shares of Common Stock of the Company in the over-the-counter market on the next business day following the day the withdrawal request is received by the Agent or the Plan is terminated (as reported in the Eastern Edition of *The Wall Street Journal*). In the request for withdrawal from the Plan, a participant may direct the Agent to sell all shares of Common Stock cred-

ited to his account under the Plan. The Agent will make such a sale in the market on any of the ten trading days after receipt of the request. The participant will receive the proceeds of the sale less any related brokerage commission and any transfer tax.

If the written request to withdraw is received by the Agent between the record date for a dividend and the payment date for that dividend, the amount of the dividend and any optional cash payments which otherwise would have been invested as of the dividend reinvestment date will be paid to the withdrawing participant. All subsequent dividends will be paid in cash.

If the request to withdraw is received by the Agent subsequent to a dividend payment date, the dividend paid on such date and/or any optional cash payments received will be invested for the participant's account. The participant's next dividend and all subsequent dividends will be paid to him in cash.

In addition to the withdrawal request sent to the Agent, an employee participant who has elected payroll deductions must notify the Company in writing to discontinue the payroll deductions sufficiently in advance of the employee's next pay check to allow processing (normally one week preceding the employee's last pay check prior to the preferred dividend reinvestment date). If the notice is so received by the Company, no further payroll deductions will be made and the accumulated amount withheld will be paid to the employee in cash. If the request is not received in sufficient time, no further payroll deductions will be made but any accrued payroll deductions will be held by the Company and invested by the Agent on the next preferred dividend reinvestment date.

If a participant transfers all shares of Common Stock and/or Preferred Stock registered in his name (as opposed to the shares credited to his account under the Plan), the participant will continue in the Plan as before with respect to shares credited to his account under the Plan until the participant withdraws from the Plan.

USE OF PROCEEDS

The proceeds to the Company from the sale of the shares of the Common Stock, $6 Par Value, offered by the Company hereby are expected to be applied toward the payment of short term bank borrowings, if any, or to be used for the Company's construction program and for other corporate purposes.

DESCRIPTION OF COMMON STOCK

The authorized capital stock of the Company consists of 5,000,000 shares of Common Stock, $6 Par Value (the "Common Stock"); 500,000 shares of Preferred Stock, $100 Par Value, and 1,000,000 shares of Preferred Stock, $25 Par Value (collectively, the "Senior Preferred Stock"); 7,993 shares of Second Preferred Stock, $50 Par Value (the "Second Preferred Stock"); and 1,000,000 shares of Preference Stock, $1 Par Value (the "Preference Stock"). The Senior Preferred Stock, the Second Preferred Stock and the Preference Stock are together referred to as "Preferred Stock". The Second Preferred Stock, the Preference Stock and the Common Stock and any other stock which may be subsequently authorized which is junior to the Senior Preferred Stock as to dividends of assets are together referred to as "junior stock". Each class of Preferred Stock may be issued in one or more series.

Whenever all dividends accrued on all shares of Preferred Stock shall have been paid [illegible] set aside and subject to the limitations described below, the Board of Directors may declare divide[illegible]s on the Common Stock payable then or thereafter out of any remaining surplus or net profits. [illegible]ch series of the Senior Preferred Stock is entitled, when and as declared by the Board of Directors, [illegible] lative quarterly dividends at the annual rate per share designated in its title in preference to the junior stock. The Articles of Association contain certain limitations, applicable so long as the Senior Preferred Stock is outstanding, on the Company's right to declare dividends on the Common Stock out of net income or in the event Common Stock Equity (as defined) is less than 25% of Total Capitalization (as defined). The Indentures relating to the Company's Debentures contain similar restrictions on dividends. As of December 31, 1979 the Common Stock Equity was approximately 42.2% of Total Capitalization (as defined). The Indenture securing the Company's Bonds contains restrictions which permit dividends or other distributions on, or purchase or retirement of, Preferred Stock only out of net income of the Company after specified dates. As at December 31, 1979, $18,300,000 of the Company's retained earnings were free of these indenture restrictions.

Each share of Common Stock is entitled to one vote. If and when dividends on the Senior Preferred Stock are in arrears in an amount exceeding two quarterly dividends, each share of Senior Preferred Stock has, subject to the qualification in the last sentence of this paragraph, the same voting power as does a share of Common Stock, except that while shares of Senior Preferred Stock have special voting power to elect directors as described below, such shares shall not otherwise participate with junior stock in the election of the remaining directors. If dividends payable on the Senior Preferred Stock are in arrears in an amount equal to four or more quarterly dividends on all series of Senior Preferred Stock, until all arrearages have been paid, the Senior Preferred Stock has the right to elect a majority of the Board of Directors. In exercising such voting rights, the Preferred Stock, $100 Par Value, shall have one vote per share and the Preferred Stock, $25 Par Value (including the New Preferred Stock) shall have one-quarter (1/4) vote per share.

Upon any liquidation, dissolution or winding up, after payment in full to holders of the Preferred Stock, the remaining net assets of the Company shall be paid or distributed to the holders of the Common Stock ratably according to the number of shares held by each. The Common Stock has no conversion rights. Holders of the Common Stock have no preemptive rights. The Common Stock is not liable for further calls or to assessment.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents are hereby incorporated by reference in this Prospectus:

(a) Annual Report of the Company on Form 10-K for the year ended December 31, 1979, filed with the Commission pursuant to section 13 of the Securities Act of 1934.

(b) Quarterly reports of the Company on Form 10-Q for the fiscal quarters ended March 31, [illegible] and June 30, 1980.

(c) Proxy Statement of the Company dated April 4, 1980 for the Annual Meeti[illegible] of Stockhold[illegible]rs held May 6, 1980.

All documents filed pursuant to Sections 13 and 14 of the Securities Exchange Act of 1934 subsequent to the date of this Prospectus and prior to the termination of this offering shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents.

ADDITIONAL INFORMATION

The Company's principal offices are located at 77 Grove Street, Rutland, Vermont 05701 and the Company's telephone number is 802-773-2711.

Reports, proxy statements and other information filed by the Company can be inspected and copied at the public reference facilities of the Securities and Exchange Commission at Room 6101, 1100 L Street, N.W., Washington, D.C.; Room 1228, Everett McKinley Dirksen Building, 219 South Dearborn Street, Chicago, Ill.; Room 1100, Federal Building, 26 Federal Plaza, New York, N.Y.; and Suite 1710, Tishman Building, 10960 Wilshire Boulevard, Los Angeles, Calif. Copies of this material can also be obtained at prescribed rates from the Public Reference Section of the Commission at its principal office at 500 North Capitol Street, N.W., Washington, D.C. 20549.

LEGAL OPINIONS

The legality of the Common Stock offered hereby will be passed upon for the Company by Messrs. Ropes & Gray, 225 Franklin Street, Boston, Massachusetts, who as to legal conclusions affected by the laws of Vermont, New Hampshire and Maine, may rely, respectively, upon Ryan Smith & Carbine, Ltd., Rutland, Vermont, Messrs. Sulloway Hollis & Soden, Concord, New Hampshire, and Messrs. Verrill & Dana, Portland, Maine.

EXPERTS

The financial statements and schedules incorporated herein by reference have been so incorporated in reliance upon the reports of Peat, Marwick, Mitchell & Co., independent ceritfied public accountants, and upon the authority of said firm as experts.

The statements made as to matters of law and legal conclusions under the caption "Description of Common Stock" have been reviewed by Messrs. Ropes & Gray and are incorporated herein upon their authority as experts.

STATE OF VERMONT
PUBLIC SERVICE BOARD

Docket No. 4460

Petition of Central Vermont Public Service Corporation for an increase in rates	)))	Hearing at Montpelier, Vermont August 14, 1980

Order Entered: 2/26/81

PRESENT: Richard H. Saudek, Chairman
Rosalyn Hunneman, Board Member

APPEARANCES: Donald Rushford, Esq.
for Central Vermont Public Service Corporation

Michael L. Burak, Esq.
Gerald R. Tarrant, Esq.
for the Public

Thomas Viall, Esq.
Assistant Attorney General
for the State of Vermont

INTRODUCTION

Pursuant to a petition filed with the Vermont Public Service Board ("Board") on March 21, 1980, Central Vermont Public Service Corporation ("Central Vermont" or "Company") requested a 6.23%, or $4,328,600, increase in retail rates to be effective April 23, 1980. The Board suspended the effectiveness of the rate increase on April 16, 1980, and ordered an investigation. Thereafter attorneys for the Public and the Attorney General entered appearances. A hearing on the petition was held in Montpelier, Vermont on August 14, 1980. On October 24, 1980, the Board issued an order approving a bond and thereupon the Company implemented the rate increase subject to refund. 30 V.S.A. §227.

FINDINGS OF FACT AND DECISION

The rate request is based solely on power costs that have increased from the level reflected in the Company's last retail

rate request, which became effective on January 1, 1980.* The costs underlying that request were based on a test year ending September 30, 1979, as adjusted for known and measureable changes. In the instant case, Central Vermont offered evidence of changes in power costs occurring up to May 13, 1980,** and the Public's evidence contained adjustments up to the end of May, 1980. The following issues are in dispute: (1) use of actual or normalized hydroelectric generation; (2) inclusion or exclusion of the Yankee Atomic nuclear plant at Rowe, Massachusetts in the Company's rate base and power dispatch; (3) expensing or capitalization of certain seismic studies and repairs at the Yankee Atomic and Vermont Yankee nuclear plants; (4) treatment of Yankee Atomic decommissioning costs; (5) method of cost allocation between wholesale and retail customers; (6) implementation of a rate increase on a kilowatt-hour or other basis; and (7) updating.

A. Hydroelectric Generation

The Company presented evidence on hydroelectric generation based on two months actual results, one month estimated and nine months normalized. It argues that actual data, where available, is preferable to estimated or averaged data. The Public presented hydroelectric output based on a ten-year average. It asserts that normalization is necessary for generation which is subject to wide fluctuation, in order to provide a sounder basis for anticipating future experience.

---

* The Company also presented evidence that its other costs have not decreased since the last rate filing.

** At the hearing, Central Vermont attempted to introduce evidence of power cost changes up through July, 1980, but the Board granted a motion to exclude this evidence.

The Public's method of normalizing is more appropriate. Normalization of hydroelectric output has been used consistently in prior rate cases because it tends to portray more accurately a "normal" picture of a utility's operations. The Company's assertion that actual data should be used if available does not apply to items such as this, subject to wide fluctuations from one year to the next. It would be unfair to set rates for the future on the basis of one year of low precipitation.

B. Yankee Atomic Generation

On January 19, 1980, a mechanical failure at Yankee Atomic caused the plant to shut down. It was still shut down at the time of the hearing, but witnesses for both the Company and the Public stated that the plant was expected to resume operations in November, 1980.

In its proposed power dispatch, the Company eliminated Yankee Atomic as a source and increased other sources to make up the deficiency. The Public adjusted the Company's proposed dispatch by including Yankee Atomic at the output (146 megawatts) expected at resumption of operations and by adjusting other sources accordingly. Both proposed dispatches were pro forma; that is, neither proposed dispatch reflected Central Vermont's actual operations for any period of time. The Company states that the Public's dispatch represents an update 14 months beyond the end of the test year. It argues that this update was too far beyond the test year and that since the Board rejected the Company's proposed update at the hearing, this adjustment must be rejected as well. The Public argues that inclusion of Yankee Atomic is necessary in order to present an accurate picture of the period the rates are to be in effect.

Yankee Atomic operated close to its normal schedule throughout the test year ending September 30, 1979. The parties agreed that it was expected to resume operations a few months after the hearing. (The future impact of any decision may be reduced by the fact that Central Vermont has filed for two additional rate increases.*) In light of the above factors, we believe it is more appropriate to include Yankee Atomic in the Company's power dispatch. If later experience proves that adjustments are necessary, they can be made in the context of the additional rate requests. The inclusion of Yankee Atomic in the power dispatch and the normalization of hydro generation reduces the Company's <u>pro forma</u> power costs to $3,658,536.

The Attorney General, in his brief, requested that Central Vermont's "rate base should be decreased in the amount of its 3.5% ownership interest in Yankee Atomic, and the revenue requirement should be reduced appropriately." He argues that Yankee Atomic is no longer used and useful due to the January, 1980 shutdown. This position is inconsistent with the inclusion of Yankee Atomic in the Company's dispatch** and contradicts the expectations of the other parties that it was expected to resume operations. Moreover, we know of no regulatory principle that compels elimination from rate base of a plant that experiences a temporary unscheduled outage due to causes beyond the utility's control. The Commission decision relied upon by the Attorney General (involving the Three

---

* Central Vermont stated in its brief that the first rate request (Docketed as 4496) was filed to "assure a basis for recovering [recent] cost increases, in the absence of an assurance by the Board that an update would be provided."

** The Attorney General stated that, except for this item, he "joins in the submission which is believed to be submitted by the Public." As stated above, the Public advocated inclusion of Yankee Atomic in the Company's power dispatch.

Mile Island plant) involves circumstances clearly different than this case. Pennsylvania Public Util. Comm'n et al. v. Metropolitan Edison Co., 29 PUR 4th 502 (1979). In that case the Commission excluded from rate base, a nuclear unit expected to be out of service at least two to four years. In fact, the Commission expressed uncertainty as to whether the unit would ever resume operations. In addition, the Commission refused to exclude from rate base, another nuclear unit expected to be out of service up to nine months. For these reasons, the Attorney General's adjustment is rejected.

C. Seismic Studies and Repairs

Both Yankee Atomic and Vermont Yankee performed certain seismic studies.* In addition, Vermont Yankee incurred costs in connection with repair work on the torus and Yankee Atomic incurred costs relating to repair of a turbine. Both companies treated these costs as expenses to be included in the demand charges to their customers under their respective power contracts approved by the Federal Energy Regulatory Commission ("FERC"). As a result, Central Vermont originally sought to include these costs as expenses in this rate case. The Public argues that these costs are of a capital nature, involving benefits extending over the remaining lives of the plants, and that they should be treated as if amortized over a 60 month period. Central Vermont stated in its brief that it did not contest the Public's treatment as long as the amortization reflected the impact of the Company's cost of money and income taxes.

---

* There was testimony that Connecticut Yankee and Maine Yankee also incurred costs for seismic studies. Since there was no evidence as to the amount of the costs nor the impact on Central Vermont, any adjustment would be inappropriate.

This method of amortization produces a result similar to the method employed in prior rate cases: amortization and inclusion of the unamortized balance in the rate base. See, e.g., Petition of Central Vermont Public Service Corporation, etc., Docket No. 4230, Findings and Order (Dec. 8, 1978) (amortization of deferred capacity cost). We find this treatment to be appropriate in this case with respect to the seismic studies and Vermont Yankee repairs. There is no evidence, other than in very general terms, as to the cost of the Yankee Atomic turbine repairs. Therefore, no informed adjustment can be made. We believe, however, that to the extent the cost (and resulting demand charge) is known, it should be treated in a manner consistent with the above in the context of a future rate case. The above adjustments reduce the Company's revenue deficiency by $791,526.

D. Yankee Atomic Decommissioning Costs

Central Vermont included as a power cost, its share of decommissioning costs budgeted by Yankee Atomic. The Company has not yet been charged for these costs, ($35,000),although Yankee Atomic intends to file a rate case with FERC to determine the appropriate amount to be billed. The Public argues, and the Company conceded,* that this item should be excluded from the power costs in this case.

E. Jurisdictional Allocation

Central Vermont allocated the burden of the proposed rate increase between wholesale and retail customers on the basis of the

---

* Although Central Vermont omitted mention of this issue in its brief, one of its witnesses agreed to this treatment at the hearing.

costs that each class imposes on all aspects of the Company's cost of service. This method, which has been used in prior Central Vermont rate cases, results in a 10.56% allocation to wholesale. The Public's allocation was based solely on the proportional energy usage of the classes. In response to this method, the Company proposed a third method: allocation based on proportional usage of energy and demand, in accordance with the 70-30 New England Power Pool (NEPOOL) formula. The Company argues that, if its original method is rejected, this method is appropriate because the rate request encompasses increases in both energy and capacity costs. We find that the NEPOOL method most accurately apportions the cost increases involved in this proceeding and is therefore most appropriate.

F. Implementation of Rate Increase

Central Vermont proposes to implement any rate increase by means of a surcharge applied uniformly to each kilowatthour (kwh) sold.* The Public argues that the increase should be applied only to the demand portion of the Company's rates, where possible, but that the PASNY block should not be increased. We believe that both proposals are inappropriate. As the Public contends, a uniform kwh increase creates an imbalance among the various rates. Off-peak and summer rates would increase, on a percentage basis, much more than on-peak and winter rates. Application of the increase solely to demand charges, where possible, gives out improper signals because increased energy costs comprise a significant portion of the total increased costs. Since there was no evidence that the Company' rate design should be substantially altered, an increase on a

---

* In its brief, the Company offered to exclude the PASNY block from the surcharge.

percentage basis is the most appropriate method. This method maintains the cost relationship between the various classes. The PASNY block should not be increased, since none of the increases sought to be recovered in this case are attributable to PASNY power.

G. Updating

A large part of the hearing in this case involved the propriety of, and the extent to which, the Company should be allowed to update its power costs. At the hearing, the Board rejected certain updated information in part because the original cost information was based on relatively recent data. Notwithstanding this ruling, Central Vermont included updated data in its brief and asserted that the Board is required, as a matter of law, to base its decision on this data.

The Board has authority to exercise its judgment in the matter of updating. In re New England Telephone & Telegraph Co., 135 Vt. 527, 539 (1977). Although it is true that the most recent data available should be used, there is no blanket requirement that the Board reopen hearings solely to receive new updated evidence. Updating is inappropriate where, as here, (1) the Company's original case reflected events just three months prior to hearings, (2) the proceedings progressed in a timely fashion, and (3) the Company filed for an additional increase in response to the lack of updating.* In spite of these considerations, the Company requested, by

---

* From November, 1979, through October, 1980, Central Vermont filed four rate increase requests. In light of this fact, and the other demands on the Board, it seems almost ludicrous to suggest that the Board is required to hold hearings on every new development that the Company wishes to bring to the Board's attention. The practices of pro forming and adjusting for changes since the test year are aimed at obviating the need for updates, except particularly compelling circumstances.

motion that the record be reopened to consider the cost information contained in its brief. In light of the increased delays this request would engender, this motion is denied.

The parties also sharply disagreed on the weight to be accorded certain incremental cost information the Company presented to prove that its costs have increased beyond the level reflected in its original case. Although the Company stated that this information was offered solely for recoupment purposes whereas this decision exclusively addresses prospective rates, a few comments are necessary to provide guidance in the event that the parties disagree on recoupment. The Public asserts that the adjustment proposed by Central Vermont, based on the incremental cost data, is incorrect because there is no recognition of increased revenues. The impact of increased revenues is reflected, however, by the deduction of average costs from the incremental costs. This results in recognition of the revenue impact because revenues are based on average costs.

Central Vermont's calculation is not appropriate, however, for purposes of recoupment. Its incremental cost figure is based on a study not in evidence, nor was there any reference to the study in this proceeding. The incremental figure is not based on either the test year or the recoupment period and it apparently excludes capacity costs. Most importantly, while incremental costs may be appropriate for purposes of rate design, we are not prepared to find that this method should be used to determine revenue requirements. Beyond the fact that incremental cost-based rates

would almost invariably yield revenues in excess of average costs, there are still too many legitimate differences of opinion as to how incremental costs should be calculated. Unless and until those concerns are met, revenue level and recoupment should be derived by traditional methods.

ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Public Service Board of the State of Vermont that:

1. Central Vermont Public Service Corporation is entitled to rates which would produce additional retail revenues of $2,324,321, in accordance with the Findings herein.

2. Central Vermont Public Service Corporation shall file tariffs , with copies to the parties, within fifteen (15) days of the filing of this Order, in conformity with the above Findings. Such tariffs shall be reviewed by the Board's staff. In the absence of any subsequent Board Order, said tariffs shall be applied to service rendered on or after seven (7) days from the date of filing.

3. Should Central Vermont Public Service Corporation seek recoupment under 30 V.S.A. §226(b), the calculation of recoupment shall be served on the parties as well as the Board. The parties shall attempt to resolve any differences with respect to recoupment. If the parties are unable to resolve their differences, the Board shall take such further action as it deems appropriate.

Dated at Montpelier, Vermont this 26th day of February ,1981.

Richard P. Saudek)
Rosalyn L. Hunneman) PUBLIC SERVICE BOARD OF VERMONT
)

OFFICE OF THE CLERK

FILED: February 26, 1981

ATTEST: Susan M. Hudson
CLERK OF THE BOARD

APPENDIX

	Total	Retail [1]
Power Cost Increase [2]	$3,658,536	$3,005,982
Amortization Adjustment [3]	(791,526)	(652,786)
Decommissioning Charge Adjustment	(35,000)	(28,875)
Revenue Deficiency	$2,832,010	$2,324,321
Percent Increase		3.35%

Notes

1. Allocation method: 81.3% of energy costs and 82.5% of demand costs allocated to retail.
2. Based on Public's pro forma power dispatch (Public exhibit 2, schedule 2).
3. Five-year amortization of seismic study and torus repair costs, calculated as follows:

Cost of Seismic studies and Torus Repair	$1,100,000	$ 907,500
Five-year Amortization	220,000	181,500
Cost of Capital at 10.8%	53,695	44,299
Federal and State Income Taxes	33,512	27,648
Sub-total	$ 307,207	$ 253,447
Gross Revenue Tax	1,267	$ 1,267
Annual Recovery	$ 308,474	$ 254,714
Amortization Adjustment	$ 791,526	$ 652,786

WLS ____
ASO ASO
File ✓

STATE OF VERMONT
PUBLIC SERVICE BOARD

No. 4460

Petition of Central Vermont)
Public Service Corporation) Order entered: March 20, 1981
for an increase in rates)

INTRODUCTION

On February 26, 1981, the Public Service Board rendered its final order in Docket No. 4460 in which it ordered Central Vermont Public Service Corporation to file revised tariffs within fifteen days of that order. Those tariffs were to take effect seven days after filing if a subsequent Board order were not issued. In addition, the Company was ordered to calculate recoupment and serve such calculations on the parties.

The Board has reviewed the tariff filings as well as the calculations, and has received a letter from the staff objecting to the Company's filings. Our review indicates that the tariff filings were not calculated in accordance with our February 26, 1981 order and, therefore, should not take effect.

ORDER

IT IS HEREBY ORDERED, ADJUDGED AND DECREED by the Vermont Public Service Board that:

1. Central Vermont Public Service Corporation shall file individual rate schedules reflecting the increase allowed as set forth in the Board's February 26, 1981 order.

2. The Company shall recalculate its recoupment in accordance with the Board's February 26, 1981 order applying such recoupment during the suspension period on a service-rendered basis.

3. The Company shall calculate the amount it has over-collected during the period its bonded rates were in effect, beginning October 24, 1980, on a service-rendered basis.

4. The Company shall indicate separately the amount it is entitled to recover for recoupment after refunds have been credited or deducted from that amount.

5. Such tariffs, rate schedules and calculations shall be filed no later than April 1, 1931.

6. All filings shall be based on a service-rendered basis.

7. A hearing on the matter will be scheduled by the Clerk of the Board notifying the parties of the date and time of the hearing.

Dated at Montpelier, Vermont, this 20th day of March, 1981.

s/ Richard H. Saudek

s/ Rosalyn L. Hunneman

s/ Samuel S. Bloomberg

PUBLIC SERVICE BOARD OF VERMONT

OFFICE OF THE CLERK

Filed: March 20, 1981

Attest: s/ Susan M. Hudson

Clerk of the Board

THE UNITED ILLUMINATING COMPANY

Units No. 1 and No. 2

Seabrook Nuclear Power Station

Seabrook, New Hampshire

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

July 1981

I. ORGANIZATION AND CONTROL

(a) Name of Applicant

The United Illuminating Company (UI)

(b) Address of Applicant

80 Temple Street
New Haven, Connecticut 06506

(c) Description of Business of Applicant

UI is engaged principally in the production, purchase, transmission, distribution and sale of electricity for residential, commercial and industrial purposes in a service area of about 335 square miles in the southwestern part of the State of Connecticut. The population of this area is approximately 704,000, or 23% of the population of the State. The service area, largely urban and suburban in character, includes the principal cities of Bridgeport (population 148,000) and New Haven (population 130,000) and their surrounding areas. During 1980, approximately 36.9% of UI's electric revenues was derived from residential sales, 33.9% from commercial sales, 27.1% from industrial sales and 2.1% from other sales.

Subject to the power of alteration, amendment or repeal by the Connecticut legislature, and subject to certain approvals, permits and consents of public authorities and others prescribed by statute, UI has valid franchises to engage in the above-described business, the right to erect and maintain certain facilities on public highways and grounds, and the power of eminent domain.

UI owns and operates four fossil fuel-fired electric generating stations at Bridgeport and New Haven, Connecticut, whose generating capability at December 31, 1980, totaled 1,244 megawatts. UI also owns 9.5% of the common stock of Connecticut Yankee Atomic Power Company, which owns and operates a 580 megawatt nuclear electric generating station at Haddam Neck, Connecticut; and UI is entitled to an equivalent percentage (55 megawatts) of this station's generating capability. The maximum demand on UI's electric generating system occured in July, 1980, and totaled 971.1 megawatts. In addition to its 17.5% ownership share in the Seabrook Units, UI holds ownership shares of 3.685% (42 megawatts) in the Millstone Unit No. 3 nuclear generating unit under construction at Waterford, Connecticut, and scheduled for completion in 1986, and 3.3% (38 megawatts) in the Pilgrim Unit No. 2 nuclear generating unit proposed for construction at Plymouth, Massachussetts, and planned for completion in 1987.

UI owns and operates approximately 95 circuit miles of overhead electric transmission lines and 14 circuit miles of underground electric transmission lines, all operated at 345 kilovolts or 115 kilovolts and located within or immediately adjacent to UI's service area. These transmission lines interconnect UI's four electric generating stations with the New England electric transmission grid.

UI owns and operates 21 bulk electric supply substations and 76 distribution substations. It has approximately 2,950 pole-line miles of overhead electric distribution lines and approximately 125 conduit-bank miles of underground distribution lines.

UI is a participant in the New England Power Pool (NEPOOL), a regional organization whose objectives are to assure that the bulk power supply of New England and any adjoining areas served conforms to proper standards of reliability, to attain maximum practicable economy, consistent with such proper standards of reliability, and to provide for equitable sharing of the resulting benefits and costs. Substantially all planning operation and dispatching of electric generating capacity for New England is done on a regional basis under NEPOOL. UI's generating units are dispatched and generating reserves are equalized through NEPEX, the dispatching agency of NEPOOL.

(d) Corporation Organization

UI is a corporation organized under the laws of Connecticut. As of December 31, 1980, UI had 36,381 domestic shareholders owning 7,652,410 common shares and 66 foreign shareholders owning 7,722 common shares.

(e) Corporate Officers and Directors

The names and residence address of UI's directors and principal officers are as follows:

Name	Residence
PRINCIPAL OFFICERS	
John D. Fassett, Chairman of the Board and Chief Executive Officer	46 Old Orchard Road, North Haven, CT 06473
James F. Cobey, Jr. President	1000 Ridge Road, Hamden, CT 06517
Leon A. Morgan Executive Vice President-Operations, Engineering and Customer Services	43 Forest Brook Road, Guilford, CT 06437

Name	Residence
PRINCIPAL OFFICERS (cont'd)	
Charles W. Cook, Jr. Vice President - Customer Services	1314 Deer Run Circle, Cheshire, CT 06410
Robert L. Fiscus Vice President-Finance and Accounting	86 Cricket Lane, Huntington, CT 06484
John V. Fratus, Jr. Senior Vice President - Governmental Relations	32 Tanager Lane, Trumbull, CT 06611
Richard J. Grossi Vice President-Corporate Planning and Development	410 Juniper Lane, Cheshire, CT 06410
Albert Harary Vice President-Management Services	70 Haverford Street, Hamden, CT 06517
David W. Hoskinson Vice President-Operations	45 Still Hill Road, Hamden, CT 06518
Marcus R. McCraven Vice President-Environmental Engineering	565 Rayzoe Terrace, Hamden, CT 06514
Harold J. Moore, Jr. Vice President-Employee Relations	413 Ridge Road, Hamden, CT 06517
Anne G. Spinney (Mrs.) Vice President - Communications	234 Fountain Street, New Haven, CT 06515
James L. Benjamin Controller	43 Old Farm Road, Madison, CT 06443
William A. Elder Treasurer	59 Old Farm Road, Madison, CT 06443
Richard F. Skinner Secretary	87 Charnes Drive, East Haven, CT 06513
James F. Crowe Assistant Vice President - Engineering	971 Choate Avenue, Hamden, CT 06518

Name	Residence
DIRECTORS	
John M. C. Betts	2477 Durham Road, Guilford, CT 06437
Dr. D. Allan Bromley	35 Tokeneke Drive, Hamden, CT 06518
James F. Cobey, Jr.	1000 Ridge Road, Hamden, CT 06517
John D. Fassett	46 Old Orchard Road, North Haven, CT 06473
Norwick R. Goodspeed	2821 Congress St., Greenfield Hill, Fairfield, CT 06430
Angus N. Gordon, Jr.	206 Armory Street, New Haven, CT 06511
Geraldine W. Johnson	1385 Chopsey Hill Road, Bridgeport, CT 06606
Frederick J. Mancheski	90 Ogden Street, New Haven, CT 06511
Dr. Leland Miles	332 North Cedar Road, Fairfield, CT 06430
Leon A. Morgan	43 Forest Brook Road, Guilford, CT 06437
Robert D. Russo, M.D.	208 Brooklawn Avenue, Bridgeport, CT 06604

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

II. FINANCIAL QUALIFICATIONS

Under the Seabrook Joint Ownership Agreement, UI is responsible for its proportionate ownership share (17.5%) of the operation and maintenance costs of the Units 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, UI's 17.5% share of the operation and maintenance costs is estimated to be $26,250,000 per Unit per year for the first five years of operation, and between $7,350,000 and $15,050,000 for the decommissioning of the two Units, depending on the method of decommissioning.

In addition, UI's share of fuel expenses during the initial five-year operating periods is estimated at $89,775,000.

As evidence of its financial qualifications to meet these costs, UI submits herewith:

(i) 1980 Annual Report to shareowners (Exhibit I).

(ii) 1980 Annual Report on Form 10-K (Exhibit II).

(iii) 1981 Quarterly Report on Form 10-Q (Exhibit III).

(iv) Prospectus, dated March 24, 1981, relating to 1,400,000 shares of Common Stock, no par value (Exhibit IV).

(v) Decision dated December 8, 1980, of the Connecticut Department of Public Utility Control in Docket No. 800601, UI's most recently completed rate proceeding (Exhibit V).

III. REGULATORY AGENCIES AND PUBLICATIONS

(a) Regulatory Agencies

The following regulatory agencies have jurisdiction over the rates and services of UI:

Connecticut Department of Public Utility Control
Hartford, CT 06115

Federal Energy Regulatory Commission
Washington, DC 20426

(b) Publications

The following news publications are used by UI for official notification and are appropriate for notices regarding the Units:

(b) Publications (cont'd)

The New Haven Register
Frontage Road
New Haven, CT 06519

The New Haven Journal Courier
Frontage Road
New Haven, CT 06519

The Bridgeport Post
410 State Street
Bridgeport, CT 06604

The Bridgeport Telegram
410 State Street
Bridgeport, CT 06604