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Highlights

	1982		1981		% Change
Electric Operating Revenues	**$401.3**	**million**	$361.7	million	10.9
Kilowatt-hour Sales (Territorial)	**6.6**	**billion**	6.2	billion	5.9
Net Income	**$ 41.0**	**million**	$ 33.6	million	22.0
Earnings per Common Share	**$ 2.02**		$ 1.81		11.6
Dividends Declared per Share	**$ 1.82**		$ 1.74		4.6
Dividends Paid per Share	**$ 1.80**		$ 1.29		39.5
Return on Equity	**12.4%**		10.5%		18.1
Common Shares (weighted average)	**16.6**	**million**	14.5	million	14.5
Book Value per Share (year end)	**$ 16.20**		$ 16.16		.2
Total Assets	**$933.6**	**million**	$849.4	million	9.9

Your Company

CMP's 2,000 employees provide electric service to approximately 400,000 customers in an 11,000-square mile area in southern and central Maine. The Company currently has a varied generation mix consisting of hydroelectric, nuclear-fueled and oil-fueled generating stations. In addition, CMP balances its own generation with power purchases from outside the state as well as from independent cogenerators and small power producers in Maine. Our customers have relied on CMP's dependable service for more than 80 years and are currently served by a system strengthened by an interconnection with Canada and membership in the New England Power Pool.

Earnings per common share

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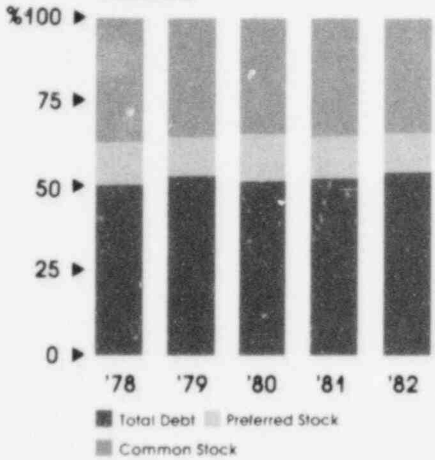
Dividends declared per common share






Capitalization ratios



About the cover—Our 1982 annual report theme highlights the unique Maine environment in which CMP operates. Featured in the pages that follow are CMP shareholders who typify the best of traditional and modern Maine.

QUARTERLY FINANCIAL INFORMATION

	Quarter Ended			
	March 31	June 30	Sept. 30	Dec. 31
	(Dollars in Thousands Except Per Share Amounts)			
1982				
Electric Operating Revenues	**$105,238**	**$81,582**	**$91,444**	**$123,072**
Operating Income	**17,103**	**14,132**	**13,040**	**14,008**
Net Income	**11,937**	**9,726**	**9,433**	**9,859**
Earnings Per Common Share	**.62**	**.48**	**.45**	**.47**
1981				
Electric Operating Revenues	$95,575	$94,085	$86,760	$85,250
Operating Income	15,699	12,074	13,246	14,080
Net Income	9,835	6,790	7,317	9,703
Earnings Per Common Share	.57	.35	.39	.50
1980				
Electric Operating Revenues	$101,165	$68,292	$71,995	$93,813
Operating Income	12,905	9,942	10,114	14,370
Net Income	7,807	3,951	5,184	9,485
Earnings Per Common Share	.55	.23	.29	.58

Earnings per share are computed using the weighted average common shares outstanding during the applicable quarter.

President's Letter

To our Shareholders:

February 9, 1983

The year 1982 was one of steady advances in many areas of operation despite a severely depressed economy and continued high interest rates. Earnings per share increased from $1.81 to $2.02, an 11.6 percent increase over 1981 and a 21 percent increase over 1980. Earnings growth is still well below desired levels, however, and the Company faces several financial and regulatory hurdles before we can achieve the earnings performance that our shareholders have a right to expect.

At the same time, we have begun to see strong economic signals that give us cause for real optimism. As inflation slows and interest rates stabilize , the financial strain which has plagued our industry for so long should begin to ease. As a capital intensive company, that's good news indeed.

Two important financial issues challenging your management in the near-term will be the reasonable recovery through rates of the Company's $14.6 million investment in the cancelled Pilgrim II nuclear plant in Massachusetts (CMP had a 2.85 percent ownership interest) and the additional financial burden resulting from the delay and revised cost estimates of the Seabrook nuclear units in New Hampshire and the Millstone III nuclear unit in Connecticut. CMP has an ownership interest of approximately six percent and 2.5 percent, respectively, in these facilities.

Dividend Increased Two Cents

In the fourth quarter, the Board of Directors voted a two-cent per share increase in the common stock dividend, boosting the annual rate from $1.80 to $1.88 per share. This increase is consistent with our long-standing objective of providing moderate but steady growth of dividends to our shareholders.

Rate Relief Granted

In January, 1982, the Maine Public Utilities Commission granted the Company $10.2 million in temporary rate relief and later ordered a permanent $32 million increase in annual revenues on March 27. Although we were disappointed with the level of relief received, the new revenues helped earnings to recover from the erosion of the previous two years. More realistic rate relief is still essential to establish a firm pattern of earnings growth, however, and we have returned to the Commission with a request for a $53 million revenue increase to be implemented in late 1983.

A major priority of your management in 1983 is to convince the Maine Commission that inadequate rate relief can only result in lost investor confidence and deterioration of service, leading to increased costs to the consumer. We will oppose any effort to subsidize artificially low electric rates at the expense of our shareholders. We will also seek to further protect your investment by holding capital spending to reasonable levels and avoiding unnecessary financial risks.

Holding Company Plans Deferred

In early 1983, the Company announced its plans to temporarily defer efforts to form a hold-

ing company called Maine Industries, Inc. This decision was made after it became apparent that the regulatory climate for obtaining approval was not favorable at this time.

Maine's Economy On The Upswing

Maine economists anticipate an economic turnaround in 1983 as inflation slows and fuel prices stabilize. Management expects that optimism to be reflected in industrial growth, more housing starts, higher employment and lower energy costs—all positive signs for the state of Maine and your Company.

During 1982, the Company moved closer to its goal of cutting oil consumption in half by the late 1990's with advances in hydroelectric redevelopment, coal conversion studies and power exchange negotiations with Canada. Also in 1982, the Maine Yankee nuclear power plant celebrated its 10th anniversary of safe, clean and economical power production. And, once again, Maine voters soundly rejected efforts to close Maine Yankee in the second such referendum issue in two years.

Looking ahead, management expects a continued leveling of customer demand for electricity as conservation and improved end-use efficiencies hold growth levels to about two percent annually over the next decade. This reduced demand should help relieve the need to raise large amounts of capital—a significant cost of business not always fully recognized by the regulators. This slowing of demand, combined with stabilizing oil prices, led to the Company's decision in 1982 to defer until the mid-1990's its plans to construct a major coal-fueled facility on Sears Island.

What's Ahead

Today, the generation of electricity is one of America's most basic and important industries—and still one of the most taken for granted. In the inflationary era of the 1970's, the cost of all goods and services skyrocketed, yet few commodities received more public price resistance than electricity. As a result, public and political pressures have fostered a growing reluctance on the part of the regulators to permit electric companies to recover their full cost of doing business. Although controlled growth has many desirable attributes, the artificial manipulation of the free market through non-economic pricing policies is fraught with danger and totally foreign to the free enterprise system. Such a policy could weaken the electric utility industry and cast a shadow on the ability of the industry to maintain the level of reliable electric service required to serve an expanding economy.

The restoration of the utility industry's financial health is absolutely essential to the continuance of that reliability. Although in these times we cannot expect the public to be fully sympathetic to the financial woes of our industry, we should strive for an intelligent understanding of those problems by both the public and the regulators.

We feel that this goal is attainable and we will continue to vigorously bring our message to the public and raise customer awareness of the issues facing their electric company. We intend to work aggressively with lawmakers—both state and federal—to shape legislation that will enhance our ability to provide reliable service for our customers and a fair return for our shareholders. Management is also redoubling its efforts to initiate a more informal and open dialogue with our regulators outside the adversary environment of formal proceedings. We must gain the full confidence of those who regulate us if we are to expect more responsive regulation.

On a personal note, I have recently notified the Board of Directors of my intention to retire at age 60 on or about the date of the annual meeting in May 1984. Plans are already under way for an orderly transition of presidential responsibilities and you can rest assured that Central Maine Power Company will continue to grow and prosper under new leadership just as it has under six presidents over its 83 year history.

On behalf of the Board of Directors and management, I'd like to thank you for your confidence and support and assure you that we will continue to work to justify your investment in CMP.

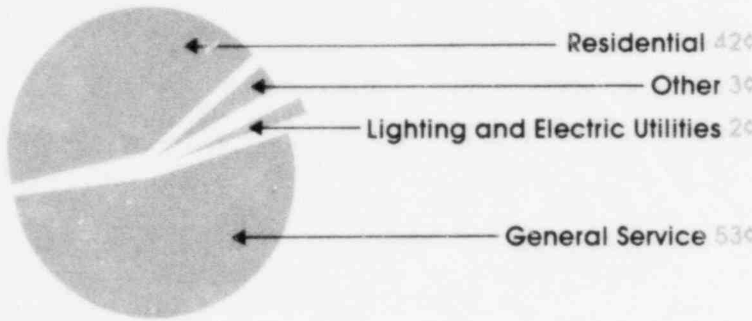
Sincerely,

E. W. Thurlow

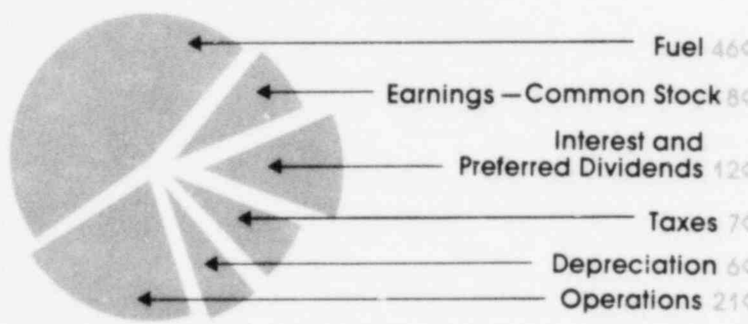
E. W. Thurlow
President and Chief Executive Officer

Operating Results

Where each CMP dollar came from



Where each CMP dollar went



Operating revenues for 1982 were $401.3 million, an increase of 11 percent over 1981 while operating expenses were $347 million, up 11.8 percent.

Increased revenues reflect some sales growth but primarily show the effect of new rates approved in early 1982.

Fuel expense represented the largest single cost category and required 46 percent of all revenues collected from customers in 1982. Revenues associated with fuel, however, do not affect net earnings since they represent a non-profit dollar-for-dollar recovery of cost through the fuel-used-for-generation charge.

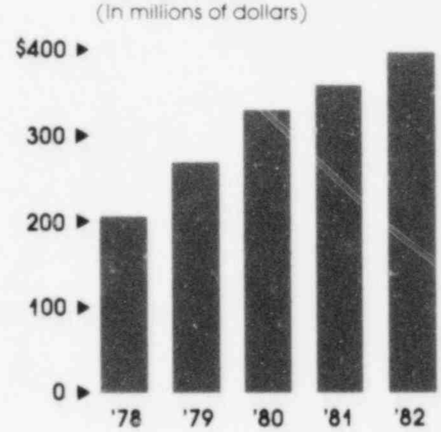
The Company's earned return on common equity was 12.4 percent for 1982. Earnings available for common shareholders were $33.6 million or the equivalent of $2.02 per share, up 21 cents over 1981.

The primary factor positively affecting earnings in 1982 was increased revenues resulting from the $10.2 million temporary rate increase granted in January, 1982, and from a permanent $32 million rate increase in March, 1982. The increased revenues were offset somewhat by higher expenses including increased purchased power capacity costs and higher operation and maintenance expense.

For a detailed discussion of 1982 operating results and the Company's financial condition, please refer to "Management Analysis" on page 36.

Electric operating revenues

(In millions of dollars)



Maine lobstermen have farmed the sea along the state's rocky coast for generations. Today, these hardworking individualists produce more than three quarters of the nation's total lobster harvest.

Manley Gilbert, New Harbor

Sales Up Nearly 6 Percent

Total territorial kilowatt-hour sales in 1982 were 6.6 billion, an increase of 5.9 percent over 1981. **Residential sales** grew 4.9 percent reflecting (1) the addition of 12,000 new residential customers including 7,000 acquired with the purchase of Carrabassett Light and Power Company and the acquisition of the Maine service territory of Public Service Company of New Hampshire and (2) a small increase in the average kilowatt-hour usage per residential customer.

Commercial kilowatt-hour sales in 1982 were up 3.1 percent and **industrial sales** increased 9.4 percent, reflecting expansions at two large pulp and paper mills.

Future Growth Steady But Moderate

Looking ahead, the Company currently projects that annual kilowatt-hour sales and peak load will increase by about 2.0 percent and 1.8 percent, respectively, for 1982-92.

Maine economists are optimistic about the state's economic growth over the next ten years. They project that growth in population and income will keep pace with national rates while overall energy cost growth in Maine will decline, **a positive sign** for Maine business.

During 1982, the state saw 17 new industries and 50 expansions, an investment of $42 million creating nearly 2500 new jobs.

Conservation Incentive Offered

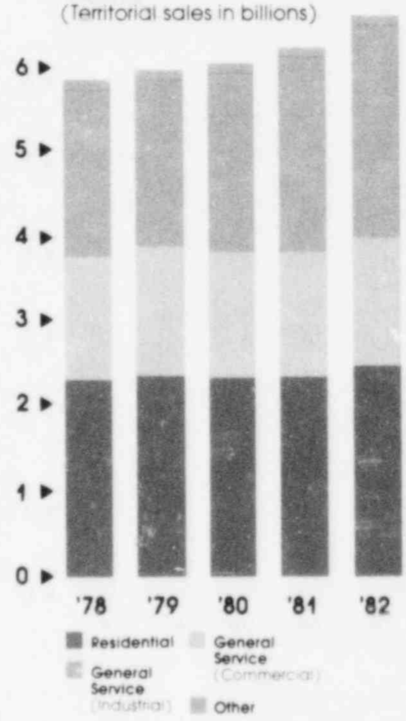
In late 1982, the Maine Public Utilities Commission approved a $5 million **conservation loan** program which offers low-interest and no-interest loans to eligible customers installing electricity-saving home improvements.

The loans range from $250 to $2,000 for single-family homes and are offered to utility customers who own their homes and use electricity for space or water heating. In homes with electric space heating, the money can be used for storm windows, storm doors, insulation and other devices designed to reduce consumption of electricity.

Electric water heating customers can use the funds to purchase water heater insulation, heat pump water heaters or solar water heaters. Also in late 1982, the Company proposed a rebate program to promote the installation of insulation "jackets" for electric water heaters.

Another energy conservation incentive recently implemented by the Company, **home energy audits**, has drawn a positive response from thousands of residential

Kilowatt-hours sold
(Territorial sales in billions)



MAJOR INDUSTRIAL SALES

	1982 KWH (Millions)	1981 KWH (Millions)
Pulp and Paper	**1,574**	1,372
Metal Trades	**252**	248
Chemicals	**142**	147
Textiles	**114**	138
Food Processing	**88**	94
Lumber and Woodworking	**109**	108
Boots and Shoes	**89**	91
Shipbuilding	**97**	52

customers throughout the system. By year end 1982, the Company's certified energy auditors had performed more than 4,600 comprehensive home audits and more than 9,400 customers had requested information on conducting their own energy audits.

An audit program for small commercial customers is expected to be implemented in 1983.

Research Efforts Continue

The Company spent approximately $1 million in energy research and development during 1982. CMP's own R&D efforts were supplemented by its membership in the Electric Power Research Institute, the national research arm of the electric utility industry which, among hundreds of other issues, is studying energy conservation techniques, the effects of acid rain, nuclear waste storage and energy alternative technologies. The Company itself conducted research in 1982 in the areas of load management, solar hot water heating, coal gasification, district heating and fuels from biomass.

REVENUES/KILOWATT-HOUR SALES

	Revenues ($ Millions)			Kilowatt-hour Sales (Millions)		
	1982	More (less) Than 1981	% Change	1982	More (less) Than 1981	% Change
Residential	**$168.8**	$11.8	7.5%	**2,453**	114	4.9%
Commercial	**101.3**	5.2	5.4	**1,521**	46	3.1
Industrial	**114.7**	6.3	5.8	**2,490**	213	9.4
Electric Utilities	**3.3**	(.3)	(8.3)	**77**	(6)	(7.2)
Lighting	**6.7**	.5	8.1	**46**	(2)	(4.2)
Total Territorial Sales	**394.8**	23.5	6.3	**6,587**	365	5.9
Non-Territorial	**2.6**	(3.8)		**75**	(51)	
Total Energy Sales	**397.4**	19.7	5.2	**6,662**	314	4.9%
Other Revenues	**3.9**	19.9				
Total Operating Revenues	**$401.3**	$39.6	10.9%			

$32 Million Increase Approved

On March 27, 1982, the Maine Public Utilities Commission (MPUC) granted the Company a **$32 million increase** in annual revenues.

Earlier in the year the Commission had voted unanimously to approve a $10.2 million interim increase—the first time in recent history the MPUC has approved interim relief in any amount.

The full increase approved provided for an overall rate of return of 12.34 percent (up from the 10.78 percent allowed under prior rates) and a **return on common equity** of 15.4 percent (increased from 13.75 percent).

Denied were Construction Work in Progress (CWIP) funds although the Commission did allow the Company to recoup over a five-year period $1.4 million of the costs incurred for the cancelled Montague (Mass.) and Sears Island (Maine) nuclear projects. Pending further investigation, the MPUC deferred its decision on recovery of the Company's $14.6 million investment in the Pilgrim II (Mass.) nuclear plant cancelled in 1981.

The Company failed to earn its allowed rate of return in 1982 primarily because the March 27 MPUC rate decision did not adequately recognize the economic consequences to the Company of fixed rates which do not realistically reflect nor fully anticipate the increasing costs of doing business throughout the year.

New Rates Filed

Despite partial relief in its 1982 rate decision, rising costs forced the Company to file a $53 million revenue increase request in March 1983, some 21 months after its prior filing. The Company will seek an overall rate of return of approximately 12.5 to 13 percent and an allowed return on equity of 16 to 17 percent. In addition, we will seek recovery, over a ten-year period, of the Company's $14.6 million investment in the cancelled Pilgrim II plant.

Fuel Clause Reduced $43 Million

Decreasing oil prices and excellent hydroelectric conditions during early 1982 allowed the Company to reduce its fuel-for-generation rates by $43.4 million in April. As a result of this significant decrease in fuel costs, customer bills were **reduced** by 3.4 percent—even taking into account the March 27 general rate increase. (Fuel revenues do not affect net earnings since they represent a dollar-for-dollar recovery of cost through the fuel-used-for-generation charge.)

Small business is the backbone of Maine's economy. Owned and operated in the Yankee tradition by independent and self-reliant men and women, small businesses represent 98 percent of the state's employers.

Lawrence Longfellow, Manchester

Oil Backout Plans Continue

During 1982, 39 percent of the electricity produced for CMP's customers came from oil-fueled generating plants, 31 percent was produced by the four New England nuclear plants in which CMP has partial ownership and 21 percent came from hydroelectric plants. The remaining 9 percent was produced by other sources including energy purchased from wood-burning cogenerators (primarily Maine paper mills) and also from generating plants in New Brunswick, Canada, which included coal-fueled units.

The Company has successfully **reduced its dependence** on costly foreign oil for electrical generation by more than 23 percent since 1980. Oil use will be further reduced when three New England nuclear units, now under construction, are completed in the late 1980's.

Meanwhile, CMP will supplement its oil backout efforts by optimizing energy conservation opportunities and developing viable non-oil generating sources such as hydro, coal and Canadian purchases. This corporate objective was reinforced at the 1982 Annual Meeting when shareholders approved a shareholder proposal to "pursue a general policy favoring renewable energy, conservation and decentralization."

An Important Hydro Year

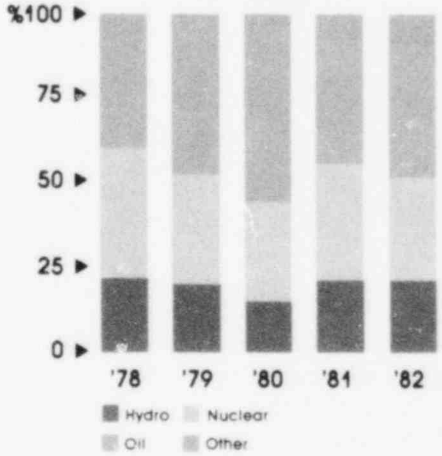
The Company made several significant advances in the redevelopment of hydroelectric facilities in 1982.

On March 15, the 13,200 kilowatt Unit I of the **Brunswick-Topsham Hydroelectric Redevelopment Project** began commercial operation on schedule. Two additional Brunswick units scheduled for early 1983 completion will add 7,000 kilowatts of capacity to the site for a total of 20,200 kilowatts, eight times the capacity of the former Brunswick-Topsham generating facility originally constructed in 1909.

On April 1, two new generating units at the **Shawmut Hydroelectric Project** also began commercial operation on schedule, adding 4,400 kilowatts of capacity to the CMP system. By 1985, a third redevelopment at **Hiram Hydro Station** will produce an additional 8,500 kilowatts. The three redevelopment projects combined will save the burning of more than 260,000 barrels of costly foreign oil a year.

Several other hydroelectric redevelopments are also under study.

Fuel sources



Sears Island Deferred

Reduced customer demand combined with stabilizing oil prices led the Company in May to defer from 1989 to 1995 its plans to construct a 568,000 KW coal-fueled generating plant on Sears Island.

The Company is also carefully reviewing the feasibility of converting three oil-fueled units (total 108,000 KW) to coal at its **Mason Generating Station**. As a result of lower oil prices and licensing delays, management has rescheduled the completion date for this conversion to early 1986.

Maine Yankee Celebrates First Decade

The Maine Yankee nuclear power plant celebrated its 10th year of commercial operation on December 28, 1982. CMP is the major owner of the 846,600 KW plant with a 38 percent share. The holder of two world records for energy production, Maine Yankee produced more than 47 billion kilowatt-hours during its first decade, saving the burning of 78 million barrels of oil. Today, the state's only nuclear plant continues to produce electricity at a fraction of the cost of oil or coal-fueled plants and produces the lowest cost nuclear-generated electricity in New England.

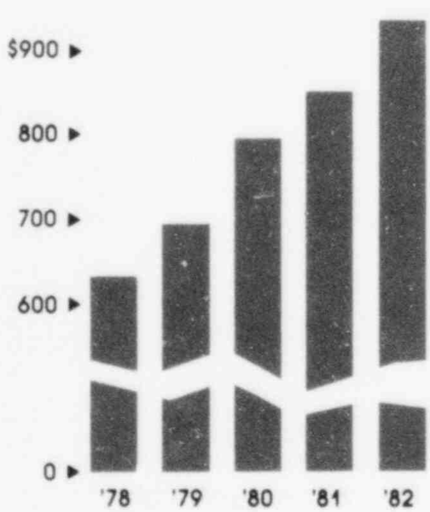
Canadian Link Progresses

The New England Power Pool (NEPOOL), in which CMP participates, signed a tentative agreement with Hydro-Quebec in 1982 to progress plans for a transmission tie between the two regions. Once the **690,000 kilowatt** line is completed in 1986, NEPOOL utilities plan to purchase about three billion kilowatt-hours of surplus Canadian hydroelectric power each year through 1998, helping to reduce oil dependence and enhance the reliability of the region's power supply.

Also in early 1983, the Company agreed to purchase **100,000 to 150,000 kilowatts** of economical firm power from the New Brunswick Electric Power Commission through 1991. The New Brunswick purchase is expected to offer substantial savings to CMP customers in lower fuel costs as well as hold down the Company's long-term capital costs. The agreement must be approved by the National Energy Board of Canada and the Maine Public Utilities Commission.

Assets

(In millions of dollars)



Seabrook, Millstone III Work Continues

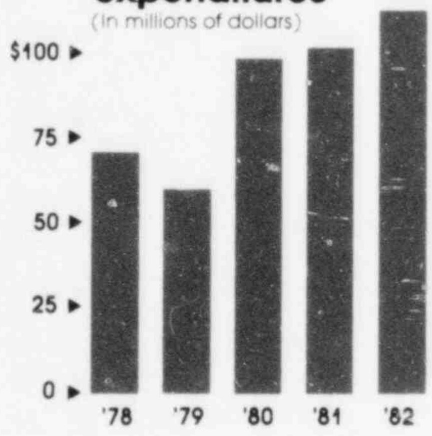
The Company expects to receive 167,710 kilowatts of new nuclear capacity in the late 1980's when three additional New England plants are completed. The **Seabrook I and II** nuclear units (2,300,000 KW) in New Hampshire are now scheduled for completion in late 1984 and 1987, respectively, and the **Millstone III** plant (1,150,000 KW) in Connecticut is set for 1986 commercial service. CMP's ownership in these plants is approximately six percent and 2.5 percent, respectively.

All three units have experienced considerable regulatory delays and financial concerns forcing the plants' lead participants to substantially increase their cost estimates during 1982. For more information on these projects and the Company's financial commitment see Note 3 of Notes to Financial Statements on page 27.

Patricia Mains, Bath

One of the nation's leading shipbuilders for more than two centuries, Maine has crafted scores of stalwart seagoing vessels from iron-ribbed battleships to defenders of the America's Cup.

Construction expenditures
(In millions of dollars)



Capital Spending Tops $114 million

Capital requirements during 1982 totalled $114.8 million. Of this total, approximately $82.9 million was required for generating station additions, $29.4 million for transmission, distribution and other general plant facilities and $2.5 million to meet sinking fund requirements.

New capital raised during 1982 came primarily from short-term financings and the sale of $11.9 million in common shares through the Company's Dividend Reinvestment and Common Stock Purchase Plan.

Capital Requirements Set

During 1983, the Company anticipates total **construction requirements** of approximately $137.3 million including allowance for funds used during construction (AFC) of $30.3 million.

The Company's current forecast of construction expenditures totals $527.0 million for 1984-87, including AFC. Further discussion of commitments and contingencies related to the major generating projects is available in Note 3 of Notes to the Financial Statements on page 27.

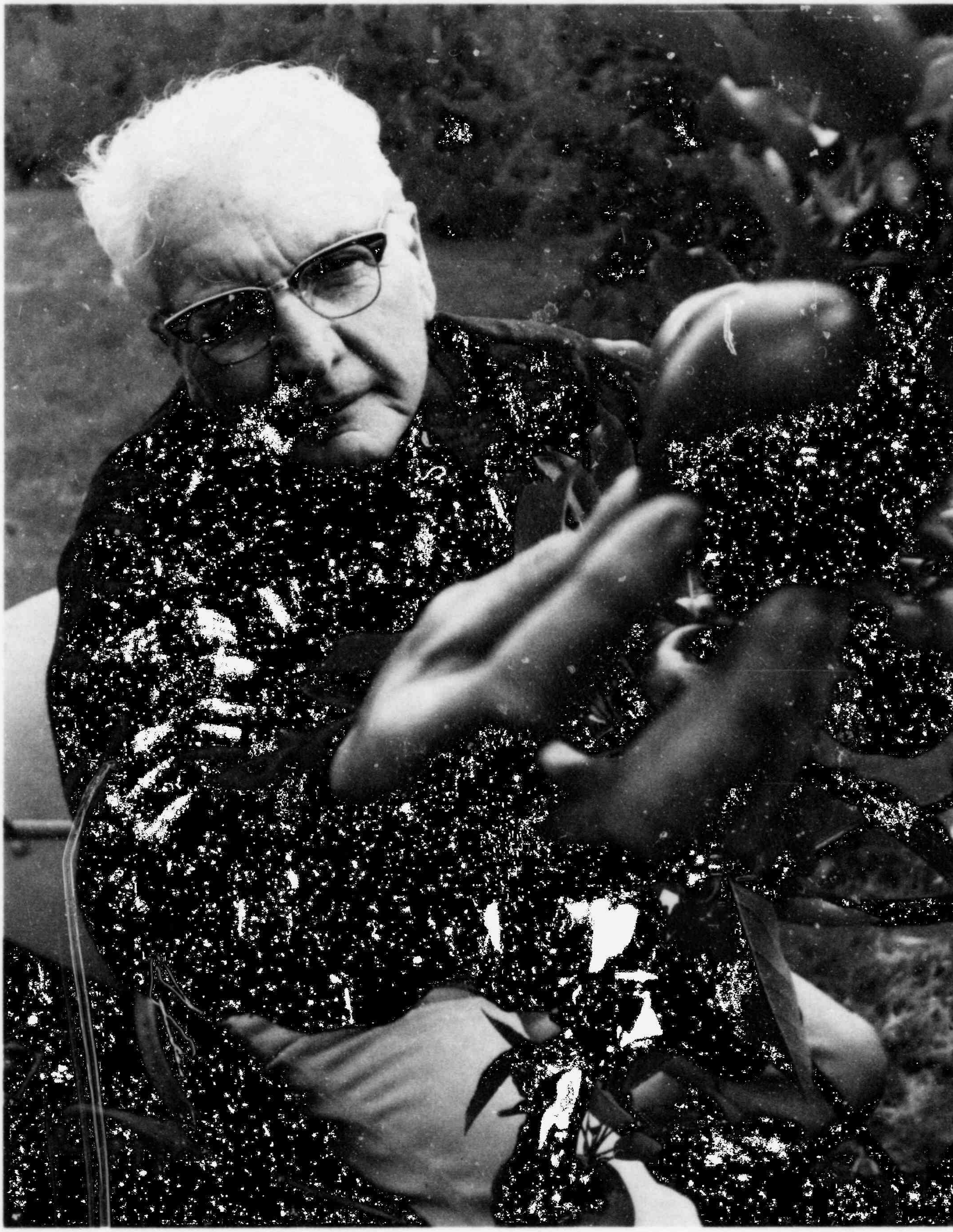
The Company plans to raise approximately $131 million during 1983 in order to finance these construction requirements, refund a portion of outstanding short-term debt, meet sinking fund requirements and retire $8.6 million of maturing long-term bonds. Depending on market conditions, the Company plans to sell bonds and preferred stock in the first half of the year and common stock late in 1983.

Long-Term Financial Goals

Our Company's **number one commitment** to shareholders in the 1980's is to earn a fair return on their investment and maintain its value, thereby sustaining investor loyalty and the ability to attract new capital on reasonable terms.

In keeping with our long-term financial commitment we will work to control capital spending, strengthen our capital structure, achieve and maintain an improved ratio of earnings to fixed charges and earn a high quality return on common equity which will enable the Company to sell common stock at or above book value.

As a regulated public utility, we are aware that our long-term financial objectives can only be realistically achievable when regulators, legislators and consumers alike recognize that their interests are also served by a financially healthy electric utility.



Tom McSherry, Fryeburg

Today, in Maine's diverse economy, agriculture prospers alongside the newer high technology industries of the future.

SHAREHOLDERS

(Common and Preferred Shareholder Distribution)

As of December 31, 1982

	Shareholders	Shares
Maine	18,561	5,547,323
Other New England States	12,293	2,696,799
Atlantic	13,451	6,698,741
Central	6,191	1,521,875
Western	5,808	1,573,406
Foreign	104	15,343
Totals	56,408	18,053,487

Reinvestment Plan Popular

Enrollment doubled in the Company's Dividend Reinvestment and Common Stock Purchase Plan during 1982 with more than 17,000 participants investing a total of $11.9 million.

Contributing to the success of the Plan in 1982 was the introduction of two new Plan features—a five percent price discount on stock purchased with reinvested common dividends and a customer stock purchase option.

Discount, Customer Option

All Plan participants are eligible for the discount which allows shareholders to use reinvested common dividends to purchase newly-issued common stock at five percent below market prices. The customer option also allows any CMP customer residing in Maine to enroll in the Plan and purchase shares directly from the Company without paying brokerage commissions or service charges.

Following announcement of the customer feature, more than 20,000 customers made inquiries about the Plan with nearly 2,000 becoming shareholders and purchasing more than 145,000 shares.

More than 32 percent of our 52,666 common shareholders now participate in the Plan, reinvesting dividends on 24 percent of the 17,132,324 shares outstanding.

Tax Benefit Saved

Last summer, thousands of shareholders across the country contacted their Congressional delegations and urged them to reject the threatened repeal of the federal tax deferrals on reinvested dividends of up to $750 per year on individual returns and $1500 on joint returns. Thanks to these efforts, Congress voted in September to retain this valuable tax benefit.

Withholding On Dividends

The Tax Equity and Fiscal Responsibility Act of 1982, recently signed into law, requires 10 percent withholding from all interest and dividend payments (with certain exceptions), beginning July 1, 1983. Among the exceptions to the required withholding are dividends reinvested by individuals under reinvestment plans of certain public utilities (including CMP), and dividends paid to individuals or joint owners who qualify for and have filed exemption certificates. Further information including an exemption certificate will be sent by the Company to shareholders in early 1983.

For more information about the Dividend Reinvestment and Common Stock Purchase Plan, please contact Shareholder Services, Central Maine Power Company, Edison Drive, Augusta, Maine 04336.

Regulation

Two PUC Commissioners Named

Maine's Governor Joseph E. Brennan appointed two new members to the Public Utilities Commission in 1982. Named were former U.S. Nuclear Regulatory Commissioner Peter A. Bradford whom the Governor also named as Chairman of the three-member PUC and Cheryl Harrington, former head of the Maine Attorney General's Consumer Fraud and Anti-trust Division.

Mr. Bradford formerly served as a member and chairman of the Maine PUC from 1971 to 1977.

PUC Investigation

In October, 1982 the Maine Public Utilities Commission commenced an investigation as a result of false testimony given in a PUC proceeding by Robert F. Scott, formerly a Senior Vice President and Director of the Company. The investigation was continuing on the date of this annual report. The Board of Directors of the Company has created an Ad Hoc Legal Coordinating Committee consisting of directors who are not officers of the Company with the responsibility of investigating the matter and acting on behalf of the Company. The Committee is advised by independent counsel.

On February 14, 1983 the PUC Staff issued its preliminary report to the PUC and recommended, among other things, that the PUC consider issuing a finding of contempt against the Company and Robert F. Scott and a finding that E.W. Thurlow and Thomas C. Webb "intentionally disregarded facts tending to show that a senior officer of the Company had provided false testimony to the Commission and failed to act in accordance with the standards of leadership and integrity expected of high level utility management."

The Board of Directors considers portions of the Staff report to be inaccurate and unfair and on March 2, 1983 filed with the PUC a detailed statement specifying those aspects of the report to which it takes exception. The Board also stated that (1) the Board had appointed a Regulatory Relations Policy Committee consisting of three outside Directors to review with management significant positions the Company will take in regulatory proceedings and to monitor such proceedings. (2) E.W. Thurlow has urged the Board to take steps to enable him to accelerate the date of his long standing plans to take early retirement at age 62 and expressed a strong desire that this be accomplished no later than the May, 1984 annual meeting if at all possible, and (3) Robert F. Scott was discharged as an employee of the Company effective March 1, 1983. The Board also expressed its desire to meet with the Chairman of the Commission to discuss future relations between the Company and the Commission.

The Board of Directors remains confident in the Company's ability to reestablish an effective working relationship with the regulatory agencies with which the Company deals and in the Company's ability to continue to provide its customers with safe, economic and reliable power.

Quaint Yankee giftshops abound in communities throughout the state, miniature museums of "downeast" history, its culture, arts and crafts.

Barbara Broadbent: York

Management

Officers

Elwin W. Thurlow, 59
President and Chief Executive Officer

Charles E. Monty, 55
Senior Vice President,
Engineering and Production

Thomas C. Webb, 48
Senior Vice President
Finance

Norman J. Temple, 61
Vice President
Legislative and Public Affairs

Matthew Hunter, 48
Vice President
Administrative Services

John B. Randazza, 54
Vice President
Nuclear Operations

Ralph L. Bean, 60
Vice President
Engineering

Donald F. Kelly, 51
Vice President
Power Supply Planning and Research

Robert S. Howe, 43
Comptroller

Richard A. Crabtree, 36
Treasurer

Seward B. Brewster, 55
Secretary and Clerk

William M. Finn, 46
Assistant Secretary and Assistant Clerk

Carol W. Oliva, 35
Assistant Treasurer

Division Managers

John H. Kennedy, 59
Southern Division, Portland

Patrick S. Lydon, 40
Central Division, Augusta

Joseph R. Moran, 41
Northern Division, Waterville

Ibra L. Ripley, 61
Western Division, Lewiston

Board of Directors

***George H. Ellis,** 63
Boston, Massachusetts
Chairman of the Board of the Company
President and Chief Executive Officer
Home Savings Bank

Priscilla A. Clark, 60
Portland, Maine
Vice President and Treasurer
Casco Bay College

Galen L. Cole, 57
Bangor, Maine
President
Coles Express (Trucking)

***E. James Dufour,** 48
Skowhegan, Maine
Vice President and Treasurer
William Philbrick Company
(General Insurance and Real Estate)

Leon A. Gorman, 48
Yarmouth, Maine
President
L. L. Bean, Inc. (Sporting Goods)

John J. Russell, 55
Portland, Maine
Senior Vice President and Treasurer
Hannaford Bros. Co. (Food Distribution)

A four-season vacationland, the Pine Tree State offers residents and visitors alike a unique opportunity to share in a quality lifestyle and a matchless natural environment.

Charles E. Monty, 55
Augusta, Maine
Senior Vice President

***Carlton D. Reed, Jr.,** 52
Woolwich, Maine
Partner
Reed and Reed (Construction)

***Elwin W. Thurlow,** 59
Augusta, Maine
President and Chief Executive Officer

James H. Titcomb, 65
Sanford, Maine
Partner
Titcomb, Fenderson & Knight, Attorneys

*Members of the Executive Committee

Management Changes

On June 17, George H. Ellis was named Chairman of the Company's Board of Directors. Mr. Ellis succeeded E. Clifford Ladd who retired at 70, the normal retirement age for Board members.

Mr. Ellis, a native of Orono, Maine, is a former president of the Federal Reserve Bank of Boston and is currently president and chief executive officer of the Home Savings Bank of Boston.

Mr. Ladd, chairman of the board and former president of W. C. Ladd & Sons (general insurance), Rockland, first became a director of CMP in 1966 and was elected Chairman of the Board in 1980.

On May 20, Donald F. Kelly was named Vice President, Power Supply Planning and Research.

Mr. Kelly is responsible for coordinating the Company's bulk power arrangements within the New England Power Pool and for planning the generation and transmission needs of the system. He is also responsible for the Company's load forecasting and energy transactions.

In December Robert F. Scott resigned as Senior Vice President and Company director.

Jennifer Morriseau, Waterville

Balance Sheet

(Dollars in Thousands)

Assets	December 31, 1982	1981
Electric Property, at Original Cost (Notes 7, 8 and 9)	**$778,530**	$717,419
Less: Accumulated Depreciation (Note 1)	**233,568**	213,786
	544,962	503,633
Construction Work in Progress (Note 3)		
Jointly-Owned Projects	**204,836**	151,766
Company Projects	**15,756**	36,635
	220,592	188,401
	765,554	692,034
Investments in Associated Companies, at Equity (Note 7)	**40,142**	40,068
Net Electric Property and Investments in Associated Companies	**805,696**	732,102
Current Assets		
Cash (Note 5)	**2,256**	5,169
Temporary Cash Investments	**7,000**	150
Accounts Receivable, Less Allowances for Uncollectible Accounts of $587 in 1982 and $600 in 1981		
Service—Billed	**34,351**	33,208
—Unbilled (Note 1)	**11,529**	16,982
Other	**7,564**	8,269
Inventories, at Average Cost		
Fuel Oil	**18,243**	20,492
Materials and Supplies	**11,184**	10,996
Prepayments and Other Current Assets	**2,969**	2,458
Total Current Assets	**95,096**	97,724
Deferred Charges and Other Assets, Net (Note 3)	**32,801**	19,558
	$933,593	$849,384

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

Balance Sheet

(Dollars in Thousands)

Stockholders' Investment and Liabilities	December 31, 1982	1981
Capitalization (See Separate Statement)		
Common Stock Investment	$277,501	$262,353
Preferred Stock	35,571	35,571
Redeemable Preferred Stock (Note 8)	54,785	56,545
Long-Term Debt (Note 8)	344,593	353,861
Total Capitalization	712,450	708,330
Current Liabilities		
Interim Financing (See Separate Statement) (Note 5)	74,030	23,500
Other Current Liabilities		
Sinking Fund Requirements	1,829	1,822
Accounts Payable	37,194	23,228
Dividends Payable	9,866	9,159
Accrued Interest	7,681	7,695
Accrued Income Taxes	2,226	152
Other	5,656	4,710
	64,452	46,766
Total Current Liabilities	138,482	70,266
Commitments and Contingencies (Notes 3, 4 and 7)		
Reserves and Deferred Credits		
Accumulated Deferred Income Taxes (Note 2)	43,663	37,606
Unamortized Investment Tax Credits (Note 2)	37,342	31,378
Other	1,656	1,804
Total Reserves and Deferred Credits	82,661	70,788
	$933,593	$849,384

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

Statement of Earnings

(Dollars in Thousands Except Per Share Amounts)

	Year Ended December 31,		
	1982	**1981**	**1980**
Electric Operating Revenues (Notes 1 and 4)	**$401,336**	$361,670	$335,265
Operating Expenses			
Fuel Used for Company Generation	**70,695**	88,082	65,860
Purchased Power (Note 7)			
Energy	**115,605**	85,918	100,507
Other	**40,889**	33,433	30,759
Other Operation	**52,202**	45,427	39,934
Maintenance	**18,916**	14,667	13,984
Depreciation (Note 1)	**24,516**	22,770	21,362
Taxes			
Federal and State Income (Note 2)	**13,067**	9,323	9,078
Local Property and Other	**11,116**	10,659	9,741
	347,006	310,279	291,225
Equity in Earnings of Associated Companies (Note 7)	**3,953**	3,708	3,291
Operating Income	**58,283**	55,099	47,331
Other Income (Expense)			
Allowance for Other Funds Used During Construction (Note 1)	**12,608**	9,700	1,771
Other, Net	**(718)**	(262)	571
Income Before Interest Charges	**70,173**	64,537	49,673
Interest Charges			
Long-Term Debt (Note 8)	**36,957**	27,768	23,657
Other	**2,453**	11,328	8,733
Allowance for Borrowed Funds Used During Construction (Note 1)	**(10,192)**	(8,204)	(9,144)
	29,218	30,892	23,246
Net Income	**40,955**	33,645	26,427
Dividends on Preferred Stock	**7,392**	7,450	5,780
Earnings Applicable to Common Stock	**$ 33,563**	$ 26,195	$ 20,647
Weighted Average Number of Shares of Common Stock Outstanding	**16,630,925**	14,458,788	12,357,075
Earnings Per Share of Common Stock	**$ 2.02**	$ 1.81	$ 1.67
Dividends Declared Per Share of Common Stock	**$ 1.82**	$ 1.74	$ 1.66

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

Statement of Capitalization and Interim Financing

(Dollars in Thousands)

			December 31, 1982 Amount	1982 %	1981 Amount	1981 %
Capitalization (Note 8)						
Common Stock Investment:						
Common Stock, Par Value $5 Per Share—						
Authorized—20,000,000 Shares						
Outstanding—17,132,324 Shares in 1982 and 16,234,626 Shares in 1981			$ 85,662		$ 81,173	
Other Paid-in Capital			112,052		104,495	
Retained Earnings			79,787		76,685	
			277,501	35.3%	262,353	35.8%
Cumulative Preferred Stock:						
Par Value $25 Per Share—						
Authorized—2,000,000 Shares						
Outstanding—None			—		—	
Par Value $100 Per Share—						
Noncallable, Voting, 6%—Authorized and Outstanding—5,713 Shares			571		571	
Dividend Series, Callable—						
Authorized—1,300,000 Shares						
Rate	Current Outstanding Shares	Current Redemption Price				
3.50%	220,000	$101.00	22,000		22,000	
4.60	30,000	101.00	3,000		3,000	
4.75	50,000	101.00	5,000		5,000	
5.25	50,000	102.00	5,000		5,000	
Preferred Stock			35,571	4.5	35,571	4.9
8.40	236,250 in 1982 250,000 in 1981	106.30	23,625		25,000	
$11.25	79,200 in 1982 83,050 in 1981	108.44	7,920		8,305	
11.75%	250,000	111.75	25,000		25,000	
			56,545		58,305	
Less: Current sinking fund requirements			1,760		1,760	
Redeemable Preferred Stock			54,785	7.0	56,545	7.7
Long-Term Debt:						
Series	Interest Rate	Maturity				
First and General Mortgage Bonds:						
U	3⅝%	March 1, 1983	8,530		8,580	
V	3⅜	April 1, 1985	10,297		10,362	
W	4⅞	May 1, 1987	15,660		15,739	
X	5¼	November 1, 1990	5,283		5,330	
Y	7½	May 1, 1999	27,837		28,032	
Z	9.30	August 1, 1995	32,720		32,920	
AA	7.70	July 1, 1997	23,682		23,753	
BB	10.65	August 15, 1984	20,000		20,000	
General and Refunding Mortgage Bonds:						
A	9⅝	May 1, 2006	35,000		35,000	
B	9⅝	October 1, 2003	25,000		25,000	
C	10½	October 15, 1999	40,000		40,000	
D	16⅛	May 1, 1991	45,000		45,000	
E	15⅝	December 1, 1991	45,000		45,000	
			334,009		334,716	
Unamortized Premiums			62		75	
			334,071		334,791	
Other:						
Lease Obligation	11.5%	2021 (in installments)	7,871		7,882	
Installment Notes—Pollution Control Facilities	6¾	2002-2003	11,250		11,250	
			19,121		19,132	
Less: Sinking fund requirements and current maturities			8,599		62	
			344,593	43.8	353,861	48.4
Total Capitalization			712,450	90.6	708,330	96.8
Interim Financing, Amounts to be Refinanced (Note 5):						
Commercial Paper			65,500		23,500	
Current Maturities of Long-Term Debt			8,530		—	
			74,030	9.4	23,500	3.2
Total Capitalization and Interim Financing			$786,480	100.0%	$731,830	100.0%

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

Statement of Changes in Common Stock Investment

For the Three Years Ended December 31, 1982

(Dollars in Thousands)

	Shares	Amount at Par Value	Other Paid-in Capital	Retained Earnings	Total
Balance—December 31, 1979	12,074,234	$60,371	$ 77,445	$76,206	$214,022
Add (Deduct)					
Net income				26,427	26,427
Cash dividends—					
Common Stock				(20,926)	(20,926)
Preferred Stock				(5,780)	(5,780)
Sales of Common Stock	1,878,168	9,391	12,981		22,372
Capital stock expense			(404)		(404)
Balance—December 31, 1980	13,952,402	69,762	90,022	75,927	235,711
Add (Deduct)					
Net income				33,645	33,645
Cash dividends—					
Common Stock				(25,437)	(25,437)
Preferred Stock				(7,450)	(7,450)
Sales of Common Stock	2,282,224	11,411	14,499		25,910
Capital stock expense			(26)		(26)
Balance—December 31, 1981	16,234,626	81,173	104,495	76,685	262,353
Add (Deduct)					
Net income				40,955	40,955
Cash dividends—					
Common Stock				(30,461)	(30,461)
Preferred Stock				(7,392)	(7,392)
Sales of Common Stock	897,698	4,489	7,433		11,922
Capital stock expense			124		124
Balance—December 31, 1982	**17,132,324**	**$85,662**	**$112,052**	**$79,787**	**$277,501**

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

Price Range and Dividends of Voting Stock

	1982			1981		
	Market Price		Dividends	Market Price		Dividends
	High	Low	Declared	High	Low	Declared
Common Stock Traded N.Y.S.E.						
1st Quarter	**$13¾**	**$12**	**$ .45**	$12¾	$11⅞	$ .43
2nd Quarter	**13⅝**	**12⅜**	**.45**	13	11½	.43
3rd Quarter	**14⅞**	**12⅛**	**.45**	12⅝	11½	.43
4th Quarter	**17⅛**	**13⅝**	**.47**	13¼	11⅜	.45
6% Preferred Traded O.T.C.						
1st Quarter	*	*	**$1.50**	*	*	$1.50
2nd Quarter	*	*	**1.50**	*	*	1.50
3rd Quarter	*	*	**1.50**	*	*	1.50
4th Quarter	*	*	**1.50**	*	*	1.50

*There have been no quotations since June 1974.

Statement of Sources of Funds for Construction and Acquisitions

(Dollars in Thousands)

	Year Ended December 31,		
	1982	**1981**	**1980**
Funds Provided			
Internal Sources			
From operations			
Net income	**$ 40,955**	$ 33,645	$ 26,427
Depreciation	**24,516**	22,770	21,362
Deferred income taxes and investment tax credit, net	**11,245**	10,318	11,375
Allowance for other funds used during construction	**(12,608)**	(9,700)	(1,771)
	64,108	57,033	57,393
Less:			
Sinking fund requirements of long-term debt and Preferred Stock	**2,478**	678	1,578
Dividends declared	**37,853**	32,887	26,706
Other, net	**(1,613)**	1,928	(1,538)
	38,718	35,493	26,746
(Increase) decrease in working capital, exclusive of interim financing and sinking fund requirements			
Cash, temporary cash investments and receivables	**1,078**	24,640	(23,065)
Other current assets	**1,550**	(43)	(5,331)
Other current liabilities	**17,679**	(9,816)	15,370
	20,307	14,781	(13,026)
Internal Sources, Net	**45,697**	36,321	17,621
External Sources			
Common Stock	**11,922**	25,910	22,372
Preferred Stock	**—**	—	25,000
Long-term debt	**—**	90,000	16,500
Revolving credit agreement	**—**	(9,000)	9,000
Increase (decrease) in short-term borrowings	**42,000**	(42,698)	5,606
Long-term debt refunded	**—**	(5,933)	—
Changes in investments	**57**	57	58
External Sources, Net	**53,979**	58,336	78,536
	$ 99,676	$ 94,657	$ 96,157
Funds Used for Construction and Acquisitions			
Jointly-owned projects	**$ 66,745**	$ 52,343	$ 53,473
Company projects	**45,539**	48,858	44,455
Property acquisitions from other utilities	**—**	3,156	—
Allowance for other funds used during construction	**(12,608)**	(9,700)	(1,771)
	$ 99,676	$ 94,657	$ 96,157

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

Notes

to Financial Statements

1. Summary of Significant Accounting Policies

Regulation: The Company's rates, operations, accounting and certain other practices are subject to the regulatory authority of the Public Utilities Commission of the State of Maine (PUC) and the Federal Energy Regulatory Commission (FERC).

Depreciation: Depreciation of electric property is provided using the straight-line method. The effective composite rates were 3.27%, 3.32% and 3.31% for the years 1982, 1981 and 1980, respectively.

At the time depreciable property is disposed of, the original cost of the property, plus cost of removal less salvage, is charged to accumulated depreciation.

Electric Operating Revenues: Electric operating revenues include amounts billed to customers, estimated unbilled sales and unbilled fuel costs at the end of each reporting period.

The Company's approved tariffs permit dollar for dollar recovery of the cost of fuel used in Company generating facilities, the energy component of purchased power and an allowed cost of capital associated with the financing of unbilled fuel costs.

Allowance for Funds Used During Construction (AFC): The Company capitalizes as an element of the cost of construction an allowance for funds (including common equity funds) employed during periods of construction. The debt component of AFC is reflected as a reduction of interest expense while the equity component is recorded as other income. While AFC does not provide funds currently, present ratemaking practices allow the Company to recover these amounts in revenue over the useful life of the property. Further, the unrecovered cost of electric property placed in service, including AFC, is an element of rate base on which the Company is permitted to earn a return.

The amount of AFC recorded in 1982 was determined by multiplying the average monthly dollar balance of construction work in progress (CWIP) by a rate reflecting the overall weighted cost of capital including short-term borrowing balances and the cost of equity allowed in the PUC's most recent rate decision. The average AFC rates produced by the Company's monthly computations were 11.96%, 11.26% and 12.44% for 1982, 1981 and 1980, respectively.

2. Income Taxes

The components of Federal and state income taxes reflected in the Statement of Earnings are as follows:

	Year Ended December 31,		
	1982	1981	1980
		(Dollars in Thousands)	
Federal:			
Current	**$ 235**	$(1,093)	$(2,696)
Deferred	**5,746**	8,934	6,765
Investment tax credit, net	**5,965**	734	4,295
	11,946	8,575	8,364
State:			
Current	**1,587**	98	399
Deferred	**(466)**	650	315
	1,121	748	714
Total Federal and state income taxes	**$13,067**	$ 9,323	$ 9,078

The ratemaking practices followed by the PUC permit the Company to recover Federal and state income taxes payable currently and to recover deferred taxes only when the tax law, in effect, requires such treatment or when PUC approval is granted on specific timing differences. Current tax law requires the Company to defer Federal income taxes arising from the use of accelerated tax depreciation of property added subsequent to 1969. The income tax effect of other timing differences related to property is flowed through for ratemaking and accounting purposes.

The following table reconciles the statutory Federal income tax rate to a rate determined by dividing the total Federal income tax expense by income before that expense.

	1982		1981		1980	
	Amount	%	Amount	%	Amount	%
			(Dollars in Thousands)			
Statutory Federal income tax rate	**$24,335**	**46.0%**	$19,421	46.0%	$16,004	46.0%
Permanent reductions in tax expense resulting from statutory exclusions from taxable income						
Dividend received deduction related to earnings of associated companies	**(1,546)**	**(2.9)**	(1,450)	(3.4)	(1,287)	(3.7)
Allowance for other funds used during construction	**(5,800)**	**(11.0)**	(4,462)	(10.6)	(814)	(2.3)
Other	**(742)**	**(1.4)**	(594)	(1.4)	(956)	(2.8)
	16,247	**30.7**	12,915	30.6	12,947	37.2
Effect of timing differences for which deferred taxes are not recorded (flow through)						
Deduction of removal costs	**(933)**	**(1.8)**	(1,243)	(3.0)	(851)	(2.5)
Allowance for borrowed funds used during construction	**(4,688)**	**(8.8)**	(3,774)	(9.0)	(4,207)	(12.1)
Depreciation of replacement property added from 1970 to 1980	**(356)**	**(.7)**	(393)	(.9)	(425)	(1.2)
Depreciation differences flowed through in prior years	**1,790**	**3.4**	1,421	3.4	1,395	4.0
Other	**(114)**	**(.2)**	(351)	(.8)	(495)	(1.4)
Calculated rate	**$11,946**	**22.6%**	$ 8,575	20.3%	$ 8,364	24.0%

Investment tax credits utilized to reduce Federal income taxes currently payable are deferred and amortized over the lives of the related assets. At December 31, 1982, the Company had approximately $15,600,000 of additional investment tax credits available to reduce future Federal income taxes otherwise payable.

3. Commitments and Contingencies

Construction Program: The Company's load forecasts and construction plans for additional generation and purchases of power are under continuing review and revision. Estimated construction expenditures relating to the jointly-owned units are based upon the latest information furnished by the utility responsible for the construction of the unit. The Company's forecasted construction expenditures amount to $107,000,000 for 1983 and $401,300,000 for 1984 through 1987, exclusive of AFC but including estimates for nuclear fuel costs where applicable. These expenditures include $225,600,000 for major generating facilities, $81,000,000 for other generating facilities, $27,500,000 for transmission, $114,700,000 for distribution and $59,500,000 for other capital projects.

The Company's Share of Generation Facilities

Unit	Estimated In-Service Date	Percent Ownership	Estimated Net Capability MW	Expenditures (including AFC) Through December 31, 1982	Estimated Expenditures (Excluding AFC) 1983-1987	Estimated Expenditures (Excluding AFC) Total Project
				(Dollars in Thousands)		
Brunswick-Topsham Redevelopment 2 & 3	1983	100.00	7	$ 8,528	$ 700	$ 9,000
Mason Coal Conversion	1986	100.00	108	1,525	67,200	68,000
Hiram Hydro Redevelopment	1985	100.00	8.5	538	12,800	13,000
Seabrook 1 & 2 (Public Service Co. of NH)	1984 & 1987	6.04	139	155,835	112,600	236,000
Millstone 3 (Northeast Utilities, CT)	1986	2.50	29	46,268	32,300	65,000

Nuclear Unit Cancelled: On September 24, 1981, Boston Edison Company, the lead participant of Pilgrim II, announced the cancellation of that nuclear generating project. Although subject to some uncertainties, such as the resolution of a number of anticipated claims from vendors and questions of salvage, the Company's net investment in this project, based on Boston Edison Company's estimate of accumulated expenditures and cancellation costs net of salvage values, would be approximately $14,600,000 including AFC of $4,900,000.

In its 1981 rate filing, the Company requested recovery of its investment in Pilgrim II. The PUC deferred its decision on this matter until completion of its investigation of the justness and reasonableness of the costs incurred. The Company believes that these costs were incurred for the benefit of the customer and, accordingly, should be recovered. The PUC has not yet scheduled any hearings on its investigation. See Note 4 Ratemaking Matters.

In its 1980 and 1981 rate orders, the PUC disallowed recovery of AFC on two prior cancelled nuclear projects. Therefore, no assurance can be given that the Company will be permitted to recover costs in connection with Pilgrim II. If any amounts are determined not to be recoverable they would be charged, net of related income taxes, against earnings in the period such determination is made.

Seabrook: The construction of the two nuclear generating units at Seabrook, New Hampshire, in which the Company is a part owner, has experienced lengthy delays and increased construction cost estimates resulting from regulatory and licensing procedures and other factors.

In November 1982, Public Service Company of New Hampshire (PSNH) revised the construction schedule and estimated an in-service date of December 1984 for Unit 1 and July 1987 for Unit 2, ten and fourteen months later than the prior respective estimated in-service dates. PSNH also increased the estimated cost of the Seabrook units upon completion by approximately 43 percent over an April 1981 estimate. The Company owns approximately 6.04 percent of the Seabrook units and estimates that the Company's total cost, including $125,600,000 of estimated AFC, will be $361,300,000.

In view of the increase in the estimated cost of the Seabrook units, PSNH has retained an independent consultant to review the revised cost estimates and completion dates. In order to reduce the financial commitments resulting from the increased estimate of construction cost, the owners of the Seabrook units have agreed to reduce the level of construction on Unit 2 during 1983 and continue to review other alternatives which could further affect the cost of construction and completion date of Unit 2.

Sears Island Coal-Fired Plant: In May 1982, the Company announced plans to defer the completion date of the 568 MW Sears Island coal-fired plant from 1989 to 1995. The PUC subsequently agreed to the dismissal of the Company's application for a certificate of public convenience and necessity for the plant on the condition that, without good cause shown, the Company would not be permitted to renew its application until after July 1, 1985. The Company stopped recording AFC on this project

during December 1982 and the investment balance was transferred to deferred charges and other assets on the accompanying balance sheet. The Company's investment in this project net of land at December 31, 1982 was approximately $13,426,000 including AFC of $6,365,000. The Company will continue to review the proposed schedule for this plant in light of its capacity requirements, availability of other power sources and other factors.

4. Ratemaking Matters

In March 1983 the Company is filing with the PUC an application for a rate increase which is designed to increase revenues by approximately $53,000,000. The Company will ask the Commission to increase the allowed overall rate of return from 12.34 percent to 12.5 to 13 percent and also that the return on common equity be increased to 16 to 17 percent from the currently approved 15.4 percent. The Company will seek the recovery, over a ten year period, of the Company's $14,600,000 investment in the Pilgrim II (Massachusetts) nuclear plant cancelled in 1981.

5. Interim Financing

The Company uses short-term borrowings under lines of credit with commercial banks and commercial paper to provide initial financing for construction and other corporate purposes. Existing lines of credit at December 31, 1982 totalled $70,950,000 with $5,000,000 requiring from 2% to 5% of the line in compensating balances. Annual fees of 3/8 to 1/2 of 1% of the line are required on $64,500,000. Other credit arrangements amounting to $1,450,000 do not require fees or compensating cash balances.

The Company's Articles of Incorporation limit Unsecured Borrowings that may be outstanding to 20% of Capitalization, as defined ($142,239,000 as of December 31, 1982). Unsecured Borrowings, as defined, amounted to $76,750,000 as of December 31, 1982.

6. Pension Plans

The Company has two non-contributory defined benefit pension plans which cover substantially all of its employees. The Company's policy is to fund pension costs accrued on an annual basis. Annual pension expense, including amortization of prior service costs over 30 years, amounted to $3,840,000, $3,412,000 and $2,562,000 for 1982, 1981 and 1980, respectively. The relationship of accumulated benefits and assets of the plans is shown below.

	January 1,	
	1982	**1981**
Actuarial present value of accumulated benefits		
Vested	**$39,891,000**	$35,490,000
Nonvested	**2,926,000**	2,287,000
	$42,817,000	$37,777,000
Net assets available for benefits	**$45,010,000**	$40,692,000

The increases in pension expense and actuarial value of benefits in 1981 reflect changes in the retirement assumptions and defined benefit provisions. The weighted average assumed rate of return used for both periods in determining the actuarial present value of accumulated plan benefits was 6.25%.

7. Capacity Arrangements

Power Agreements: The Company owns directly or indirectly a portion of the generating capacity and energy production of certain generating and transmission facilities operated by associated utility companies and is obligated to pay its proportionate share of the generating costs which include depreciation, a return on invested capital and the estimated cost of decommissioning the nuclear plants at the end of their service lives.

Pertinent data related to these power agreements as of December 31, 1982 are as follows:

	Maine Yankee	Vermont Yankee	Connecticut Yankee	Yankee Atomic	MEPCo.
% of Ownership	38%	4%	6%	9.5%	78.1%
Contract Expiration Date	2002	2002	1998	1991	1985
Current Energy Capacity (MW)	847	528	582	176	133
Company's Share of Capacity (MW)	317	19	35	17	4
Estimated Annual Current Costs (1982 Costs in Thousands)	$41,290	$3,786	$7,117	$4,949	$ 918
Company's Share of Long-Term Debt and Redeemable Preferred Stock (Thousands)	$57,708	$3,693	$4,824	$1,625	$7,020

Estimated costs of nuclear plant decommissioning are being collected through rates by Maine Yankee, Connecticut Yankee and Yankee Atomic. Vermont Yankee has recently completed a decommissioning study and has filed rates with the FERC reflecting the estimated expense. Maine Yankee estimates the cost of decommissioning, assuming immediate dismantlement and removal, to be $57,600,000 (in 1980 dollars) and is collecting $1,826,100 annually through its rates. Under the terms of its power agreements, the Company pays its ownership share of decommissioning expense as a cost of purchased power. The four Yankee companies recognize the relative uncertainty of the future cost of decommissioning, the changing technology of decommissioning and the possibility of new requirements of the law and, therefore, recognize the need to constantly monitor and adjust decommissioning costs, if necessary, through supplemental rate filings.

Condensed financial information of Maine Yankee Atomic Power Company is as follows:

	1982	**1981**	**1980**
		(Dollars in Thousands)	
Earnings:			
Operating Revenues	**$110,000**	$102,650	$84,245
Operating Income	**18,621**	19,632	18,034
Net Income	**7,293**	7,562	7,508
Earnings Applicable to Common Stock	**6,477**	6,698	6,574
Company's Equity Share of Net Earnings	**2,461**	2,545	2,498
Investment:			
Net Electric Property and Nuclear Fuel	**$324,431**	$306,200	$304,514
Current Assets	**21,373**	17,719	14,394
Deferred Charges and Other Assets	**8,987**	4,509	3,001
Total Assets	**354,791**	328,428	321,909
Less:			
Redeemable Preferred Stock	**10,796**	11,295	11,980
Long-Term Debt	**139,575**	129,862	134,823
Current Liabilities	**23,718**	21,741	25,285
Reserves and Deferred Credits	**113,891**	98,696	83,010
Net Assets	**$ 66,811**	$ 66,834	$ 66,811
Company's Equity in Net Assets	**$ 25,388**	$ 25,397	$ 25,388

Also, the Company has a nearly 60% ownership interest in the jointly-owned, but Company operated, 619 megawatt oil-fired W. F. Wyman Unit No. 4. The Company's share of the operating cost of this Unit is included in the appropriate expense categories in the Statement of Earnings. The Company's plant in service and related accumulated depreciation attributable to the Unit are as follows:

	December 31,	
	1982	**1981**
	(Dollars in Thousands)	
Plant in Service	**$113,588**	$113,922
Accumulated Depreciation	**$ 14,119**	$ 11,417

8. Capitalization

Long-Term Debt: Under the terms of the Indenture securing the First and General Mortgage Bonds, substantially all of the Company's electric utility property is subject to a first mortgage lien. Bonds issued under the General and Refunding Mortgage Indenture are subject to the prior lien of the First and General Mortgage Indenture until the First Mortgage Bonds have been retired.

All or any part of each outstanding series of First and General Mortgage Bonds and General and Refunding Mortgage Bonds may be redeemed by the Company at any time at established redemption prices plus accrued interest to the date of redemption, except that the Series A and D Bonds are subject to certain refunding limitations until May 1, 1986, the Series B Bonds until October 1, 1988, the Series C Bonds until October 15, 1989 and the Series E Bonds until December 1, 1986.

The annual sinking fund requirements for First and General Mortgage Bonds (1% of maximum principal amount of series outstanding) may be met by payment in cash or repurchased bonds or, up to one-half of their amounts, by the certification of additional property. The Series A, D and E General and Refunding Mortgage Bonds have no sinking fund. The Series B General and Refunding Mortgage Bonds have a five percent mandatory cash sinking fund commencing in 1984 and a non-cumulative optional five percent cash sinking fund, limited to one-third of the aggregate principal amount of Series B Bonds issued. The Series C General and Refunding Mortgage Bonds have a six and one-quarter percent mandatory cash sinking fund commencing in 1984, and a non-cumulative optional cash sinking fund, not to exceed the amount of the mandatory cash sinking fund and limited to thirty-one and one-quarter percent of the aggregate principal amount of Series C Bonds issued.

The Company intends to meet one-half ($630,000) of the 1983 sinking fund requirements by the certification of additional property. Sinking fund requirements and maturing debt issues (net of $728,000 purchased in advance) for the five years ending December 31, 1987 are as follows:

Year	Sinking Fund	Maturing Debt	Total
	(Dollars in Thousands)		
1983	$ 699	$ 8,530	$ 9,229
1984	4,891	20,000	24,891
1985	4,904	10,140	15,044
1986	4,907	—	4,907
1987	4,729	15,041	19,770

Redeemable Preferred Stocks: Sinking fund provisions of the $11.25, 8.40% and 11.75% Series Preferred Stock require the Company to redeem all shares at par plus an amount equal to dividends accrued to the redemption date on the basis of 3,850 shares annually for the $11.25 Series, 13,750 shares annually for the 8.40% Series and 10,000 shares annually beginning in 1986 for the 11.75% Series. The Company also has the non-cumulative right to redeem up to 13,750 additional shares of the 8.40% Series annually and up to 10,000 shares of the 11.75% Series annually beginning in 1986 at the same price. The annual sinking fund requirements for the five years ending December 31, 1987 are as follows: 1983 through 1985—$1,760,000; 1986 through 1987—$2,760,000.

Retained Earnings: Under terms of the indentures securing the Company's Mortgage Bonds and the Company's Articles of Incorporation, no dividend may be paid on the common stock of the Company if such dividend would reduce retained earnings below $29,604,000. At December 31, 1982, $50,183,000 of retained earnings was not so restricted.

9. Supplementary Information to Disclose the Effects of Changing Prices (Unaudited)

The following information, supplied in accordance with the requirements of the Statement of Financial Accounting Standards No. 33, is intended to be viewed as an estimate of the approximate effect of inflation rather than as a precise measure.

Constant dollar amounts represent historical costs 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 of electric generation and transmission plant are estimated based on engineering studies of the current cost of constructing the present mix of generation and transmission facilities. The current cost of remaining plant is determined primarily by indexing surviving plant by the Handy-Whitman Index of Public Utility Construction Costs. Current cost differs from constant dollar amounts to the extent that specific prices have increased more or less rapidly than the general rate of inflation. Depreciation is determined by applying the Company's composite depreciation rate to the indexed depreciable plant amounts. Accumulated depreciation is also adjusted for retirements and removal costs, net of salvage.

Fuel inventories are treated as monetary assets since regulation limits the recovery of fuel under the fuel adjustment clause to actual costs. Historical income tax expense is not adjusted since only historical costs are deductible for income tax purposes.

Under present ratemaking practices only the depreciation of historical cost of utility property is recoverable through revenues. Since the Company may recover all, and only, the remaining net historical cost of plant through rates, an adjustment to net recoverable cost is reflected as an element of erosion of common stock investment due to changing prices. The adjustment is positive or negative depending on the amount of the current year's inflation effect and the amount of the additional depreciation resulting from cumulative inflation effects. While the ratemaking process gives no recognition to the current cost of replacing plant, the Company believes it will be allowed to earn a return on the increased cost of its net investment when replacement 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 plant. Because of regulation 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

Statement of Earnings Adjusted for Changing Prices for the Year Ended December 31, 1982
(In Thousands of Average 1982 Dollars)

	Constant Dollar	Current Cost
Earnings Applicable to Common Stock, As Reported	$33,563	$33,563
Erosion of Common Stock Investment Because of Changing Prices		
Cost in excess of the original cost of productive facilities not recoverable in rates as depreciation*		
Reported as an additional provision for depreciation	32,700	42,100
Reported as an adjustment to net recoverable cost	(3,800)	8,800
	28,900	50,900
Excess of increase in the current year in the specific level of prices over general price changes	—	(22,000)
Total amount not specifically recoverable in rates	28,900	28,900
Offsetting effect of debt and preferred stock financing	(18,700)	(18,700)
Net erosion of Common Stock Investment	10,200	10,200
Earnings Applicable to Common Stock, As Adjusted	$23,363	$23,363

*At December 31, 1982, constant dollar and current cost of property, plant and equipment, net of accumulated depreciation, was $1,080,300 and $1,250,100 respectively, while historical cost or net cost recoverable through depreciation was $544,962.

Five Year Comparison of Selected Supplementary Financial Data Adjusted For Effects of Changing Prices (In Millions of Average 1982 Dollars, Except Per Share Amounts)

	Year Ended December 31,				
	1982	1981	1980	1979	1978
Operating Revenues					
Historical, as reported	$401.3	$361.7	$335.3	$271.8	$208.2
Adjusted for general inflation	$401.3	$383.9	$392.8	$361.4	$308.0
Historical Cost Information					
Adjusted for General Inflation					
Earnings (loss) applicable to Common Stock					
Historical	$ 33.6	$ 27.8	$ 24.2	$ 33.3	
Adjusted for additional depreciation	$ .8	$ (4.4)	$ (4.6)	$ 5.9	
Earnings (loss) per share applicable to Common Stock					
Historical	$ 2.02	$ 1.92	$ 1.96	$ 2.79	
Adjusted for additional depreciation	$ .05	$ (.31)	$ (.37)	$ .49	
Current Cost Information					
Loss applicable to Common Stock adjusted for additional depreciation	$ (8.5)	$(14.1)	$(16.6)	$ (7.6)	
Loss per share applicable to Common Stock adjusted for additional depreciation	$ (.51)	$ (.98)	$(1.34)	$ (.64)	
Increase in general price level over (under) increase in specific prices, after reduction to net recoverable cost	$(11.7)	$ 21.4	$ 44.9	$ 53.9	
General Information					
Gain from decline in purchasing power of net amounts owed	$ 18.7	$ 40.8	$ 54.8	$ 60.0	
Net assets at year end at recoverable cost					
Historical, as reported	$277.5	$262.4	$235.7	$214.0	
Adjusted for general inflation	$274.4	$269.5	$263.7	$269.1	
Dividends declared per share					
Historical, as reported	$ 1.82	$ 1.74	$ 1.66	$ 1.55	$ 1.46
Adjusted for general inflation	$ 1.82	$ 1.85	$ 1.94	$ 2.06	$ 2.16
Market price per share at year end					
Historical, as reported	$17.00	$12.375	$12.25	$13.00	$14.875
Adjusted for general inflation	$16.81	$ 12.71	$13.71	$16.35	$ 21.19
Average consumer price index	289.1	272.4	246.8	217.4	195.4

Report of Independent Public Accountants

To the Board of Directors of
Central Maine Power Company:

We have examined the balance sheet and statement of capitalization and interim financing of CENTRAL MAINE POWER COMPANY (a Maine corporation) as of December 31, 1982 and 1981, and the statements of earnings, changes in common stock investment and sources of funds for construction and acquisitions for each of the three years in the period ended December 31, 1982. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

As discussed more fully in Note 3, the utility responsible for the construction of the Pilgrim .. nuclear generating project in which the Company has an ownership interest has cancelled that project. Recovery by the Company of its net investment and future commitments, which is estimated to be approximately $14,600,000 (including allowance for funds used during construction of approximately $4,900,000) is dependent upon regulatory approval. It is not possible to estimate what portion, if any, of this investment may not be recovered.

In our opinion, subject to the recovery of the Company's investment in the cancelled project discussed in the preceding paragraph, the accompanying financial statements present fairly the financial position of CENTRAL MAINE POWER COMPANY as of December 31, 1982 and 1981, and the results of its operations and its sources of funds for construction and acquisitions for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

ARTHUR ANDERSEN & CO.

Boston, Massachusetts,
February 9, 1983.

Statistical Review

1972-82

	1982	1981	1980	1979
Total Revenues (Dollars in Thousands)				
Residential	**$168,785**	$157,042	$137,229	$108,550
Commercial and Industrial	**215,988**	204,495	172,178	124,033
Electric Utilities	**3,356**	3,570	3,212	2,390
Lighting	**6,688**	6,174	5,694	5,059
Total Territorial Revenues	**$394,817**	$371,281	$318,313	$240,032
Total Operating Revenues	**$401,336**	$361,670	$335,265	$271,764
Kilowatt-hour Sales (Thousands)				
Residential	**2,453,310**	2,338,745	2,335,368	2,352,509
Commercial	**1,520,504**	1,475,506	1,475,416	1,517,264
Industrial	**2,489,833**	2,276,977	2,094,900	1,952,664
Electric Utilities	**76,611**	82,735	83,102	78,836
Lighting	**46,326**	47,638	49,735	50,507
Total Territorial Sales	**6,586,584**	6,221,601	6,038,521	5,951,780
Annual Percentage Change—Territorial Sales	**5.9%**	3.0%	1.5%	1.8%
Electric Customers (Average)				
Residential	**356,838**	345,089	340,351	335,474
Commercial and Industrial	**41,042**	39,969	39,538	39,430
Electric Utilities	**3**	4	4	5
Lighting	**394**	391	392	390
Total Territorial Customers	**398,277**	385,453	380,285	375,299
Annual Percentage Change—Total Customers	**3.3%**	1.4%	1.3%	1.3%
Residential Sales Averages				
Annual Kilowatt-hours Used	**6,875**	6,777	6,862	7,012
Revenue per Kilowatt-hour	**6.88¢**	6.71¢	5.88¢	4.61¢
Annual Bill	**$ 473**	$ 455	$ 403	$ 324
Revenue Per Retail Kilowatt-hour	**6.01¢**	5.99¢	5.29¢	4.05¢
Net Income (Thousands)	**$ 40,955**	$ 33,645	$ 26,427	$ 29,643
Capitalization (Thousands)				
Short-term Debt	**$ 65,500**	$ 23,500	$ 66,198	$ 60,592
Long-term Debt	**353,123**	353,861	279,152	254,699
Redeemable Preferred Stock	**54,785**	56,545	58,305	33,690
Preferred Stock	**35,571**	35,571	35,571	35,571
Common Shareholders' Equity	**277,501**	262,353	235,711	214,022
Total	**$786,480**	$731,830	$674,937	$598,574
Common Stock Data				
Earnings Applicable to Common Stock (Thousands)	**$ 33,563**	$ 26,195	$ 20,647	$ 25,044
Earnings Per Average Share of Common Stock	**$ 2.02**	$ 1.81	$ 1.67	$ 2.10
Dividends Declared Per Share	**$ 1.82**	$ 1.74	$ 1.66	$ 1.55
Payout Ratio	**89%**	96%(b)	99%	74%
Price/Earnings Ratio	**8X**	7X	7X	6X
Shares Outstanding—Average	**16,630,925**	14,458,788	12,357,075	11,899,435
Number of Common Shareholders	**52,666**	51,947	50,015	48,915
% Earned on Average Common Equity	**12.4%**	10.5%	9.2%	12.0%
Dividend Cash Coverage Ratio	**1.6X**	1.6X(b)	2.0X	2.6X
Yield	**12.4%**	14.1%(b)	12.9%	10.9%
Book Value Per Share	**$16.20**	$16.16	$16.89	$17.73
Market Price				
High	**$17⅛**	$13¼	$14⅞	$16
Low	**12**	11¾	10⅞	12⅜
At Year End	**17**	12⅜	12¼	13
Generation Mix (% of KWH Generated)				
Hydro	**21%**	21%	15%	20%
Fossil and Other	**48**	44	55	47
Nuclear	**31**	35	30	33
Total	**100%**	100%	100%	100%
Miscellaneous				
Average Annual Interest Rate on Bonds	**10.49%**	10.48%	8.38%	8.23%
Ratio of Earnings to Fixed Charges	**2.3X**	2.1X	2.1X	2.8X
Average Annual Dividend Rate on Preferred Stock	**7.88%**	7.90%	7.91%	6.55%
Net System Capability at Time of Peak—MW	**1,465**	1,490	1,523	1,526
System Peak Demand—MW	**1,259**	1,209	1,193	1,207
Reserve Margin at Time of Peak	**16%**	23%	28%	26%
System Load Factor	**64%**	63%	63%	61%
Total Average Fuel Cost/KWH	**2.61¢**	2.56¢	2.52¢	1.56¢
Fuel Cost as a % of Operating Revenues	**46%**	47%	49%	37%
Number of Employees—Year End	**2,082**	2,018	2,008	2,000
Net Utility Plant (Thousands)	**$765,554**	$692,034	$625,796	$552,384
Total Assets (Thousands)	**$933,593**	$849,384	$795,041	$694,837
Construction Expenditures (Thousands)	**$112,284**	$101,201	$ 97,928	$ 60,068
Internally Generated Funds as a % of Construction Requirements (includes AFC)	**54%**	46%	21%	32%
Effective Income Tax Rate	**24.2%**	21.7%	25.6%	36.3%

(a) Total of Commercial and Industrial
(b) Based on dividends declared

1978	1977	1976	1975	1974	1973	1972
$ 88,815	$ 83,590	$ 71,557	$ 67,314	$ 54,332	$ 45,671	$ 42,355
95,654	90,246	72,529	69,701	61,098	47,754	44,325
1,750	1,775	1,362	1,438	1,296	810	728
4,543	4,398	3,971	3,622	3,322	3,173	2,842
$190,762	$180,009	$149,419	$142,075	$120,048	$ 97,408	$ 90,250
$208,176	$188,309	$155,005	$146,399	$131,893	$102,516	$ 93,904
2,319,602	2,213,823	2,143,942	1,915,633	1,819,947	1,700,278	1,593,423
1,465,070	1,428,187	1,383,290	1,290,000	1,240,219	1,249,862	2,560,639(a)
1,932,070	1,805,954	1,558,731	1,478,744	1,514,699	1,420,577	
76,768	75,180	79,149	79,251	78,666	75,845	68,945
50,573	49,358	48,322	45,803	43,936	42,360	40,132
5,844,083	5,572,502	5,213,434	4,809,431	4,697,467	4,488,922	4,263,139
4.9%	6.9%	8.4%	2.4%	4.6%	5.3%	10.9%
330,655	323,562	316,487	306,569	299,493	291,409	282,204
39,285	38,914	38,358	37,404	36,865	36,190	34,996
4	4	4	5	5	5	5
390	392	387	375	370	369	343
370,334	362,872	355,236	344,353	336,733	327,973	317,548
2.1%	2.1%	3.2%	2.3%	2.7%	3.3%	3.1%
7,015	6,842	6,774	6,249	6,077	5,835	5,646
3.83¢	3.78¢	3.34¢	3.51¢	2.99¢	2.69¢	2.66¢
$ 269	$ 258	$ 226	$ 220	$ 181	$ 157	$ 150
3.28¢	3.24¢	2.88¢	2.97¢	2.57¢	2.19¢	2.13¢
$ 29,611	$ 21,001	$ 16,940	$ 14,671	$ 11,624	$ 13,269	$ 12,899
$ 41,391	$ 31,073	$ 15,400	$ 14,000	$ 35,700	$ 11,900	$ 5,500
236,391	225,228	228,576	199,065	168,630	164,284	165,147
34,075	34,460	9,845	10,230	10,615	—	—
35,571	35,571	35,571	35,571	35,571	35,571	35,571
203,600	167,954	139,387	122,355	111,182	110,220	107,130
$551,028	$494,286	$428,779	$381,221	$361,698	$321,975	$313,348
$ 24,969	$ 18,275	$ 14,310	$ 12,058	$ 10,108	$ 11,827	$ 11,457
$ 2.19	$ 1.87	$ 1.75	$ 1.70	$ 1.48	$ 1.73	$ 1.68
$ 1.46	$ 1.41	$ 1.35½	$ 1.34	$ 1.34	$ 1.28	$ 1.21½
67%	75%	77%	79%	91%	74%	72%
7X	9X	9X	8X	7X	9X	11X
11,378,432	9,748,304	8,163,930	7,082,622	6,825,636	6,825,636	6,825,636
49,621	45,613	41,497	38,989	36,840	36,724	36,807
13.4%	11.9%	10.9%	10.3%	9.1%	10.9%	10.8%
2.5X	2.4X	2.6X	2.7X	2.5X	2.8X	2.6X
9.3%	8.6%	8.9%	10.4%	9.7%	7.6%	6.7%
$17.25	$16.67	$16.44	$16.26	$16.29	$16.15	$15.70
$16⅞	$17⅜	$16½	$15	$17⅜	$18⅞	$19⅞
14⅜	15½	14	10⅞	10⅛	15	16⅝
14⅞	16⅜	16½	14	10⅝	15¼	18⅜
22%	25%	27%	27%	31%	37%	30%
39	36	26	32	36	37	59
39	39	47	41	33	26	11
100%	100%	100%	100%	100%	100%	100%
7.69%	7.45%	7.38%	6.65%	6.16%	6.17%	6.17%
3.1X	2.6X	2.5X	2.5X	2.3X	2.9X	3.2X
6.68%	6.60%	5.66%	6.71%	5.75%	4.05%	4.05%
1,290	1,348	1,268	1,119	1,142	1,074	906
1,173	1,124	1,039	1,035	903	868	846
10%	20%	16%	8%	27%	24%	7%
62%	62%	60%	58%	65%	65%	63%
0.98¢	0.89¢	0.63¢	0.81¢	0.73¢	0.24¢	0.28¢
30%	29%	23%	29%	29%	12%	14%
1,971	1,962	1,948	1,947	1,940	1,920	1,907
$513,170	$459,695	$397,905	$342,681	$307,597	$287,076	$276,604
$634,041	$559,487	$483,426	$425,072	$397,734	$350,937	$340,037
$ 69,982	$ 84,713	$ 65,333	$ 49,743	$ 32,419	$ 21,730	$ 16,719
31%	27%	37%	63%	—%	74%	77%
30.9%	32.9%	34.9%	36.0%	32.7%	37.9%	44.2%

Management Analysis

of Operating Results and Financial Condition

Operating Results

Electric Operating Revenues increased $26.4 million in 1981 and $39.7 million in 1982. Rate decisions in late 1980 and March 1982 together with territorial sales growth of 3.0% in 1981 and 5.9% in 1982 impacted growth in base revenues. Fuel revenue increases totalled $10.7 million and $6.8 million in the two periods. Since fuel revenues represent a dollar for dollar recovery of the cost of fuel, increases or decreases do not affect net earnings.

A $32 million rate decision granted in late March of 1982 and a $16.2 million increase in late 1980 raised base revenues. Revenues also reflect increased commercial and industrial kilowatt-hour sales of 5.1% in 1981 and 6.9% in 1982. The 1981 increase resulted from growth in the pulp and paper industry while the 1982 increase reflects the expansions at two pulp and paper mills. Conservation impacted the rate of growth in the residential sales class during 1981 with an increase in kilowatt-hour sales of only 0.1% despite the addition of customers. Residential sales for 1982 increased 4.9% due to an increase in the number of customers approximately half of which represent the acquisitions of the Maine service territory of Public Service Company of New Hampshire and Carrabassett Light and Power Company and a small increase in the average kilowatt-hour usage per residential customer.

Purchased Power Other (capacity) reflects larger operating expenditures in both periods at the four Yankee nuclear power plants in which Central Maine Power Company is a joint equity owner. The year 1982 also includes the revised ratemaking treatment of certain purchased power interchange credits which are now applied against purchased power fuel costs rather than capacity costs. Higher operation expense includes increases in wages and costs of materials while greater expenditures occurred in steam, hydro and distribution maintenance during 1982, a portion of which had been deferred from the prior year. Interest charges reflect greater average short-term borrowings in 1981 and the shift from short-term borrowings to long-term debt used primarily to finance construction programs.

Larger Allowance for Funds Used During Construction (AFC) in 1981 and 1982 resulted from the Company's growing investment in construction work in progress (CWIP), principally its share in jointly-owned nuclear projects. The average costs of funds using the overall weighted cost of capital including short-term borrowings were 11.26% in 1981 and 11.96% in 1982.

During the two years, the Company issued approximately 3.2 million shares of common stock. The amount of earnings applicable to common stock increased in both 1981 and 1982.

Financial Condition

During 1982, Funds from Operations (principally net income, depreciation and deferred taxes) amounted to $64.1 million. Of these funds, $38.7 million were used primarily to provide for sinking fund and dividend requirements. Working capital (exclusive of short-term borrowings and the current portion of long-term debt) decreased $20.3 million largely due to an increase in accounts payable resulting from increased purchased power during the month of December 1982 attributable to the Maine Yankee refueling.

The resulting net funds from internal sources were $45.7 million. Funds used for construction amounted to $99.7 million (net of $12.6 million of allowance for equity funds used during construction). The Company funded the remaining $54.0 million through the sale of common stock and increased short-term borrowings.

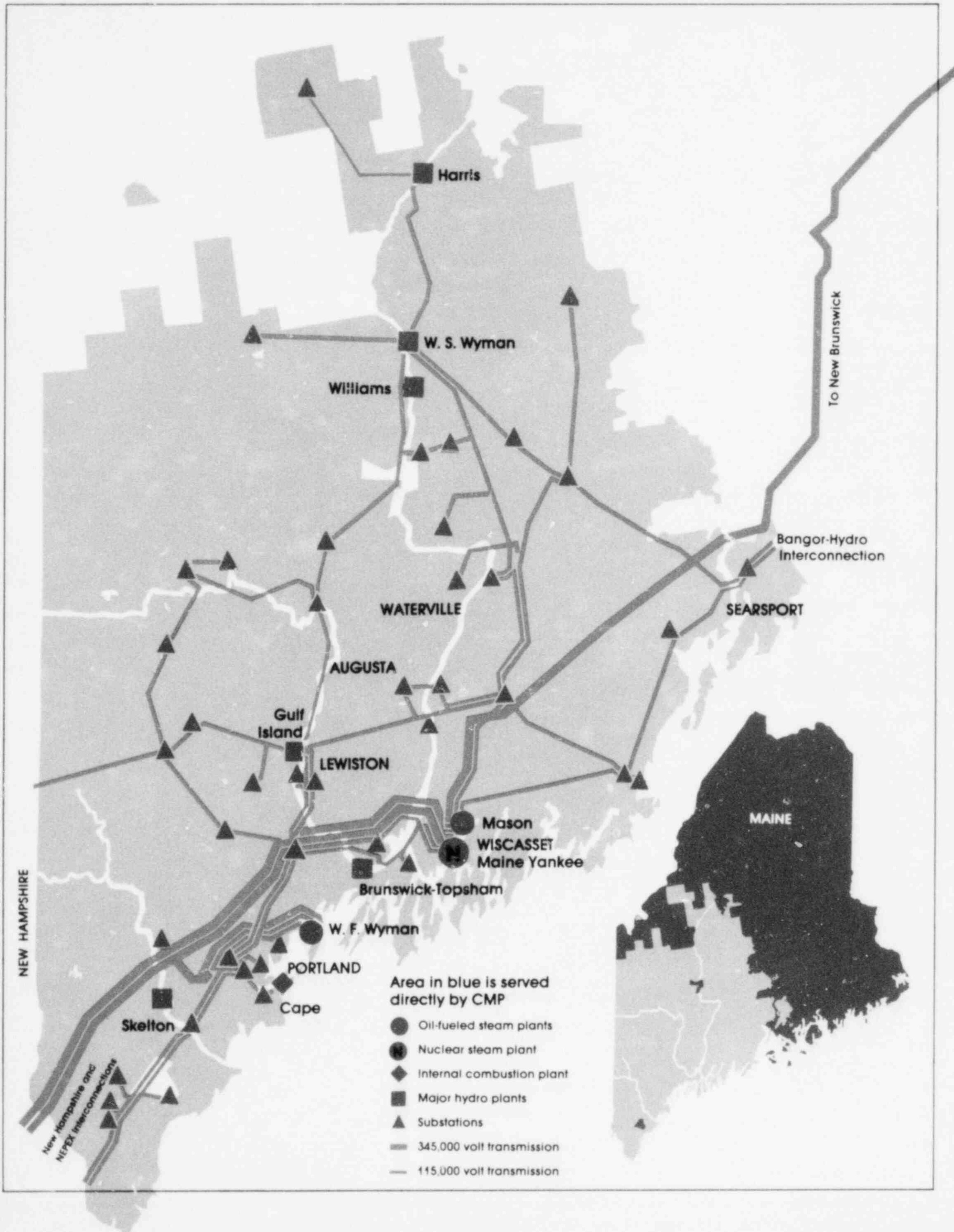
Earnings per share of common stock in 1981 were $1.8[illegible]. Although earnings in 1982 increased to $2.02 per share of common stock, the Company continues to earn less than its allowed rate of return. In March 1983, the Company filed with the PUC for additional rate relief of $53 million. The PUC must, under Maine law, render a decision in late 1983.

It is difficult for the Company to predict the financial impact on earnings per share and capital requirements of factors such as inflation, additional environmental and regulatory requirements, and the political involvement in utility regulation. The Company's number one commitment to its shareholders in the 1980's is to earn a fair return on their investment and maintain its value, thereby sustaining investor loyalty and the ability to attract new capital on reasonable terms.

Due to current retail rate making practices which focus on historical cost, the disallowance of a cash return on CWIP and flow through of tax deferrals that otherwise would provide cash flow, the Company is faced with making substantial investments in projects requiring long construction periods with large amounts of non-cash earnings. The Company will continue to request improvements in its cash return in rate filings.

Construction expenditures for 1983, exclusive of AFC, are estimated at $107 million and $401.3 million for 1984-1987. The Company must also generate additional funds to meet preferred stock and mortgage bond sinking fund requirements and debt maturities. The Company plans to raise approximately $131 million through financings planned for 1983. The remaining planned expenditures, plus working capital requirements, will be financed by internal sources and short-term borrowings.

Service Area



CMP Common Stock is Listed for Trading

on the New York Stock Exchange (ticker symbol CTP). The stock is abbreviated CeMPw in daily newspaper listings of New York Stock Exchange transactions.

Stock Transfer

Stock transfers will be made at the Company's office in Augusta, Maine, or at Manufacturers Hanover Trust Company, 4 New York Plaza, New York, N.Y.

Registrars of Stock

Depositors Trust Company, Augusta, Maine, Manufacturers Hanover Trust Company, New York, N.Y.

Annual Meeting

Third Thursday each May

Form 10-K Available

Copies of CMP's Form 10-K, Securities and Exchange Commission Annual Report, are available free of charge. Requests and other inquiries should be directed to: Shareholder Services Department, Central Maine Power Company, Edison Drive, Augusta, Maine 04336 (207-623-3521).

Too Many Annual Reports?

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