CENTRAL VERMONT PUBLIC SERVICE CORPORATION

1982 Annual Report

our dividend was increased to an annual rate of $2.26 per share

our earnings reached an all-time high of $3.79 per share

our energy management and conservation program was launched

Profile

Central Vermont Public Service Corporation is the largest electric utility in Vermont. We supply electricity to more than half of all Vermonters

We serve them from a general office in Rutland and 13 district offices located throughout the service territory. We provide electricity to some New Hampshire residents as well, through our subsidiary, Connecticut Valley Electric Company, Inc.

Our customers are industrious, ingenious and well prepared to weather economic ailments that befall much of the rest of the country. At the end of 1982 the Vermont unemployment rate was two-thirds that of the rest of the nation. The recession-resistant economy of Vermont relies on a healthy mixture of high-tech and other manufacturing, agriculture and tourism. Our five largest retail customers account for about four percent of sales.

We supply electricity to a state with a skilled and conscientious labor force that benefits from good management and a positive business climate. We enjoy an environment of unmatched natural beauty and abundant natural resources. Yet we are close to major population centers as well as the source of potential future hydroelectric power, adjacent Canada.

CENTRAL VERMONT PUBLIC SERVICE CORPORATION

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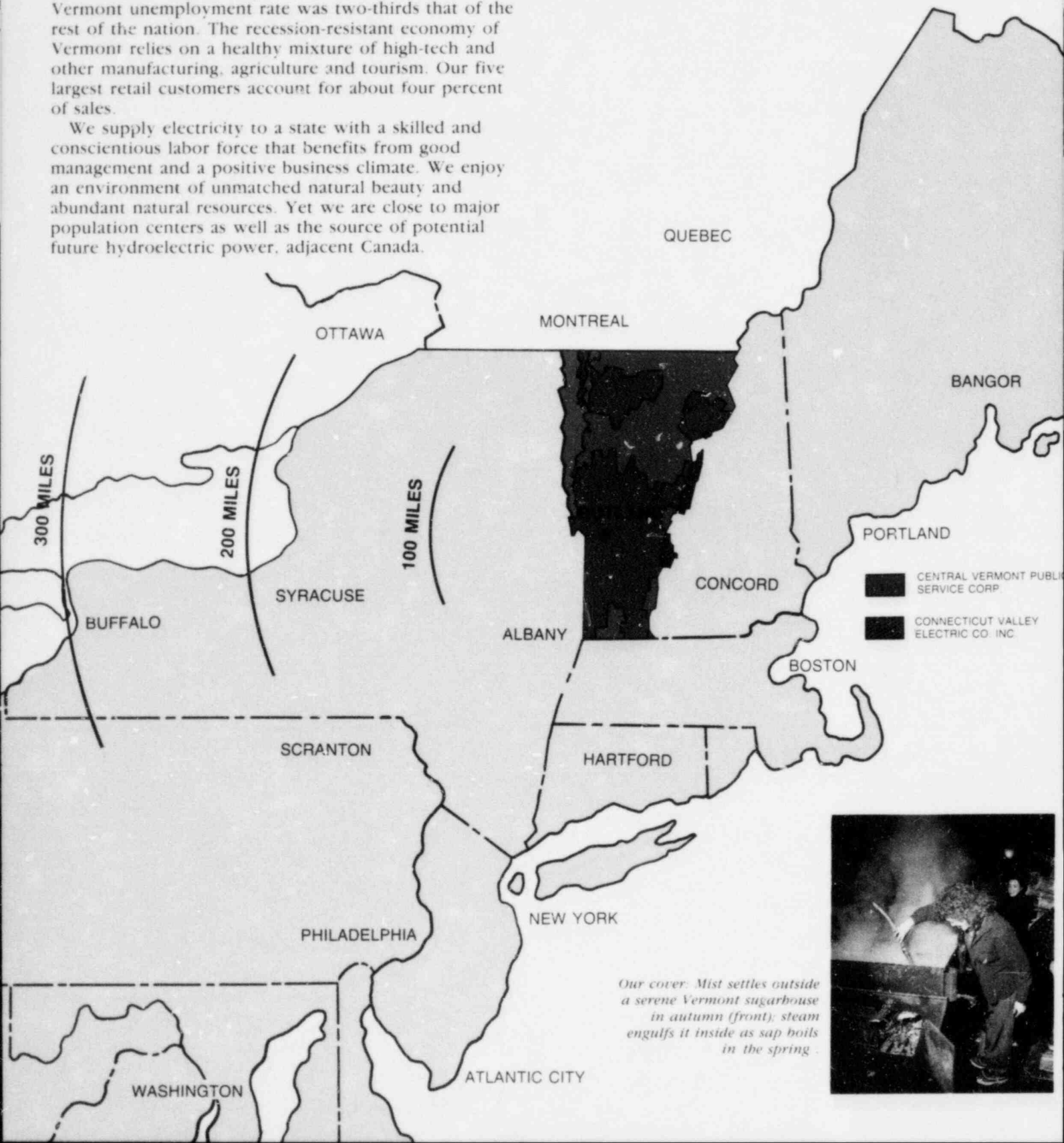
Contact Alice L. Del Bianco, Corporate Secretary



Our cover: Mist settles outside a serene Vermont sugarhouse in autumn (front); steam engulfs it inside as sap boils in the spring.

Highlights

	1982	1981	% Change
Financial (dollars in thousands)			
Revenues	$133,663	$117,339	+13.9
Net Income	$ 16,210	$ 13,866	+16.9
Net Income for Common Stock	$ 13,807	$ 11,370	+21.4
Construction Expenditures	$ 33,338	$ 21,145	+57.7
Net Utility Plant	$181,059	$149,197	+21.4
Total Capitalization	$209,769	$188,862	+11.1
Average Shares of Common Stock Outstanding	3,641,083	3,042,263	+19.7
Debt/Percent of Total Capitalization	43.2%	47.3%	- 8.7
Return on Common Equity (Average)	16.1%	16.4%	- 1.8
Per Share of Common Stock			
Net Income	$ 3.79	$ 3.74	+ 1.3
Dividends Paid	$ 2.15½	$ 1.97	+ 9.4
Book Value (Year-End)	$23.75	$23.70	+ .2
Operating			
Retail Electric Sales (MWH)	1,796,353	1,790,117	+ .3
System Peak Demand (KW)	391,700	394,500	- .7
System Load Factor	60.7%	59.9%	+ 1.3
Degree Days (Rutland, Vermont)	7,810	7,800	+ .1
Customers	115,354	114,475	+ .8
Employees	585	583	+ .3

Contents

Letter to Shareholders

In 1982 we topped our record earnings performance of 1981. Earnings reached a new high. Annual dividends paid increased 18½ cents per share. The market value of our common stock hit a 10-year high. We made significant progress toward obtaining important new power sources.

Our record earnings of $3.79 per share resulted primarily from the outstanding performance of our power supply, especially the Vermont Yankee Nuclear Power plant which produced nearly half of all the electricity we delivered, and a rate increase of 12.4 percent in Vermont retail rates. Vermont Yankee enjoyed its best year ever in 1982, with a capacity factor of 93.3 percent. That operating record made Vermont Yankee the number one nuclear plant of its type in the world and number three of all types of nuclear plants. Another important factor was our continuing emphasis on cost control and productivity. We supplied 25 percent more electricity to 8 percent more customers than we did 10 years ago. Yet we did it with 12 percent fewer employees.

The dividend rate reached $2.26 annually, up 6.6 percent, as we continued our policy of increasing dividends regularly when financially feasible.

During the year a landmark agreement was reached by the New England Power Pool (NEPOOL) and Hydro Quebec to make 700 megawatts available annually from the vast hydroelectric resources of Quebec to Vermont and New England. Long-term firm power contracts are now being negotiated with Hydro Quebec. Your company, through its subsidiary, the Vermont Electric Power Company, Inc. (VELCO), has an active role in these negotiations.

VELCO, on behalf of the company and NEPOOL, has requested regulatory approval to construct a 450 kilovolt direct current transmission line that would connect Quebec with Vermont and New England. We expect a favorable decision in early 1983. The line should be ready for operation in 1986.

In the first phase of the project Central Vermont will get 31 megawatts. With the completion of the second phase in 1990 we expect an additional 56 megawatts. This important new energy source, in addition to our being a part of the New England Power Pool, will help offset any reductions that may develop when existing Vermont contracts with The Power Authority of the State of New York (PASNY) expire in 1985. Meanwhile, we are working closely with Vermont state officials as they attempt to renegotiate the PASNY contracts as favorably as possible after 1985. Smith Station in Bradford, Vermont, our first major hydro project in 30 years, began commercial operation on December 20, ahead of schedule. Power from the 1.5 megawatt facility located on the Waits River was flowing into our lines in time to meet peak winter demands. Ontario and New Brunswick power opportunities are being explored. The Joseph C. McNeil woodchip plant in Burlington was ahead of schedule. It is expected to be completed early in 1984. We will receive 10 megawatts from this 50 megawatt facility.

Current Power Year

Also during 1982 we received a favorable decision from the Vermont Public Service Board (PSB) on our proposed Current Power Year (CPY) mechanism, which will let us recover purchased power costs on a more timely basis, protect us against the effects of unforeseen power cost increases, increase financial stability for the company and present the customer with more orderly and predictable rate changes. With the Current Power Year in effect, we will forecast and submit to the PSB rates which reflect our estimated power costs for the ensuing year. At the end of each year a reconciliation will be made. If we overestimate the power costs the difference will be credited with interest. If we underestimate, the difference will be included in the next year's forecast and power bills. Our power costs normally represent about 60 percent of our year's total operating costs.

The Partnership With Our Customers

Increasing the efficiency of our existing electric system and power sources is the primary motive behind our "CV & YOU: Partners in Energy Conservation" program. If we can utilize the existing system rather than build new and expensive plants and capacity for present and future customers, we can turn in a better financial performance and save our customers money, too. Everybody benefits.

Our water heater insulation jacket effort, part of CV & YOU, saved more than six million kilowatt hours on an annual basis by the end of the year, and it's a saving that will continue in the future. Six million kilowatt hours will power 750 homes each year.

Operation Peak Alert, a voluntary customer conservation program to help keep down the peak demand for electricity during the cold winter months, is gaining much more participation. In its fourth year, it has gained awareness by 87 percent of our customers.

Some of our customers have begun small generation projects and are selling electricity to the company. These projects include hydro, windmills, a methane generator at a municipal landfill and an innovative methane generator that uses cow

manure. Although these projects produced a little less than one percent of our total power needs in 1982, more of them are emerging as we move into 1983.

The Future

It will take tireless attention to managing the company in the most cost-effective manner to repeat the outstanding performances of recent years. This we are dedicated to give. In 1982 we established a Methods Improvement Program to analyze and evaluate internal procedures and practices. We recognize that corporate performance depends substantially on the efforts of our employees and they are by far the company's most powerful, fundamental corporate resource. The objective of the Methods Improvement Program is to assist our employees in developing more effective and efficient work techniques.

We also took steps to strengthen our management team. Richard W. Mallary, our executive vice president, took on new responsibilities in external affairs and rates. We appointed Robert E. Schill, our long-time vice president of finance and corporate planning, to the new position of vice president of strategic corporate planning. Darrow R. McLeod was elected vice president of engineering and division administration. Wesley W. von Schack joined CV as vice president-finance and chief financial officer.

Important changes in our future power supply, projected growth rates, capital costs and the characteristics of our service territory have led us to undertake major new strategies for managing our company in the future. At the same time we shall continue to cope with the impact of inflation. We expect we will maintain profitability in the years to come primarily by managing our company in the most cost-effective manner possible, by continuing to increase productivity and manage our growth rate. Effective energy management and conservation and reduction of growth in both peak demand and energy consumption will reduce the need for expensive capital additions.

As we face these changes and challenges, we are developing a strategic plan to guide us in the future. The Long-Range Policy Study Committee of the Board of Directors has also been active in assisting management in establishing policies for current and future operations. The overall goals are:

I To provide a supply of electric power with its transmission and distribution which is adequate, reliable and safe at the lowest possible cost to our customers.

II To improve continually the financial posture of the company to benefit both shareholders and customers.

III To continue our efforts for cost control, minimizing costs, yet recognizing needs to serve customers.

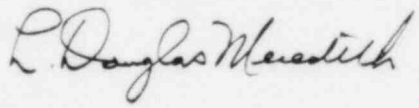
IV To meet load growth goals.

V To establish good communications and good relationships with our shareholders, our customers and all other external groups.

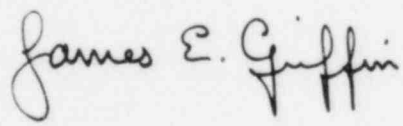
VI To maintain good management/employee relations and an efficient and dedicated work force.

VII To continue to conduct all facets of the company's business in accordance with high moral and ethical standards and in observance of all applicable laws and regulations.

As we look ahead, we want to thank our customers, our employees, and our shareholders of long standing, and also the many who acquired shares for the first time in 1982, for continued support of the company.



L. DOUGLAS MEREDITH
Chairman



JAMES E. GRIFFIN
President and Chief Executive Officer

L. Douglas Meredith *James E. Griffin*

Energy Management and Conservation

In 1982 we combined economical power sources with a variety of energy management and conservation strategies. Our customers welcomed these efforts and we worked together profitably to provide reliable service at reasonable cost.

Management has succeeded in making our customers more aware of the benefits of reducing the pace of growth of electricity use and reducing the requirement for expensive peaking power. We are studying a consistent set of programs which, if carried out, could result in:

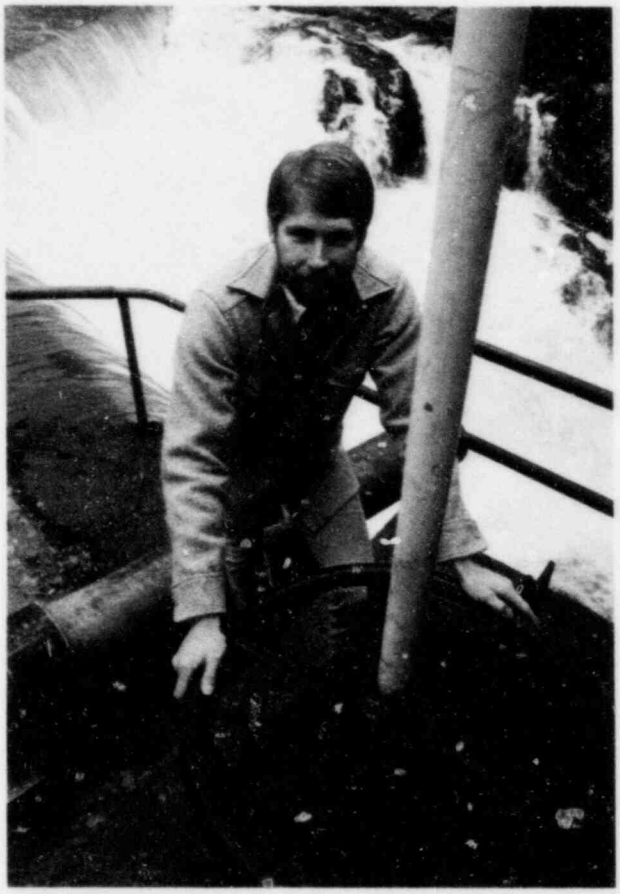
1. Annual capacity growth not to exceed 1.5 percent.
2. Annual energy growth not to exceed 1.8 percent.

While management took the initiative to limit both categories of growth it was only with the perception and understanding of our customers that we were able to make important strides in these efforts during the year.

It is an indisputable fact that since 1974 Vermonters have exhibited an aversion to fuel oil that is unmatched in the nation. A higher percentage of Vermonters heat their homes with wood than residents of any other state. The State Energy Office reports that forty-six percent use wood as their primary source of heat. Another 10 percent use at least supplementary wood heat. During the winter of 1981–1982 Vermont residents burned more than half a million cords of wood. Kerosene and coal are making comebacks.

Bob and Gerry Weeks take advantage of our time-of-day rate for electric heat. They use lower-cost electricity during off-peak hours and supplement their heat with a wood stove during peak hours.

"Whenever I open this headgate and the water starts producing electricity, I recall all the work my father, our family and our partner put in to renovate this old hydro station. It gives me a lot of satisfaction to supply the CV system with a renewable energy source." — Jeffrey Wallin, co-owner of the Comtu Falls station on the Black River in Springfield, Vermont, a 200-kilowatt project.



This 250-kilowatt wind machine stands astride Little Equinox Mountain in Manchester, Vermont, on the property of the Carthusian Foundation in America. It operated for 2,000 hours in 1982, its first year. It was put on-line by the Carthusians and private investors to produce electricity for Foundation facilities. Surplus is sold to CV.

Alternative energy plans and installations of many kinds emerge regularly.

Our customers combine the wood and other alternative fuels with our time-of-day and storage electric heat rates. These efforts, coupled with the exceptional operating record of Vermont Yankee, helped us cut our company consumption of oil-fired generation in *half*, from 10 percent to only five percent of total system output.

We polled our customers at mid-year with a bill insert questionnaire and learned that our favorability rating remained well above both New England and national averages. Nearly three quarters of our customers were convinced, even in the face of rising electricity prices, that we are doing our best to provide reliable service at the lowest possible cost. They indicated support of such long-term programs as seasonal and time-of-day rates and of course they demonstrated this support, along with a willingness to attempt new efforts. These efforts included insulation of water heaters, management of demand on a local, community basis, and control of peak load.

Harold Coughlin (left), operator of several McDonald's Family Restaurants, displays special placemat to promote electricity conservation designed by CV and printed and distributed by McDonald's, while Jack Moore, CV special projects manager, holds water heater insulation jacket. Weekly drawings in the restaurants promoted the jackets and conservation throughout the service territory.

In 1982 the company and our customers became partners. We established "CV & YOU, Partners in Energy Conservation," as our theme. Its overall objective is to assist our customers in electrical energy conservation. During the year, acknowledgement of the merits of the program came from our customers, members of state government, and the media.

We launched that cooperative venture at our May annual meeting. Its three facets are these:

1. Sale of low-cost, high-insulation-value fiberglass water heater jackets.
2. Community Demand Management as a pilot program.
3. A renewed and expanded commitment to our peak demand control program, Operation Peak Alert.

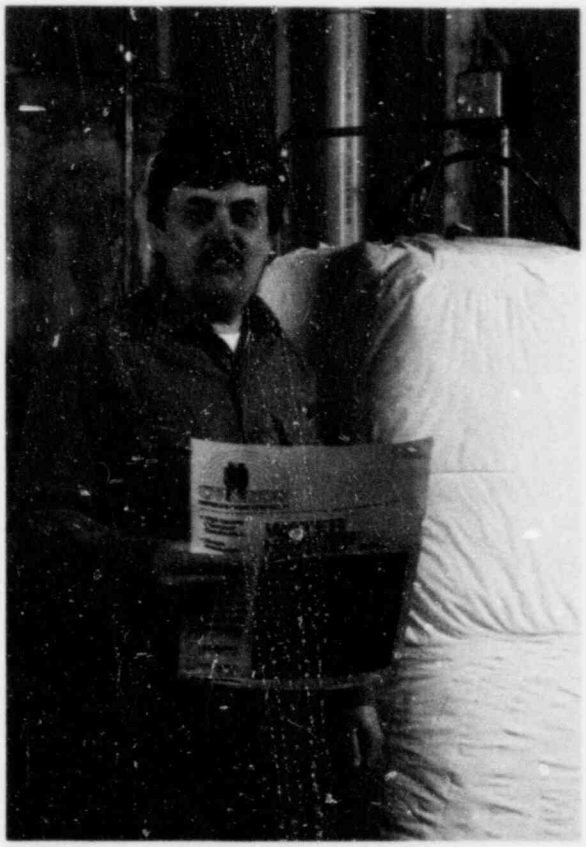
Fundamental to the water heater insulation effort is the concept of conservation without deprivation. The heater sits in a cool basement, its thermostat maintaining a temperature which is reduced constantly by standing tank energy loss. In this situation the R-10 jacket cuts the loss in half. Annually, it saves each heater 700 kilowatt hours. Depending on his water heater rate, it saves each owner $20 to $50 per year.

In the short span of May to December 1982 a total of 9,000 customers bought these jackets at $10 each, and reduced energy consumption by more than six million kilowatt hours annually.

Our overall objective is to jacket every one of the 56,000 electric water heaters in the system. Our 1983 goal is to jacket 12,000 of them to bring the total insulated to 21,000 by the end of the year.

While considering the painless aspect of such conservation it is well to note that

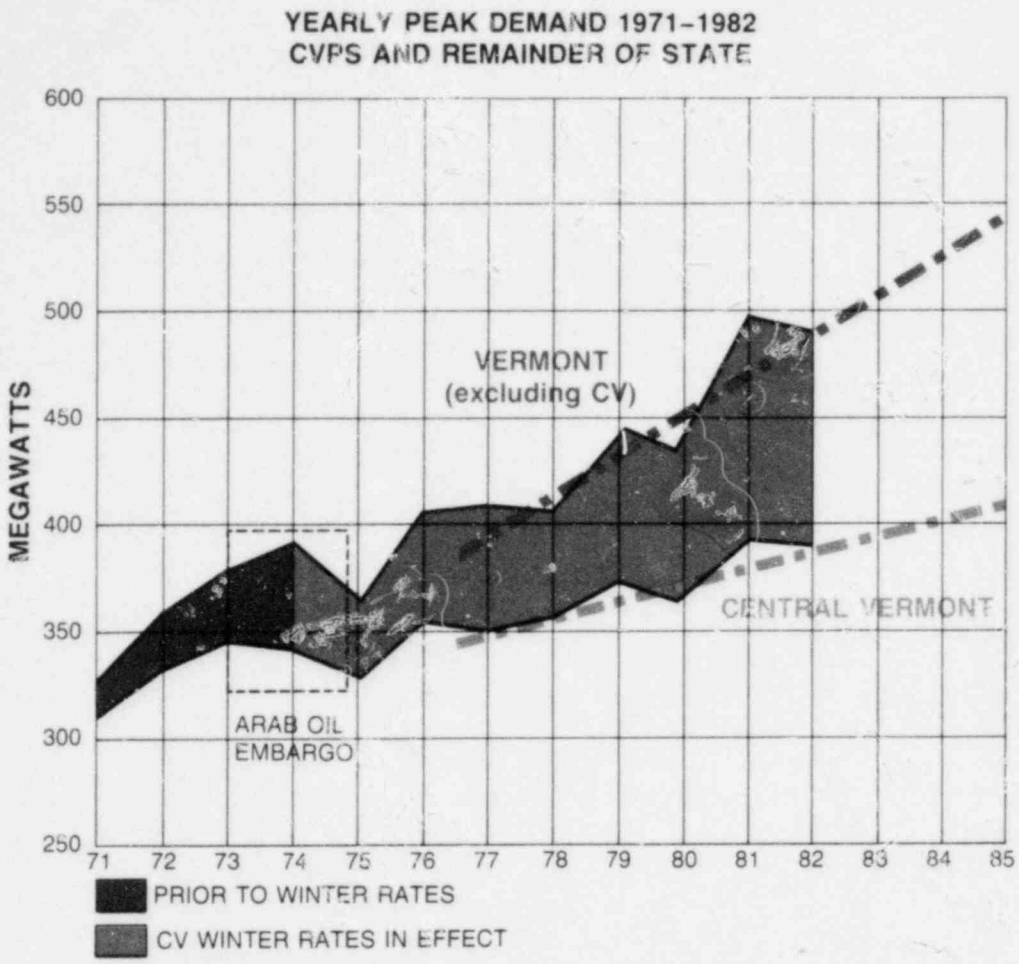
"I installed a CV water heater insulation jacket because I know it will save me money and electricity that otherwise would simply be wasted by standing tank loss."
— Rutland Town customer Tom Neuffer, who, with his daughter, Jennifer, is shown below installing the jacket.



annual average residential kilowatt-hour consumption in Vermont is 15 percent greater than the rest of New England and that much of the difference is made up by electric water heaters.

St. Johnsbury, Vermont, home of Colt Industries' Fairbanks Weighing Division, is located in the northeast region of the state. It is one of the coldest communities in the state and a heavy user of electricity. During the year the prestigious Fairbanks Museum there, known as well for its meteorology and educational programs as for its exhibits of antiquity, became one of our partners in energy conservation by helping us launch our first community demand management project.

Each day during the three coldest months of the winter season, December, January and February, museum professionals reported the St. Johnsbury consumption of electricity.



Mark Breen, a meteorologist with the Fairbanks Museum in St. Johnsbury, Vermont, promotes energy management by broadcasting community electrical demand levels along with the winter day's forecast on the local radio station as part of the Community Demand Management program.

Fairbanks meteorologists combined megawatt levels with weather statistics on daily radio programs as well as in regular newspaper columns. Meanwhile, other museum staff members and company energy conservation specialists met periodically in workshop sessions with residents to analyze community electricity consumption and ways to keep it under control.

Our mid-year survey revealed that 87 percent of our customers knew about Operation Peak Alert, a system-wide capacity control effort that shaved the system peak in the previous winter season. But we knew awareness alone wasn't enough. Increased participation in the face of growing consumption would be imperative if we expected to repeat the '81–'82 performance.

In early December we mailed each of our 100,000 residential customers a specially designed "Peak Alert Calendar" with a

"Our methane gas generating operation helps solve a manure handling problem. It provides barn bedding for my Holsteins and it brings in cash from the sale of electricity. That's during peak periods, when CV needs it the most." — Dairyman George Foster of Middlebury, Vermont, with circulators that pump hot water to the manure digester to maintain optimum temperature for methane gas production.

detailed explanation of the need to avoid a new peak in the ensuing "season" of December, January and February. It asked customers to identify appliances they would resolve not to use when our system load would approach a peak and we would notify radio and television stations throughout the state to air recorded announcements that a Peak Alert was in effect.

As the year drew to a close we gained several partners in energy conservation from the ranks of community organizations and businesses. Members of 4-H clubs promoted and sold water heater jackets. McDonald's restaurants throughout the service territory printed and distributed placemat/tray liners we designed with special messages that helped further the objectives of our energy management and conservation programs. Such "partnerships" continued into the new year and inspired others to join us both as individuals and as groups.

In addition to these independent efforts to conserve electricity, we were the primary support of the Residential Conservation Corporation, a statewide organization that performs home heat loss audits and recommends corrective measures.

Community Breakfasts

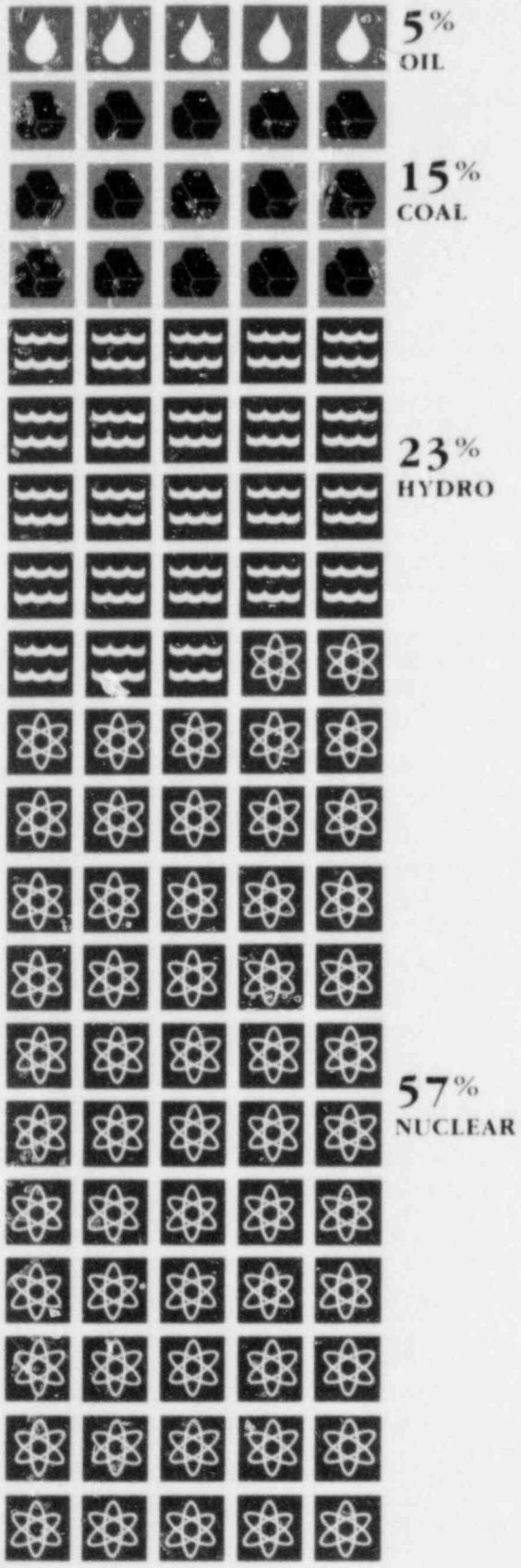
In 1982 we continued the tradition of informing our customers of our activities through a series of breakfast meetings with business and community leaders throughout our service area.

President Griffin stimulated our customers by identifying the challenging issues facing the company and our customers. He then drew upon a series of charts and graphs that effectively communicated the company's position on major issues including rate increases, winter/summer rate design and nuclear power.

Our president's direct approach to the issues was well received and there is ample evidence that customers are behind our efforts to hold their costs down.

President James E. Griffin uses charts to illustrate his breakfast meeting talk with community leaders.

1982 Power Supply



A favorable power supply mix with little dependence on oil played a key role in the outstanding performance by our company during 1982. In addition to nuclear, hydro, coal and oil, Canadian sources in Ontario and Quebec added to our power source diversity and we received small but growing amounts of generation from customer-owned hydro, windmills and biomass operations.

Oil

We cut our dependence on oil-fired electricity in half, from 10 percent in 1981 to only 5 percent of total system needs in 1982. Power produced from oil came from our own turbines, directly from other generating stations in New England and through NEPEX, the operating arm of the New England Power Pool (NEPOOL).

Coal

Fifteen percent of 1982 generation was produced by coal. That was one percent more than the preceding year. Seven percent of the power came from the Merrimack plant in New Hampshire. Ontario Hydro delivered the rest.

Hydro

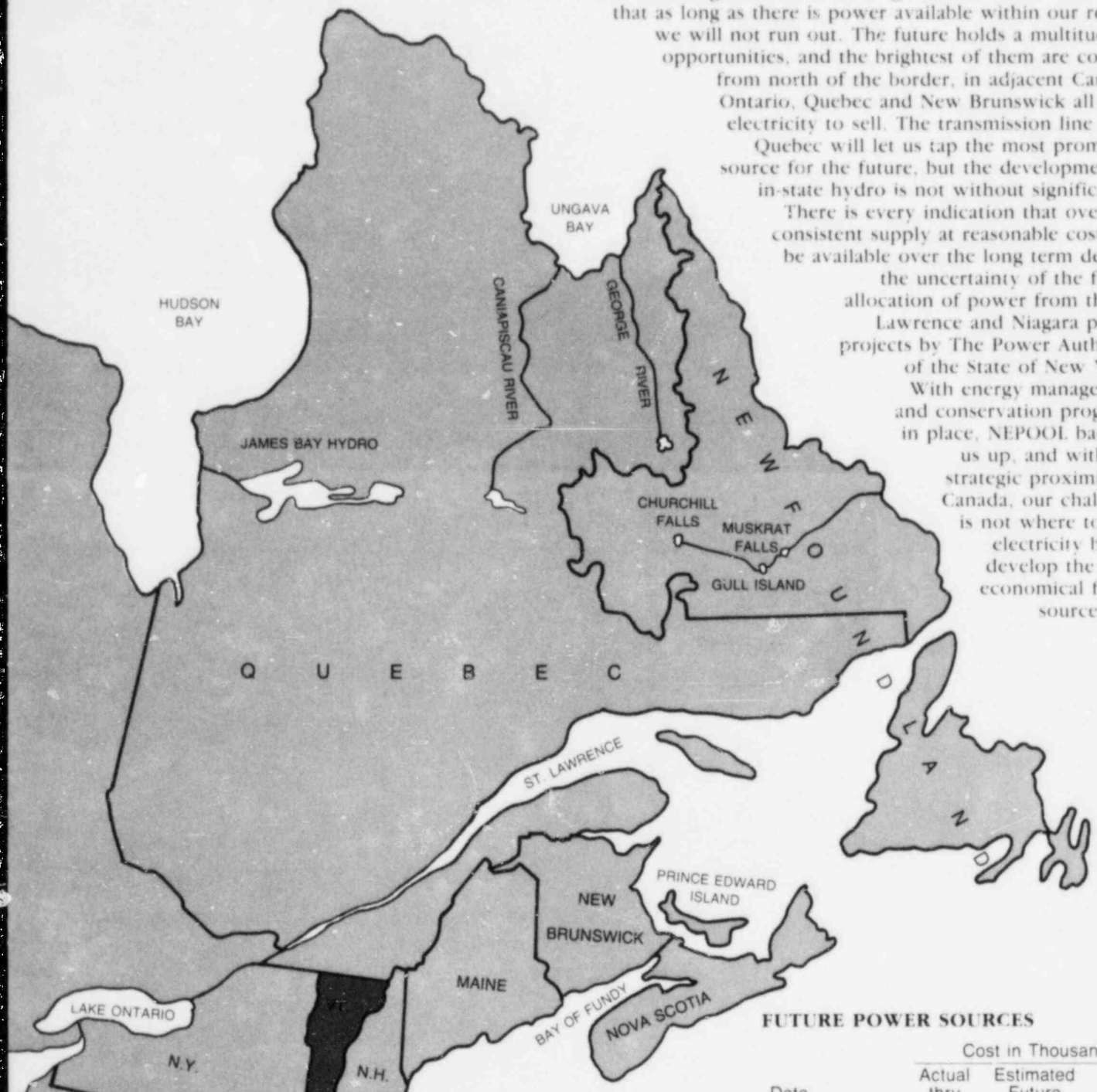
Our percentage of hydro power fell in 1982 to 23 percent from the 30 percent produced in 1981, largely as a result of lower river flows for our Vermont hydro stations. While the spring run-off season was excellent, the summer was quite dry and autumn was almost arid. The Power Authority of the State of New York provided about 70 percent of the hydro while our own facilities generated the rest. Our newest addition, Smith Station at Bradford, Vermont began commercial operation on the Waits River December 20. It is rated at 1.5 megawatts.

Nuclear

Nuclear power plants in New England produced 57 percent of our total system output in 1982. Vermont Yankee produced 49 percent alone, with lesser amounts provided by Maine Yankee, Connecticut Yankee and Yankee Atomic in Massachusetts. Vermont Yankee, of which CV is a 35 percent owner, marked its 10th year of operation in 1982 by turning in its best running record ever. Operating at 93.3 percent of capacity, it was the year's best-performing boiling water reactor in the world.

Future Power Supply

The strength to support the Central Vermont electrical system comes from many sources, and underlying all of them is the New England Power Pool agreement, which assures us that as long as there is power available within our region we will not run out. The future holds a multitude of opportunities, and the brightest of them are coming from north of the border, in adjacent Canada. Ontario, Quebec and New Brunswick all have electricity to sell. The transmission line from Quebec will let us tap the most promising source for the future, but the development of in-state hydro is not without significance. There is every indication that overall a consistent supply at reasonable cost will be available over the long term despite the uncertainty of the future allocation of power from the St. Lawrence and Niagara power projects by The Power Authority of the State of New York. With energy management and conservation programs in place, NEPOOL backing us up, and with our strategic proximity to Canada, our challenge is not where to find electricity but to develop the most economical future source mix.



FUTURE POWER SOURCES

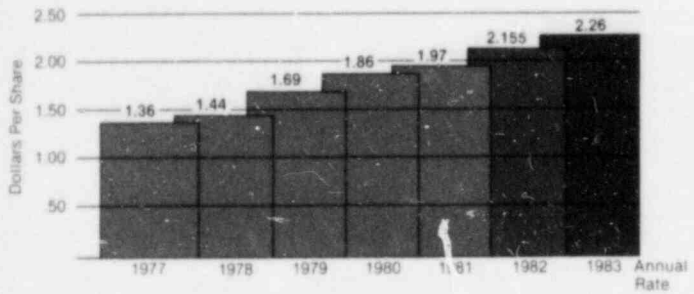
Unit Name	Date on-line	MW	Cost in Thousands: Actual thru 1982	Estimated Future Costs	Total
East Barnet (Hydro)	1984	2.2	$ 993	$ 4,449	$ 5,442
Joseph C. McNeil (Wood)	1984	10.0	5,869	8,131	14,000
Frog Hollow (Hydro)	1986	1.8	238	4,958	5,196
Seabrook #1 & #2 (Nuclear)	1984, 87	36.6	41,815	45,247	87,062
Millstone #3 (Nuclear)	1986	19.9	30,681	35,580	66,261
Hydro-Quebec (Hydro)	1986	—	Power Contracts for Energy Banking/Non-Firm Purchases Beginning in 1986		

Earnings and Return to Investors

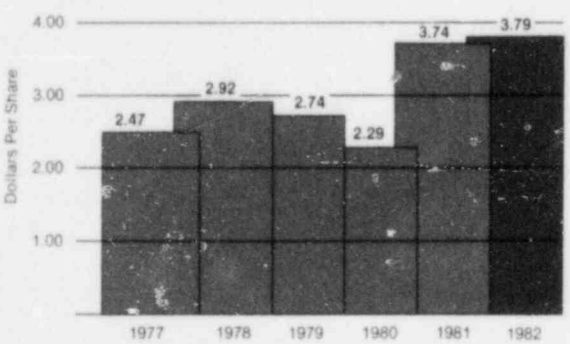
Earnings in 1982 reached a record $3.79 per share, up from $3.74 in 1981, despite a 20 percent increase in the average number of shares of common stock outstanding. For the second consecutive year we earned the return on common stock equity of 16 percent allowed by the Vermont Public Service Board. We have now earned our allowed return on common stock equity in three of the past five years. The allowed return on common equity was 14.5 percent for the period 1974 through 1980.

Your directors increased the dividend rate on common stock by 6.6 percent, to an annual level of $2.26 per share, up from $2.12, maintaining their policy of increasing dividends regularly when financially feasible. In 1982 the dividend payout represented 57 percent of earnings. During the past five years our dividends have kept pace with inflation.

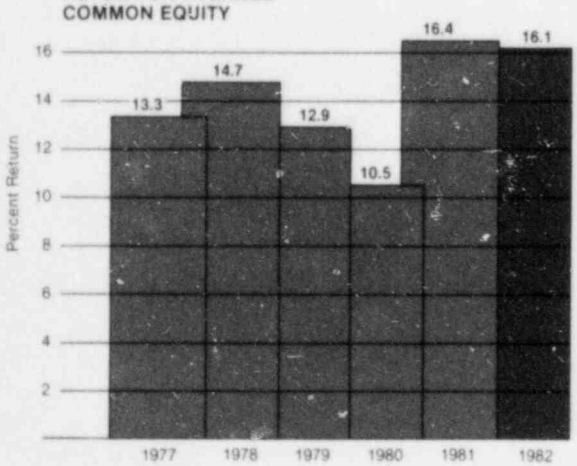
DIVIDENDS PER COMMON SHARE



EARNINGS PER COMMON SHARE



RETURN ON AVERAGE COMMON EQUITY



Revenues and Sales

Both revenues and sales increased to record levels in 1982. Revenues reflected rate increases to both retail and wholesale customers as well as a three-tenths of one percent increase in retail kilowatt hour sales. A Vermont retail rate increase of 12.4 percent effective May 1 as well as a higher than usual level of sales to other New England utilities were the major reasons for increased revenues, as shown in the table below. For 1983, we look forward to another year of modest, orderly sales growth in the range of about two percent, excluding off-system sales.

The 1982 sales pattern reflected very cold

SUMMARY OF REVENUES AND SALES
(dollars are in thousands)

	1982	1981	1980	1979	1978	1977
Revenues:						
Operating revenues	**$133,663**	$117,339	$90,735	$78,185	$75,019	$69,121
Growth in retail sales	**394**	2,549	3,259	1,012	3,930	667
Increased retail rates	**9,049**	18,382	7,010	1,325	1,886	4,701
Increased wholesale and other revenues (sales and rate increases, including off-system sales*)	**6,881**	5,673	2,281	829	82	199
Net increase over prior year	**$ 16,324**	$ 26,604	$12,550	$ 3,166	$ 5,898	$ 5,567
Sales:						
Total MWH(000) Sales	**2,333**	2,112	1,913	1,826	1,776	1,680
MWH(000) (excl. all off-system sales*)	**1,972**	1,952	1,890	1,799	1,770	1,654
KWH growth (excl. off-system %)	**1.0%**	3.3%	5.1%	1.6%	7.0%	1.1%

**Off-system sales include periodic sales to other utilities and to NEPOOL.*

weather during the early months and very warm weather during the latter part of the year. Residential sales and commercial sales increased by 1.8 percent and 5.3 percent, respectively, in line with our long-term forecast. Industrial sales overall, however, declined by 2.5 percent reflecting the national economic slowdown. The Vermont economy remained more buoyant throughout the year than that of the rest of the nation. Unemployment in the state remained at a level of about two-thirds of the national rate.

The diversified sources of sales and revenue from retail customers by classification for 1982 were:

	$(000)	%	MWH	%
Residential	51,662	45.5	799,624	44.5
Commercial	14,165	12.5	189,674	10.6
Industrial	39,424	34.8	699,055	38.9
Public Authority	8,202	7.2	108,000	6.0
TOTAL RETAIL	113,453	100.0	1,796,353	100.0

Our system peaks in winter. Year-to-year fluctuations in growth are affected by weather variations as well as business cycles and trends. The present long-range forecast indicates that over the next 10 years on the basis of present conditions and company programs we will experience average annual growth in energy sales of 2.4 percent and in capacity of 2.1 percent. Management is developing a set of programs which are intended to decrease our long-term energy growth to 1.8 percent and capacity growth to 1.5 percent.

Rate Case Activity

During 1982 we continued to pursue an aggressive policy of seeking expeditious rate relief. We are subject to the jurisdiction of three regulatory bodies. Retail revenues in Vermont, which account for approximately 80 percent of operating revenues, are subject to the jurisdiction of the Vermont Public Service Board (PSB). New Hampshire retail revenues, representing approximately 6 percent of total revenues, are subject to the jurisdiction of the New Hampshire Public Utilities Commission (NHPUC). The balance of our regulated revenues are subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC). All three of these bodies approved rate increases for our business in 1982.

In addition to the previously mentioned PSB order authorizing a $12 million increase on an annual basis, the PSB approved, for a two-year trial period, a Current Power Year mechanism (CPY). This will allow us to recover on a more timely basis, beginning in 1983, our purchased power capacity and total energy costs. The CPY should provide both improved financial stability for the company and rate stability for our customers. Although the CPY has been appealed by the Department of Public Service to the Vermont Supreme Court, we are very hopeful that the PSB order authorizing the CPY will be upheld.

The NHPUC approved an increase in the retail rates of Connecticut Valley Electric Company, our wholly owned subsidiary, of $1.7 million on an annual basis. The FERC approved a settlement reached with wholesale customers, granting us an annual increase of $355,000, effective June 1, 1982.

RATE INCREASES (Dollars in Thousands)

	Requested			Approved		
	Filed	Amount	Percent	Effective	Amount	Percent
VERMONT						
#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	6.2%	4/23/80	2,324	3.3%
#4496	9/4/80	3,450	4.6%	10/6/80	3,450	4.6%
#4504	11/26/80	18,031	22.8%	1/1/81	15,105	19.62%
#4634	12/23/81	21,686 (1)	22.6%	5/1/82 (temp.)	12,000	12.5%
				10/1/82 (final)	11,891	12.37%
NEW HAMPSHIRE						
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%
	update			1/1/81	44	.7%
DR-80-178	8/7/80	514	7.5%	9/30/80	514	7.5%
DR-82-67	2/25/82	1,259	13.7%	4/1/82	1,170	12.8%
DR-83-55	12/28/82	90	1.0%	2/1/83	84	1.0%
FEDERAL ENERGY REGULATORY COMMISSION (FERC)						
ER80-422	5/30/80	931	13.4%	8/2/80	786	11.3%
ER81-649	7/31/81	122	1.8%	1/1/82	1,259 (1) (2)	17.3%
ER81-660	8/5/81	784	37.6%	10/5/81	633	30.4%
ER82-411	3/30/82	422	19.3%	6/1/82	355	16.2%
—	12/14/82	90	1.1%	4/1/83	90	1.1%

(1) Revised filing based on forecast 1982 costs. (2) Subject to adjustment in May 1983 based on 1982 Actual Expenses.

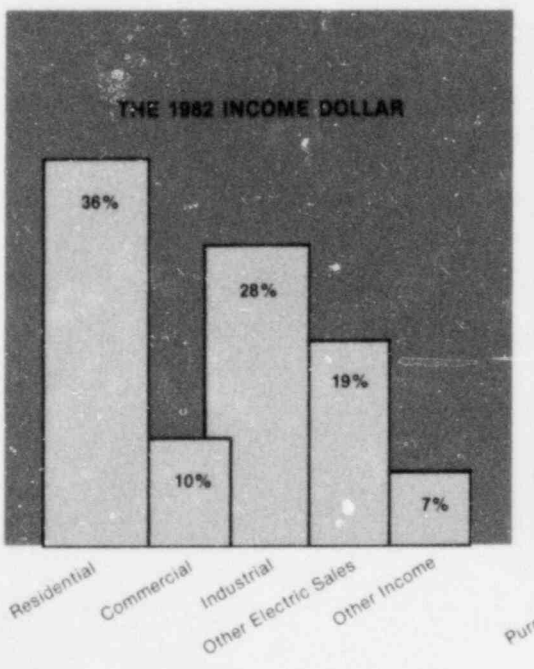
Operating Expenses

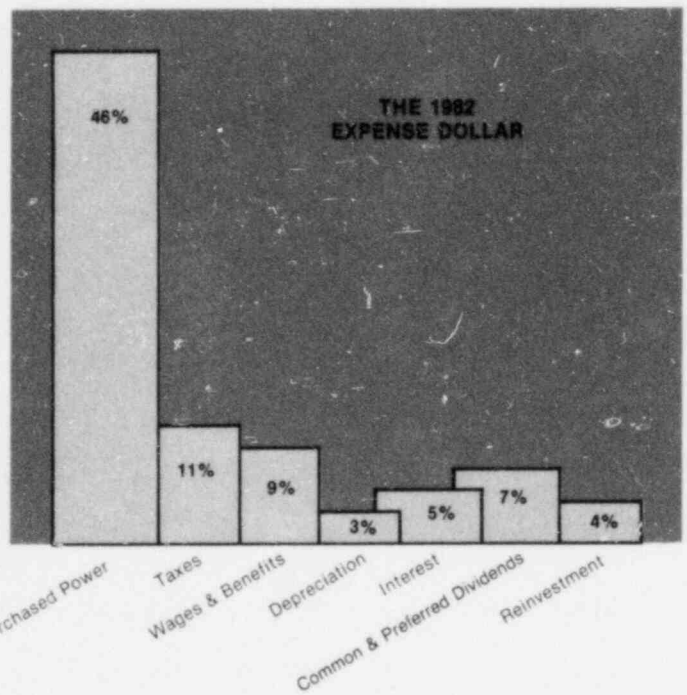
Purchased power costs were 56 percent of operating expenses in 1982, the largest share of total operating costs. These costs are summarized in the table below:

	1982	1981	1980	1979	1978
		(dollars in thousands)			
Capacity	**$35,817**	$30,686	$22,873	$18,682	$17,563
Energy	**29,027**	29,551	24,791	15,988	14,743
Purchased Power	**$64,844**	$60,237	$47,664	$34,870	$32,306
% Operating Costs	**56%**	58%	59%	51%	50%

Capacity costs continued to increase, but at a slower rate than in the past several years. Energy costs also rose less dramatically than in prior years. Although our hydroelectric output was less than normal for the year (excellent in the spring but poor in the fall), nuclear facilities at our disposal provided 57 percent of total system needs. Led by the Vermont Yankee record performance, they operated at extremely high levels during the entire year.

Costs in areas other than purchased power also continued to increase. We are working to offset these increased costs by instituting productivity improvement programs and cost control techniques. Computer technology is being applied increasingly, in such operations as the transfer of bank funds and the on-line customer file access in each of our division offices. Economic evaluation of virtually all capital expenditures is being expanded. During the year we delivered more electricity to more customers with fewer employees than ever before.





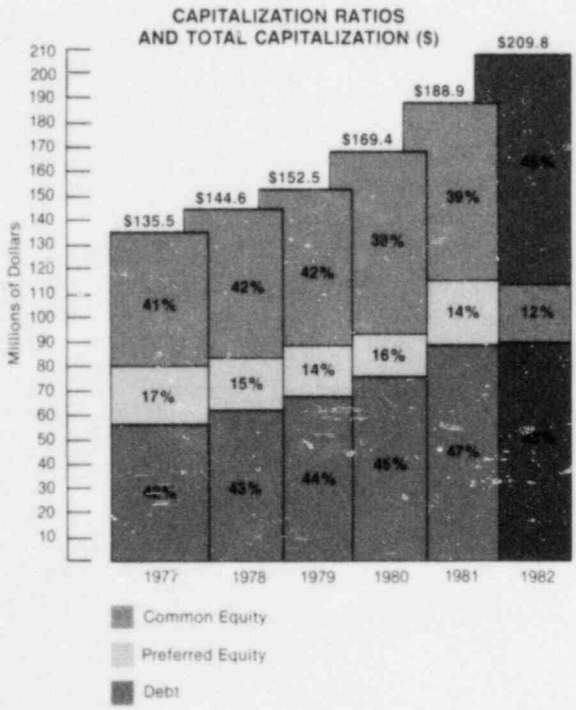
Capital Requirements

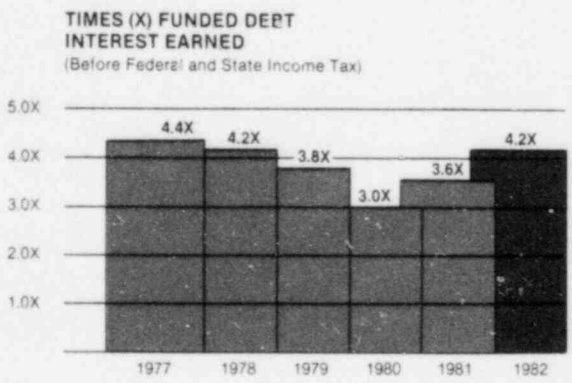
In April a public sale of 750,000 shares of our common stock raised $12.4 million of new common equity. The most recent prior public sale of this type was in 1976. This financing not only improved our common stock equity ratio in accordance with our long-term objectives but also provided the company with sufficient cash to avoid short-term borrowings as interest rates peaked.

Through our Dividend Reinvestment and Common Stock Purchase Plan (DRP) and the Tax Reduction Act Stock Ownership Plan (TRASOP), we sold an additional 100,000 shares of common stock, raising $1.8 million. The Dividend Reinvestment Plan became more important as shareholder participation steadily increased during the year from 10 percent to 16 percent in 1982. Shares purchased with reinvested dividends have been offered at a five percent discount since the beginning of 1983. We expect this source of capital to continue to grow and provide a larger share of our new common equity needs over the next few years.

At the end of 1982 common equity represented 45 percent of capitalization; preferred equity represented 12 percent and long-term debt made up 43 percent. Our interest coverage ratio also remained at a satisfactory level of four times funded debt requirements.

Our long-term financial goals include (1) maintaining a long-term debt ratio of no more than 45 percent; (2) maintaining coverage ratios of at least 3.5 times interest on funded debt; and (3) financing as required to eliminate all short-term debt at least once a year.





Construction Program

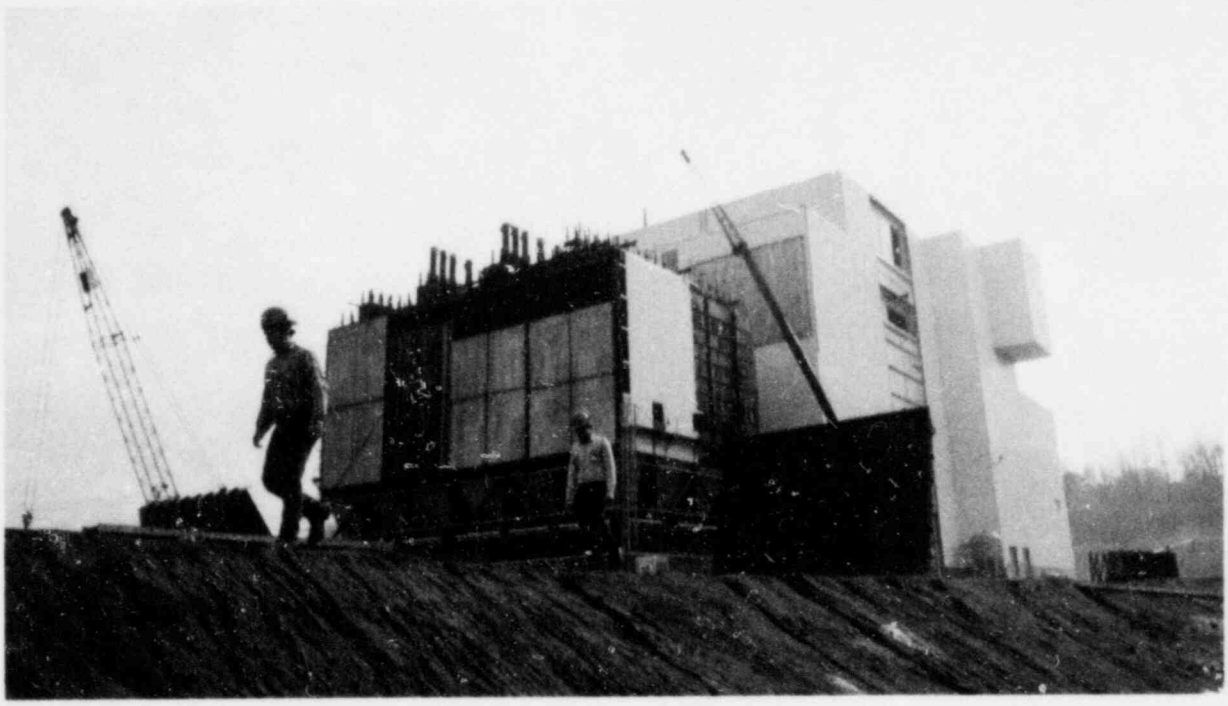
Our 1982 construction program totaled $30 million excluding Allowance for Funds During Construction (AFDC). A 1.5 megawatt hydroelectric facility in Bradford, Vermont, was completed on schedule and within budget. Substantial progress was made on the 50-megawatt Joseph C. McNeil wood-fueled generating facility in Burlington, Vermont. We own 20 percent of the McNeil unit, which is scheduled for operation in early 1984 and currently is on schedule and under budget.

Our present construction program will peak in 1983. It will decline thereafter as our planned generation projects go on line over the next five years. The program is directed heavily toward generation projects, including the East Barnet facility (hydro), the McNeil plant (wood), and the Millstone and Seabrook nuclear projects (see page 11).

ESTIMATED CONSTRUCTION EXPENDITURES
(Excluding AFDC)
(millions)

Year	1983	1984	1985	1986	1987
Totals	$35.5	$29.0	$26.0	$22.0	$17.0

At present we plan to spend approximately $130 million on construction over the next five years and we expect to finance approximately half of that amount with internally generated funds.



Top: Welder at work inside McNeil woodchip plant in Burlington, Vermont.
Bottom: Photo shows progress at end of 1982.

FINANCIAL STATEMENTS

Contents

Selected Financial Data *(dollars in thousands except amounts per share)*

	1982	1981	1980	1979	1978	1977
For the year:						
Operating revenues	$133,663	$117,339	$ 90,735	$ 78,185	$ 75,019	$ 69,121
Net income	$ 16,210	$ 13,866	$ 8,902	$ 9,767	$ 10,368	$ 9,170
Return on average common stock equity	16.1%	16.4%	10.5%	12.9%	14.7%	13.3%
Net income per share of common stock	$3.79	$3.74	$2.29	$2.74	$2.92	$2.47
Cash dividends per share of common stock	$2.15½	$1.97	$1.86	$1.69	$1.44	$1.36
Total funds from operations	$ 24,944	$ 25,654	$ 17,874	$ 16,857	$ 14,029	$ 11,140
Dividends declared	$ 9,953	$ 8,480	$ 7,619	$ 6,705	$ 6,099	$ 6,006
Construction and plant expenditures	$ 33,338	$ 21,145	$ 15,573	$ 13,065	$ 13,961	$ 10,766
Total funds from operations less dividends, as a percent of construction expenditures	45.0%	81.2%	65.9%	77.7%	56.8%	47.7%
At end of year:						
Construction work in progress	$ 83,753	$ 56,446	$ 48,572	$ 36,759	$ 28,583	$ 21,874
Long-term obligations	$101,177	$100,657	$ 87,730	$ 72,858	$ 68,863	$ 64,734
Total capitalization	$209,769	$188,862	$169,433	$152,466	$144,573	$135,523
Total assets	$251,012	$233,834	$211,195	$180,514	$166,557	$155,509

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

The Company's operating results for the years 1977 through 1982 reflect continuing inflationary pressure on costs, a pattern of moderate growth and the effect of several rate increases. Significant retail rate increases in the last three years have increased revenues. Although the Company's net income and return on common stock equity declined in 1979 and 1980, they rebounded strongly in 1981 and 1982. Contributing to the 1981 and 1982 results were several rate increases as well as the excellent operating experience of the Vermont Yankee nuclear plant.

Operating Revenues

Since the mid-1970s the growth in KWH sales has been modest. The following table shows the percent increase in retail sales and the sources of increased operating revenues for each of the last six years (dollars in thousands):

	1982	1981	1980	1979	1978	1977
Growth in retail KWH sales	.2%	2.5%	4.1%	1.4%	5.9%	1.0%
Revenue growth from:						
Growth in retail KWH sales	$ 354	$ 2,549	$ 3,259	$1,012	$3,930	$ 667
Increased retail rates	9,049	18,382	7,010	1,325	1,886	4,701
Increased wholesale and other revenues	6,881	5,673	2,281	829	82	199
Net increase over prior year	$16,324	$26,604	$12,550	$3,166	$5,898	$5,567

In each of the last three years, substantial increases in operating revenues have been necessary to recover spiraling purchased power and other operating expenses and to provide an adequate return on investment to stockholders. This growth in revenue results principally from recent Vermont retail rate increases of 12.37% effective May 1, 1982, 19.62% effective January 1, 1981, and several increases in 1980 aggregating 16.1%. Retail rate adjustments have also been achieved in New Hampshire, and rate adjustments to our wholesale customers have been received from the FERC.

Year-to-year fluctuations in retail KWH sales are affected by cold weather patterns since many of our customers use electricity for heating. In 1982, sales were also affected by the economic slowdown experienced throughout the nation. Over the past six years, KWH sales have increased at an average annual rate of 2.5%, reflecting continued energy conservation by our customers. 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 10 years.

Operating Expenses

Costs of purchased power 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 six years were as follows (dollars in thousands):

	1982	1981	1980	1979	1978	1977
Purchased						
Capacity	$35,817	$30,686	$22,873	$18,882	$17,563	$18,404
Energy	29,027	29,551	24,791	15,988	14,743	10,979
Total	$64,844	$60,237	$47,664	$34,870	$32,306	$29,383

Capacity costs have accelerated dramatically in the last three years, after remaining relatively constant for several 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. Energy costs, which had increased steadily for many years, leveled off in 1982 principally because of the outstanding operating performance of the Vermont Yankee nuclear plant during the year. The Company was able to buy 46% more units of energy from this plant in 1982 than the prior year because the plant had no scheduled shutdown for refueling in 1982 and no major unscheduled outages during the year.

The units of energy purchased by the Company grew by 2.8%, 6.9%, 1.5%, 6.4%, 7.3% and 12.5% for the years 1977 through 1982, respectively. Vermont Yankee's performance during 1982 contributed to the major increase in the units of energy purchased in 1982. Note 9 to the Consolidated Financial Statements contains a summary of the Company's energy sources for the last six years. During 1982 the Company received a larger than normal portion of its energy from nuclear generating companies, because of the absence of a refueling shutdown for the Vermont Yankee plant, and a lower portion from miscellaneous sources, principally oil-fired plants.

The Company's hydroelectric generation declined in 1982 after being higher than normal in 1981. Energy from this source is considerably less expensive than the alternative, which is to purchase energy. In 1980, due to reduced rainfall, the Company experienced the lowest amount of hydro generation in 16 years.

Maintenance expenses rose in 1981 and 1982 due to higher maintenance expenditures for the Company's hydroelectric production facilities and for transmission and distribution lines. Other operation expenses grew in virtually every major category in 1981 and 1982. In addition, other operation expenses include $829,000 in 1982 to amortize over a 10-year period the canceled Pilgrim #2 nuclear generating unit. As described more fully in Note 3 to the Consolidated Financial Statements, an additional $2,999,000 of expense related to this abandoned project was charged against Other Income in the Statement of Income for 1982.

Cost of Money

Interest expense on long-term debt has increased steadily in recent years as a result of issuance of First Mortgage Bonds at higher interest rates as follows:

Series	Interest Rate	Amount	Date of Issue
Y	9½%	$ 8,000,000	October 1978
Y	9½%	$ 2,000,000	January 1979
Z	10⅝%	$ 4,250,000	September 1979
Z	10¾%	$10,750,000	January 1980
AA	15⅞%	$15,000,000	June 1981

On April 27, 1982, the Company sold 750,000 shares of new common stock with net proceeds to the Company of about $12,200,000. This sale resulted in a 24% increase in the number of shares outstanding. The proceeds were used to repay short-term debt outstanding and the balance was invested until needed to finance planned construction. The average short-term borrowings during 1982 decreased sharply compared with 1981, leading to a significant reduction in other interest expense. Other interest expense increased in 1981 due to a larger amount of average short-term borrowings and higher average short-term interest rates. Note 6 to the Consolidated Financial Statements contains additional information on the Company's short-term borrowing arrangements, available lines of credit and commercial paper financing.

Construction Program and Financing

The Company is participating, as a joint-owner, with other electric utilities in the planning and construction of several generating units. The Company is obligated to provide funds in future years to finance these projects as described in Note 9 to the Consolidated Financial Statements. These joint-ownership 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, continue to 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 $5,134,000, $7,930,000, $10,152,000, $10,255,000, $17,174,000 and $14,991,000 for the years 1977 through 1982, respectively. This represented 48%, 57%, 78%, 66%, 81% and 45% of construction and plant expenditures in each of the years 1977 through 1982, 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, generally are paid when long-term debt or equity securities are issued.

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 allowance for equity funds and borrowed funds used during construction has 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 and Millstone units. The AFDC rates used by the Company ranged from 9.32% in 1977 to 12.05% in 1982.

Inflation and Changing Prices

Inflation continues to have a significant impact on virtually every aspect of our business, including purchased power, other operating expenses, construction expenditures and cost of money. Beginning in 1983, the Company will be able to recover increases in purchased power costs on a more timely basis through the Current Power Year (CPY) mechanism approved by the Vermont Public Service Board. This will reduce the effects of unforeseen power cost increases and enhance the financial stability of the Company.

Note 11 to the Consolidated Financial Statements contains certain information about the effects of changing prices on the historical financial information of the Company. The information is considered to be experimental and provides only an approximation of 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					
	1982	1981	1980	1979	1978	1977
OPERATING REVENUES	$133,663	$117,339	$90,735	$78,185	$75,019	$69,121
OPERATING EXPENSES						
Operation						
Purchased power	64,844	60,237	47,664	34,870	32,306	29,383
Production and transmission	7,795	7,577	6,507	5,797	5,235	4,940
Other operation	16,790	13,672	11,937	10,965	10,891	10,163
Maintenance	6,900	5,863	4,380	4,200	3,654	3,281
Depreciation	4,147	3,805	3,664	3,466	3,148	3,048
Other taxes, principally property taxes	5,085	4,764	4,347	4,288	3,994	3,899
Taxes on income (Note 7)	10,699	7,369	2,712	4,250	4,861	4,457
Total operating expenses	116,260	103,287	81,211	67,836	64,089	59,171
OPERATING INCOME	17,403	14,052	9,524	10,349	10,930	9,950
OTHER INCOME AND DEDUCTIONS						
Equity in earnings of companies not consolidated	2,541	2,669	2,219	2,327	2,314	2,268
Allowance for equity funds during construction	3,577	2,577	2,495	1,684	1,173	742
Other income (expenses), net	(1,478)	1,391	394	184	189	331
Taxes on income (Note 7)	705	(799)	(329)	(310)	(299)	(282)
TOTAL OPERATING AND OTHER INCOME	22,748	19,890	14,303	14,234	14,307	13,009
INTEREST EXPENSE						
Interest on long-term debt	8,950	7,612	6,376	5,066	4,284	4,150
Other interest	386	1,441	729	879	402	60
Allowance for borrowed funds during construction	(2,798)	(3,029)	(1,704)	(1,478)	(747)	(371)
Net interest expense	6,538	6,024	5,401	4,467	3,939	3,839
NET INCOME	16,210	13,866	8,902	9,767	10,368	9,170
RETAINED EARNINGS, JANUARY 1	29,149	23,763	22,480	19,418	15,149	11,985
	45,359	37,629	31,382	29,185	25,517	21,155
CASH DIVIDENDS DECLARED						
Preferred stock	2,403	2,496	2,098	1,772	1,954	2,136
Common stock	7,550	5,984	5,521	4,933	4,145	3,870
Total dividends	9,953	8,480	7,619	6,705	6,099	6,006
RETAINED EARNINGS, DECEMBER 31	$ 35,406	$ 29,149	$23,763	$22,480	$19,418	$15,149
Average shares of common stock outstanding	3,641,083	3,042,263	2,972,066	2,921,527	2,881,111	2,848,759
NET INCOME PER SHARE OF COMMON STOCK	$3.79	$3.74	$2.29	$2.74	$2.92	$2.47
DIVIDENDS PER SHARE OF COMMON STOCK	$2.15½	$1.97	$1.86	$1.69	$1.44	$1.36

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheet

(dollars in thousands)

	December 31	
	1982	1981
ASSETS		
UTILITY PLANT, at original cost	$136,826	$129,359
Less accumulated depreciation	39,520	36,608
	97,306	92,751
Construction work in progress	83,753	56,446
Net utility plant	181,059	149,197
INVESTMENTS IN AFFILIATES, at equity (Note 2)	24,839	24,835
NONUTILITY PROPERTY, less accumulated depreciation	4,118	3,986
CURRENT ASSETS		
Cash	1,112	940
Accounts receivable, less allowance for uncollectible accounts	12,385	15,768
Unbilled revenue	12,393	13,232
Materials and supplies, at average cost	1,757	2,037
Prepayments	1,662	1,766
Other current assets	535	490
Total current assets	29,844	34,233
TERMINATED PROJECTS (Note 3)	5,296	8,763
OTHER DEFERRED CHARGES	5,856	12,820
	$251,012	$233,834
CAPITALIZATION AND LIABILITIES		
CAPITALIZATION		
Common stock, $6 par value, authorized 5,000,000 shares; outstanding 3,932,482 shares and 3,080,511 shares, respectively (Note 4)	$ 23,595	$ 18,483
Other paid-in capital (Note 4)	34,405	25,361
Retained earnings (Note 4)	35,406	29,149
Total common stock equity	93,406	72,993
Preferred and preference stock (Note 4)	15,186	15,212
Preferred stock with sinking fund requirements (Note 4)	10,630	11,300
Long-term debt (Note 5)	90,547	89,357
Total capitalization	209,769	188,862
CURRENT LIABILITIES		
Notes payable—banks	4,400	1,000
Commercial paper	—	6,800
Accounts payable	3,873	5,954
Accounts payable—affiliates	5,410	4,505
Accrued interest	1,103	1,149
Accrued income taxes	4,672	1,159
Other current liabilities	2,463	1,831
Total current liabilities	21,921	22,398
DEFERRED INCOME TAXES	10,731	16,931
DEFERRED INVESTMENT TAX CREDITS	8,256	5,209
DEFERRED CREDITS AND MISCELLANEOUS RESERVES	335	434
COMMITMENTS AND CONTINGENCIES (Note 9)		
	$251,012	$233,834

See accompanying notes to consolidated financial statements.

Consolidated Statement of Changes in Financial Position

(dollars in thousands)

	Year Ended December 31					
	1982	1981	1980	1979	1978	1977
SOURCE OF FUNDS						
Funds from operations						
Net income	$16,210	$13,866	$ 8,902	$ 9,767	$10,368	$ 9,170
Principal non-cash charges (credits) to income						
Depreciation	4,147	3,805	3,664	3,466	3,148	3,048
Deferred income taxes and investment tax credits	(3,153)	9,074	7,436	3,137	(1,439)	2,080
Allowance for equity funds during construction	(3,577)	(2,577)	(2,495)	(1,684)	(1,173)	(742)
Dividends received more (less) than equity income	(264)	(329)	141	50	369	401
Amortization of deferred power costs	3,000	5,058	2,441	1,376	835	623
Amortization of terminated projects	4,214	264	105	105	105	105
Other, net	4,367	(3,507)	(2,320)	640	1,816	(3,545)
Total funds from operations	24,944	25,654	17,874	16,857	14,029	11,140
Funds from outside sources						
Long-term debt	2,793	15,862	10,750	6,250	8,000	300
Preferred stock	—	—	8,000	—	—	—
Common stock	14,195	1,100	847	724	535	429
Change in short-term debt	(3,400)	(4,500)	(1,200)	6,900	1,300	5,300
Total funds from outside sources	13,588	12,462	18,397	13,874	9,835	6,029
Total funds provided	$38,532	$38,116	$36,271	$30,731	$23,864	$17,169
USE OF FUNDS						
Construction and plant expenditures	$33,338	$21,145	$15,573	$13,065	$13,961	$10,766
Dividends declared	9,953	8,480	7,619	6,705	6,099	6,006
Investments in affiliates	(260)	(63)	90	172	(240)	(50)
Retirement of long-term debt	1,603	2,265	2,538	915	2,531	2,146
Retirement of preferred stock	670	670	1,340	1,340	1,340	1,340
Net increase (decrease) in other working capital items	(7,312)	6,307	2,289	5,849	(622)	(4,441)
Other, net	540	(688)	6,822	2,685	795	1,402
Total funds used	$38,532	$38,116	$36,271	$30,731	$23,864	$17,169
CHANGES IN CTHER WORKING CAPITAL ITEMS						
Accounts receivable	$ (1,074)	$ 1,644	$ 4,005	$ 230	$ 643	$ (494)
Refundable income taxes	(2,309)	(2,993)	5,302	746	—	—
Unbilled revenue	(839)	6,182	637	290	1,691	(13)
Cash and other current assets	(167)	118	(95)	654	(1,004)	(43)
Accounts payable	1,176	2,316	(7,146)	(801)	343	(807)
Accrued income taxes	(3,513)	(557)	(392)	4,718	(2,424)	(2,241)
Other current liabilities	(586)	(403)	(22)	12	129	(843)
Net increase (decrease) in other working capital items	$ (7,312)	$ 6,307	$ 2,289	$ 5,849	$ (622)	$ (4,441)

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 subsidiaries.

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 3.63% of the cost of depreciable utility plant for the years 1977 through 1982.

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 7. 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 9.32%, 10.27%, 11.13%, 11.15%, 11.89% and 12.05% for the years 1977 through 1982.

Deferred Charges: Certain costs are deferred and amortized in accordance with rate-making policies of regulatory authorities. See Note 3. 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 unscheduled Vermont Yankee shutdowns in 1973 and 1980 were deferred. As approved by the PSB, these deferred costs, which totaled $3,374,000 and $3,833,000, are being amortized to expense over a 10-year period commencing January 1, 1974 and a 5-year period commencing January 1, 1981, respectively.

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

		December 31	
	Ownership	1982	1981
Nuclear generating companies:			
Vermont Yankee Nuclear Power Corporation	31.3%	$18,207	$18,215
Maine Yankee Atomic Power Company	2.0%	1,336	1,337
Connecticut Yankee Atomic Power Company	2.0%	1,439	1,441
Yankee Atomic Electric Company	3.5%	744	732
		21,726	21,725
Other affiliate:			
Vermont Electric Power Company, Inc.	58.4%	3,113	3,110
		$24,839	$24,835

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. 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. See Note 9 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	
	1982	1981
Earnings		
Operating revenues	$106,256	$ 88,171
Net income applicable to common stock	$ 5,739	$ 5,823
Company's equity in net income	$ 1,794	$ 1,822
Investment		
Total assets, principally utility plant	$232,759	$242,552
Less:		
Preferred stock	14,907	16,065
Long-term debt	72,688	84,335
Other liabilities and deferred credits	86,263	83,426
Net assets	$ 58,901	$ 58,726
Company's equity in net assets	$ 18,207	$ 18,215

Vermont Yankee has entered into a financial arrangement with a bank to borrow up to $40,000,000 of which $10,500,000 was outstanding at December 31, 1982. The Company has guaranteed its proportionate share of obligations under this arrangement.

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	
	1982	1981
Earnings		
Transmission revenues	$11,303	$10,781
Operating expenses	6,949	6,590
Operating income	4,354	4,191
Other income	236	407
Total operating and other income	4,590	4,598
Net interest expense	4,183	4,196
Net income	$ 407	$ 402
Company's equity in net income	$ 231	$ 229
Investment		
Net utility plant	$51,048	$48,998
Current assets	11,330	13,261
Other assets	276	891
Total assets	62,654	63,150
Less:		
First mortgage bonds	39,272	41,210
Current liabilities	17,691	16,560
Other liabilities	363	57
Net assets	$ 5,328	$ 5,323
Company's equity in net assets	$ 3,113	$ 3,110

Note 3 — Terminated projects: The PSB order granting the 1982 rate increase, among other things, permits the recovery of costs of certain abandoned projects, including the Pilgrim #2 nuclear generating unit. The company has a 1.78% joint-ownership interest in the proposed Pilgrim #2 generating unit which was canceled by the lead sponsor in October 1981. The PSB has allowed the recovery of the $8,290,000 of incurred costs over a ten-year period beginning January 1, 1982, without a return on the unrecovered costs during the recovery period. In 1982 $829,000 related to this project has been amortized to operating expenses. The PSB decision requires the shareholders to absorb some of the cost of this canceled project. Accordingly, after one year of amortization the investment is recorded at the discounted present value of $4,462,000 at December 31, 1982, and $2,999,000 has been charged against Other Income in the Statement of Income for 1982.

Note 4 — Capital stock: Cumulative preferred and preference stock outstanding was as follows (dollars in thousands):

	December 31	
	1982	1981
Preferred stock, $100 par value, authorized 500,000 shares		
Outstanding:		
4.15 % Series; 37,856 shares	$ 3,786	$ 3,786
4.65 % 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	8,000
13.50 % Series; 26,300 shares (1981 — 33,000 shares)	2,630	3,300
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; 2,64€ shares (1981 — 3,154 shares)	132	158
Preference stock, $1 par value, authorized 1,000,000 shares		
Outstanding — none	—	—
Total cumulative preferred and preference stock	$25,816	$26,512

The second preferred stock currently is convertible into common stock at $17.75 per share. As of December 31, 1982, 7,453 shares of common stock were reserved for conversion. In 1982, 508 shares of second preferred stock were converted into 1,412 shares of common stock.

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 $1,600,000 per annum, not to exceed $2,400,000.

Changes in other paid-in capital were as follows (dollars in thousands):

	Year Ended December 31		
	1982	1981	1980
Conversion of second preferred stock to common stock	$ 17	$ 17	$ 15
Excess of proceeds over par value from sales of common stock (850,559 shares in 1982, 75,000 shares in 1981 and 56,662 shares in 1980)	9,091	650	507
Amortization of capital stock expense related to the 13.50% and 12.75% series preferred stock	169	38	78
Preferred and common stock issuance expenses	(233)	(23)	(113)
	$9,044	$682	$487

The indentures relating to long-term debt and the Articles of Association contain certain restrictions on the payment of cash dividends on common stock. Under the most restrictive of such provisions, approximately $28,000,000 of retained earnings was not subject to dividend restriction at December 31, 1982.

Note 5 — Long-term debt: A summary of long-term debt follows (dollars in thousands):

	December 31	
	1982	1981
First Mortgage Bonds		
5 % Series L, due 1987	$ 876	$ 881
5⅛% Series M, due 1995	4,530	4,555
6¾% Series N, due 1996	4,600	4,625
7¼% Series O, due 1992	1,850	1,860
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	4,875	5,250
3⅞% Series W, due 1982	—	775
3¾% Series X, due 1984	3,103	3,123
9½% Series Y, due 2003	10,000	10,000
10⅖% Series Z, due 2004	15,000	15,000
15⅞% Series AA, due 1996	15,000	15,000
Debentures		
4⅞%, due 1987	3,060	3,150
7 %, due 1993	8,000	8,200
10⅝%, due 1995	2,940	3,010
Vermont Industrial Development Authority Bonds		
12⅛%, due 2011	3,655	862
Other	58	66
Total long-term debt	$90,547	$89,357

Based on issues outstanding at December 31, 1982, 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 $828,000, $4,391,000, $1,942,000, $1,900,000 and $6,861,000 for the years 1983 through 1987, respectively. Substantially all property and plant is subject to liens under the First Mortgage Bonds. Vermont Industrial Development Authority Bonds are redeemable at the option of the bondholders in 1984.

Note 6 — Short-term debt: The Company uses bank loans and issues commercial paper to finance temporarily its construction program and for other corporate purposes. As of December 31, 1982 the Company had annual bank lines of credit, which are normally renewed, expiring at various times in 1983, to support its bank loans and commercial paper, with varying compensating balance requirements. These range generally from maintenance of average compensating balances equal to 5% to 10% of credit lines available plus, in the case of bank loans, additional balances equal to zero to 7½% of outstanding borrowings.

The following summarizes comparable information for 1980 through 1982 relative to bank lines of credit, outstanding short-term debt and interest rates (dollars in thousands):

	1982	1981	1980
Total lines of credit at year-end	$23,600	$22,100	$26,600
Unused lines of credit at year-end	19,200	14,300	14,300
Average interest rate at year-end			
Notes payable — banks	10.75%	14.00%	21.50%
Commercial paper	—	13.23%	20.03%
Total short-term borrowings	10.75%	13.33%	20.22%
Average interest rate for the year			
Notes payable — banks	14.00%	17.37%	15.80%
Commercial paper	14.30%	17.14%	15.26%
Total short-term borrowings	14.20%	17.18%	15.49%
Average amount outstanding during the year			
Notes payable — banks	$ 594	$ 1,358	$ 1,577
Commercial paper	$ 1,238	$ 6,904	$ 2,218
Total short-term borrowings	$ 1,832	$ 8,262	$ 3,795
Maximum amount outstanding at any month-end			
Notes payable — banks	$ 3,400	$ 5,700	$ 3,800
Commercial paper	$ 6,900	$17,000	$10,700
Total short-term borrowings	$ 9,500	$19,900	$12,300

Note 7 — Income taxes: The components of income tax expense are as follows (dollars in thousands):

	Year Ended December 31					
	1982	1981	1980	1979	1978	1977
Taxes on operating income:						
Federal — current	$ 9,772	$ (1,806)	$ (4,302)	$ 435	$ 5,345	$ 1,904
Federal — deferred	(3,994)	6,524	5,387	1,231	(1,967)	1,882
Investment credit adj.	3,340	1,586	1,228	1,895	820	—
State — current	2,268	1	(481)	491	971	442
State — deferred	(687)	1,064	880	198	(308)	229
	10,699	7,369	2,712	4,250	4,861	4,457
Taxes on other income:						
Federal — current	686	652	230	203	242	269
Federal — deferred	(1,306)	14	(3)	1	(21)	(27)
Investment credit adj.	7	30	65	71	40	—
State — current	122	100	38	35	41	44
State — deferred	(214)	3	(1)	—	(3)	(4)
	(705)	799	329	310	299	282
Total income taxes	$ 9,994	$ 8,168	$ 3,041	$ 4,560	$ 5,160	$ 4,739

Major items which resulted in deferred income tax expense were allowance for borrowed funds during construction ($1,236,000 in 1979, $848,000 in 1980, $1,503,000 in 1981 and $1,393,000 in 1982), deferred power costs ($2,946,000 in 1980, $1,164,000 reversing in 1981 and $1,494,000 reversing in 1982), unbilled revenue ($255,000 in 1977, $2,035,000 in 1980, $4,200,000 in 1981 and $4,863,000 reversing in 1982), retroactive revenue ($1,915,000 in 1977 which reversed in 1978) and termination of generating projects ($2,773,000 in 1981 and $1,679,000 reversing in 1982).

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					
	1982	1981	1980	1979	1978	1977
Income before income tax	$26,204	$22,034	$11,943	$14,327	$15,528	$13,909
Federal statutory rate	46%	46%	46%	46%	48%	48%
Computed "expected" tax expense	$12,054	$10,135	$ 5,494	$ 6,590	$ 7,453	$ 6,676
Increases (reductions) in taxes resulting from:						
Allowance for equity funds during construction	(1,645)	(1,186)	(1,148)	(774)	(563)	(356)
Dividend received credit	(994)	(951)	(901)	(934)	(954)	(925)
Additional depreciation for tax purposes	(375)	(533)	(597)	(530)	(514)	(401)
State income taxes net of Federal tax benefit	804	631	235	391	365	369
Investment tax credits	(135)	(111)	(81)	(55)	(30)	(418)
Other	285	183	39	(128)	(597)	(206)
Total income taxes	$ 9,994	$ 8,168	$ 3,041	$ 4,560	$ 5,160	$ 4,739

Note 8 — Pension plan: The Company has a non-contributory trusteed pension plan covering all regular employees and follows the consistent practice of currently funding all costs accrued. Total pension costs amounted to $985,000, $1,046,000, $908,000, $1,038,000, $1,125,000 and $1,301,000 for the years 1977 through 1982, 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	
	1982	1981
Actuarial present value of accumulated plan benefits		
Vested	$8,369	$7,056
Nonvested	667	660
	$9,036	$7,716
Net assets available for benefits	$8,342	$7,560

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 6.5% for 1981 and 1982.

Note 9 — Commitments and contingencies: The Company purchases 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	1982	1981	1980	1979	1978	1977
Nuclear generating companies	57%	45%	39%	41%	38%	42%
PASNY — hydro	16	18	19	22	22	25
Merrimack — coal	7	8	11	11	8	11
Company-owned hydro	7	9	7	9	8	9
Miscellaneous	13	20	24	17	24	13
	100%	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	1982	1981
Plant in service:			
Wyman #4	1.77690%	$ 3,214	$ 3,219
Under construction:			
Seabrook #1 and #2	1.59096%	$41,815	$29,453
Millstone #3	1.73030%	30,681	21,801
Joseph C. McNeil	20.00000%	5,869	—
		$78,365	$51,254

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.

For the four joint-ownership units to be constructed, the Company is obligated to provide funds in future years estimated to total $89,000,000 (including AFDC and present commitments for nuclear fuel) to be required approximately as follows: 1983, $36,000,000; 1984, $26,000,000; 1985, $17,000,000; 1986, $8,000,000; and 1987, $2,000,000.

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 continue to have a 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-cancelable leases as of December 31, 1982 are not material. Total rental expense entering into the determination of net income, consisting principally of vehicle and equipment rentals, was approximately $1,119,000, $1,229,000, $1,370,000, $1,571,000, $1,733,000 and $1,924,000, respectively, for the years 1977 through 1982.

Note 10 — 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
1982				
Operating revenues	$37,321	$29,834	$32,844	$33,664
Operating income	$ 5,273	$ 3,402	$ 4,428	$ 4,300
Net income	$ 5,154	$ 3,043	$ 4,913	$ 3,100
Net income per share of common stock	$1.47	$.67	$1.11	$.64
1981				
Operating revenues	$30,937	$25,920	$28,260	$32,222
Operating income	$ 3,990	$ 3,187	$ 3,867	$ 3,008
Net income	$ 3,615	$ 2,989	$ 4,167	$ 3,095
Net income per share of common stock	$.99	$.78	$1.16	$.81

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 inflation. 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 general inflation (constant dollar), as measured by the Consumer Price Index for All Urban Consumers (CPI-U), and a statement of income adjusted for changes in specific prices (current cost) as measured by the Handy-Whitman index of Public Utility Construction Costs follows (dollars in thousands):

	Year Ended December 31, 1982		
	Conventional Historical Cost	Adjusted for General Inflation	Adjusted for Changes in Specific Prices
Operating revenues	$133,663	$133,663	$133,663
Operating expenses			
Operation and maintenance	96,329	96,329	96,329
Depreciation	4,147	10,107	11,615
Other taxes, principally property taxes	5,085	5,085	5,085
Taxes on income	10,699	10,699	10,699
Total operating expenses	116,260	122,220	123,728
Operating income	17,403	11,443	9,935
Other income and deductions, net	5,345	5,345	5,345
Interest expense, net	(6,538)	(6,538)	(6,538)
Net income (excluding reduction to net recoverable cost)	$ 16,210	$ 10,250*	$ 8,742*
Gain from decline in purchasing power of net amounts owed		$ 4,032	$ 4,032
(Reduction) gain to net recoverable cost		(111)	1,397
		$ 3,921	$ 5,429
Increase in specific prices (current cost) of property, plant and equipment held during year**			$ 24,101
Effect of increase in general price level			(11,129)
Excess of increase in specific prices over increase in general price level			$ 12,972

*Including the (reduction) gain to net recoverable cost, net income would have been $10,139.

**At December 31, 1982, the current cost of utility plant net of accumulated depreciation was estimated to be approximately $324,883 as compared with the net utility plant recoverable through depreciation of $181,059.

In preparing the above data, historical costs of only property, plant and equipment, comprising existing plant in service, plant held for future use and construction work in progress, and the related depreciation were adjusted. 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.

A six-year comparison of selected supplementary financial data adjusted for the effects of changing prices stated in average 1982 dollars follows (dollars in thousands except amounts per share):

	Year Ended December 31					
	1982	1981	1980	1979	1978	1977
Operating revenues	**$133,663**	$124,533	$106,286	$103,971	$110,993	$110,099
Historical cost information adjusted for general inflation						
Net income (excluding reduction to net recoverable cost)	**$ 10,250**	$ 9,108	$ 5,101	$ 8,186		
Net income per share of common stock (excluding reduction to net recoverable cost)	**$2.16**	$2.12	$.89	$1.99		
Net assets at year-end at net recoverable cost	**$107,367**	$ 90,586	$ 91,410	$100,108		
Current cost information						
Net income (excluding reduction to net recoverable cost)	**$ 8,742**	$ 7,709	$ 3,570	$ 6,193		
Net income per share of common stock (excluding reduction to net recoverable cost)	**$1.74**	$1.67	$.37	$1.32		
Increase (decrease) in general price level over increase (decrease) in specific prices	**$(12,972)**	$ 17,554	$ 11,804	$ 13,178		
Net assets at year-end at net recoverable cost	**$107,367**	$ 90,586	$ 91,410	$100,108		
General information						
Gain from decline in purchasing power of net amounts owed	**$ 4,032**	$ 9,153	$ 12,052	$ 12,757		
Cash dividends declared per common share	**$2.15½**	$2.09	$2.18	$2.25	$2.13	$2.17
Market price per common share at year-end	**$21.75**	$18.57	$16.84	$20.94	$21.27	$23.89
Average consumer price index	**289.1**	272.4	246.8	217.4	195.4	181.5

Responsibility for Financial Statements

Responsibility for the integrity and objectivity of the financial information presented in this Annual Report rests with the management of Central Vermont Public Service Corporation. The accompanying financial statements have been prepared in conformity with generally accepted accounting principles, applying certain estimates and judgments as required.

The Company maintains an accounting system and related controls directed towards the safeguarding of assets and the reliability of financial information. An integral part of such controls is an internal audit program designed to monitor compliance with the Company's policies and procedures.

Peat, Marwick, Mitchell & Co., independent certified public accountants, are retained to examine the Company's consolidated financial statements. Their accompanying report is based on examinations conducted in accordance with generally accepted auditing standards, including a review of internal accounting controls and tests of accounting procedures and records.

The Audit Committee of the Board of Directors is composed solely of outside directors, and is responsible for recommending to the Board of Directors the selection of the independent accounting firm to be retained for the coming year. The Audit Committee meets periodically and privately with the independent accountants, with our internal auditors, as well as with Company management, to review accounting, auditing, internal accounting controls and financial reporting matters.

THEODORE W. MILLSPAUGH
Treasurer and Chief Accounting Officer

WESLEY W. von SCHACK
Vice President—Finance
and Chief Financial Officer

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 its wholly-owned subsidiaries as of December 31, 1982 and 1981 and the related consolidated statements of income and retained earnings and changes in financial position for each of the years in the six-year 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.

In our opinion, the aforementioned financial statements present fairly the consolidated financial position of Central Vermont Public Service Corporation and its wholly-owned subsidiaries at December 31, 1982 and 1981, and the results of their operations and the changes in their financial position for each of the years in the six-year period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

Boston, Massachusetts
February 17, 1983

PEAT, MARWICK, MITCHELL & CO.

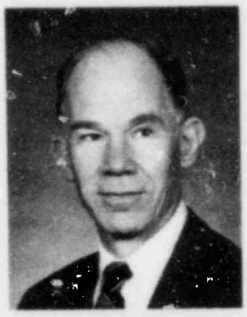
Historical Statistics

	1982	1981	1980	1979	1978	1977
COMMON STOCK DATA:						
Earnings per average common share	$ 3.79	$ 3.74	$ 2.29	$ 2.74	$ 2.92	$ 2.47
Dividends paid per share	$ 2.15½	$ 1.97	$ 1.86	$ 1.69	$ 1.44	$ 1.36
Book value per share (year end)	$23.75	$23.70	$22.12	$21.84	$20.84	$19.38
MARKET PRICE RANGE PER SHARE						
High	22¾	17¾	16⅜	18	15⅝	16⅝
Low	15½	12⅝	12¾	14⅜	14	14½
Year end	21¾	17½	14⅜	15¾	14⅜	15
Price earnings ratio	5.7	4.7	6.3	5.7	4.9	6.1
Market price as a percent of book value (year end)	92%	74%	65%	72%	69%	77%
Dividend payout ratio	56.9%	52.7%	81.2%	61.7%	49.3%	55.1%
Common shareholders	15,097	14,030	14,491	14,666	14,921	15,308
Average number of common shares outstanding	3,641,083	3,042,263	2,972,066	2,921,527	2,881,111	2,848,759
Total common shares outstanding	3,932,482	3,080,511	3,004,176	2,946,324	2,898,983	2,862,993
Return on average common equity	16.1%	16.4%	10.5%	12.9%	14.7%	13.3%
CAPITALIZATION DATA (000's):						
Common stock equity	$ 93,406	$ 72,993	$ 66,467	$ 64,350	$ 60,425	$ 55,486
Non-redeemable preferred	15,186	15,212	15,236	15,258	15,285	15,303
Redeemable preferred	10,630	11,300	11,970	5,310	6,650	7,990
Long-term debt	90,547	89,357	75,760	67,548	62,213	56,744
Total capitalization	$209,769	$188,862	$169,433	$152,466	$144,573	$135,523
CAPITALIZATION RATIOS						
Common stock equity	44.5%	38.6%	39.2%	42.2%	41.8%	40.9%
Non-redeemable preferred	7.2%	8.1%	9.0%	10.0%	10.6%	11.3%
Redeemable preferred	5.1%	6.0%	7.1%	3.5%	4.6%	5.9%
Long-term debt	43.2%	47.3%	44.7%	44.3%	43.0%	41.9%
FINANCIAL DATA:						
Times interest earned:						
Before income taxes	3.8x	3.4x	2.7x	3.4x	4.3x	4.3x
After income taxes	2.7x	2.5x	2.3x	2.6x	3.2x	3.2x
Times interest earned and preferred dividend earned:						
After income taxes	2.2x	2.0x	1.7x	2.0x	2.3x	2.1x
Embedded cost of long-term debt (year end)	9.73%	9.67%	8.39%	7.95%	7.75%	7.39%
Embedded cost of preferred stock (year end)	9.22%	9.32%	9.71%	8.73%	9.08%	9.40%

	1982	1981	1980	1979	1978	1977
OPERATING DATA:						
ELECTRIC REVENUES (000's)						
Residential	$ 51,662	$ 49,310	$40,657	$36,462	$35,648	$33,189
Commercial and industrial	53,589	47,413	36,449	30,859	29,427	26,498
Other electric utilities	18,231	11,371	5,947	3,629	2,952	2,879
Other	10,181	9,245	7,682	7,235	6,992	6,555
TOTAL	$133,663	$117,339	$90,735	$78,185	$75,019	$69,121
ELECTRIC SALES MWH						
Residential	799,624	785,725	754,241	724,041	716,915	698,901
Commercial and industrial	888,729	897,356	885,248	848,646	830,225	759,222
Other electric utilities	536,214	322,225	166,329	148,389	121,127	118,052
Other	108,000	107,036	106,757	105,052	107,293	104,041
TOTAL	2,332,567	2,112,342	1,912,575	1,826,128	1,775,560	1,680,216
CUSTOMERS (end of year)						
Residential	102,303	101,377	98,910	96,966	95,016	93,190
Commercial and industrial	10,908	10,902	10,624	10,562	10,485	10,285
Other electric utilities	13	13	14	10	10	12
Other	2,130	2,183	2,172	2,442	2,466	2,474
TOTAL	115,354	114,475	111,720	109,980	107,977	105,961
Average KWH use per residential customer	7,880	7,866	7,704	7,541	7,624	7,577
Average revenue per residential customer	$509.17	$493.68	$415.26	$379.76	$379.10	$359.81
Average revenue per KWH (cents)						
Residential	6.46	6.28	5.39	5.04	4.97	4.75
Commercial	7.47	7.41	6.31	5.91	5.85	5.58
Industrial	5.64	4.75	3.58	3.07	2.99	2.95
SOURCES OF ENERGY BY PERCENTAGE						
Hydro	22.9%	29.7%	28.5%	31.4%	31.0%	35.2%
Nuclear	56.8%	45.4%	39.0%	40.6%	38.0%	41.4%
Coal	15.9%	14.6%	10.7%	11.2%	8.0%	10.9%
Oil	4.4%	10.3%	21.8%	16.8%	23.0%	12.5%
System capability (MW) (peak)	448	477	450	415	407	407
Reserve margin (peak)	15%	21%	23%	11%	15%	16%
System peak (MW)	392	395	365	373	353	350
Load factor	60.7%	59.9%	62.9%	58.8%	61.2%	57.9%
Number of employees	585	583	574	577	571	612

Officers and Executive Staff

JAMES E. GRIFFIN
President and Chief Executive Officer
55



RICHARD W. MALLARY
Executive Vice President
53

ROBERT E. SCHILL
Vice President — Strategic Corporate Planning
64

THOMAS J. HURCOMB
Vice President — External Affairs
45

ALICE L. DEL BIANCO
Secretary
64

DONALD L. RUSHFORD
Vice President and General Counsel
52

DARROW R. McLEOD
Vice President — Engineering and Division Administration
57

VIRGINIA S. PAPINEAU
Assistant Secretary
63

WESLEY W. VON SCHACK
Vice President — Finance
38

CLIFFORD E. GIFFIN
General Manager — Division Administration
54

THEODORE W. MILLSPAUGH
Treasurer
46

WARREN L. STEVENS
Assistant Treasurer
59

JOHN A. RITSHER
Assistant Secretary
52

PATRICK J. GARAHAN
General Manager — Administrative Services
35

(Left CVPS on 12/31/82 to become Vermont Secretary of Transportation.)

DORIS E. ROGERS
Assistant Treasurer
54

Seated, from left: Mr. Eaton, Mr. Holden, Mr. Griffin, Mr. Meredith, Mr. Yeadon, Dr. Hutner.
Standing, from left: Mr. Hackett, Mr. Mills, Mr. Whitmore, Mr. Smith, Mr. Keyser, Mr. Bliss.

Board of Directors

Robert P. Bliss, Jr., (59) /1973/ President, Bob Bliss, Ltd., St. Albans, Vermont (Insurance Industry Consultants) (4)

Allen O. Eaton, (72) /1960/ Partner, Messrs. Ropes & Gray (Lawyers), Boston, Massachusetts (1) (3)

James E. Griffin, (55) /1972/ President and Chief Executive Officer, Central Vermont Public Service Corporation (1) (3) (4)

Luther F. Hackett, (49) /1979/ President, Hackett, Valine & MacDonald, Inc., Burlington, Vermont (Insurance) (2)

Robert T. Holden, (76) /1959/ President and Treasurer, Fairdale Farms, Inc., Bennington, Vermont (Dairy Products) (1)

Frances C. Hutner, (64) /1980/ Economics Consultant, Frances Hutner Associates, and Research Fellow, Princeton Research Forum, Princeton, New Jersey (2)

F. Ray Keyser, Jr., (55) /1980/ Chairman, Keyser, Crowley, Banse, Abell and Facey, Inc. (Lawyers), Rutland, Vermont (4)

L. Douglas Meredith, (77) /1953/ Chairman, Former President of the Company, South Burlington, Vermont (1)

Gordon P. Mills, (46) /1980/ President, EHV-Weidmann Industries, Inc., St. Johnsbury, Vermont (Manufacturer of Electric Transformer Insulation) (2)

Preston Leete Smith, (52) /1977/ President and Chief Executive Officer, Sherburne Corporation, Killington, Vermont (Ski Business) (1) (3)

Holmes H. Whitmore, (75) /1963/ Retired, Past President, Jones & Lamson, Division of Waterbury Farrel, a Textron Company, Springfield, Vermont (Manufacturer of Machine Tools) (3)

Fred W. Yeadon, Jr., (58) /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

Shareholder Information

Shareholders

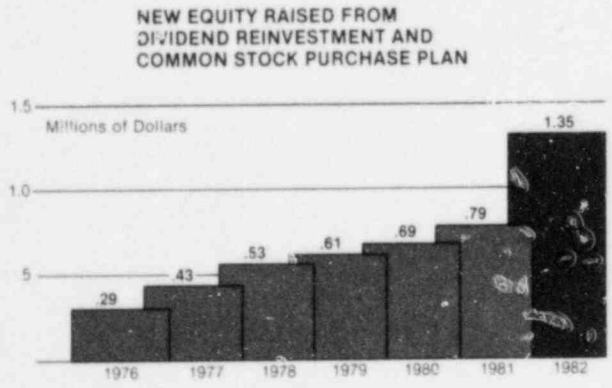
Our 17,600 shareholders reside in every state and several foreign countries. The greatest concentration of shareholders resides in New England, New York, California and Florida. A total of 1,950 Vermont residents own about 350,000 shares, or 8.5 percent of the total outstanding shares of all classes of stock.

The average common shareholding is approximately 260 shares. More than 90 percent of shareholders own 44 percent of the shares outstanding in accounts of less than 500 shares each.

About 69 percent of common shares are held in the names of individual, joint accounts, and individual fiduciary accounts. Assuming that joint accounts are evenly split between men and women, approximately 55 percent of our shareholders are women and 45 percent men. An additional 28 percent of common shares are held in the name of nominees, who for the most part, represent individual investors. The remaining three percent are held by pension funds, charitable organizations, insurance companies, banks and other institutions.

Distribution of Common Shareholdings
Record Date December 31, 1982

Shareholder Accounts			Shares	
Number	% of Total	Shares	Number	% of Total
5,205	34.4	1-99	176,243	4.5
8,523	56.5	100-499	1,537,682	39.1
962	6.4	500-999	575,455	14.6
407	2.7	1000 + over	1,643,102	41.8
15,097	100.0		3,932,482	100.0



Dividend Reinvestment Plan Advantages

As of the beginning of 1983, you may reinvest dividends in additional shares of CV common stock at a five percent discount from the current market price through our Dividend Reinvestment Plan. You may still make cash investments with or without reinvestment of dividends, of up to $5,000 per quarter at current market prices. There are no brokerage or service charges.

Dividend Tax Deferral

Our plan also allows the exclusion of reinvested dividends from current gross income for federal income tax purposes up to an annual limit of $1,500 ($750 on a single return). This provision of the Economic Recovery Tax Act of 1981 continues through 1985. If you hold such shares at least one year before you sell, you are taxed at the long-term capital gains rate. If you wish to participate and take advantage of these significant benefits, mail the card attached to this Annual Report for a prospectus and details.

Company Information

Central Vermont common stock is traded on the New York Stock Exchange. Our symbol is CV.

The company welcomes inquiries from shareholders, members of the financial community, customers, the general public and employees. Our phone number is 802-773-2711.

Common Stock Prices and Dividends

1981	High	Low	Dividends Per Share
1st Quarter	14⅝	13⅝	.48
2nd Quarter	14½	12¾	.48
3rd Quarter	14¾	12⅞	.48
4th Quarter	17¾	14	.53
1982			
1st Quarter	17¾	15½	.53
2nd Quarter	17⅜	16¼	.53
3rd Quarter	19⅜	16¼	.53
4th Quarter	22¾	19	.56½

Annual Meeting

The Annual Meeting of Shareholders is scheduled for Tuesday, May 3, 1983, in Rutland, Vermont. Notice of the meeting, together with proxy statement and proxy, will be mailed to holders of common stock in early April 1983.

Transfer Agent and Registrar

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