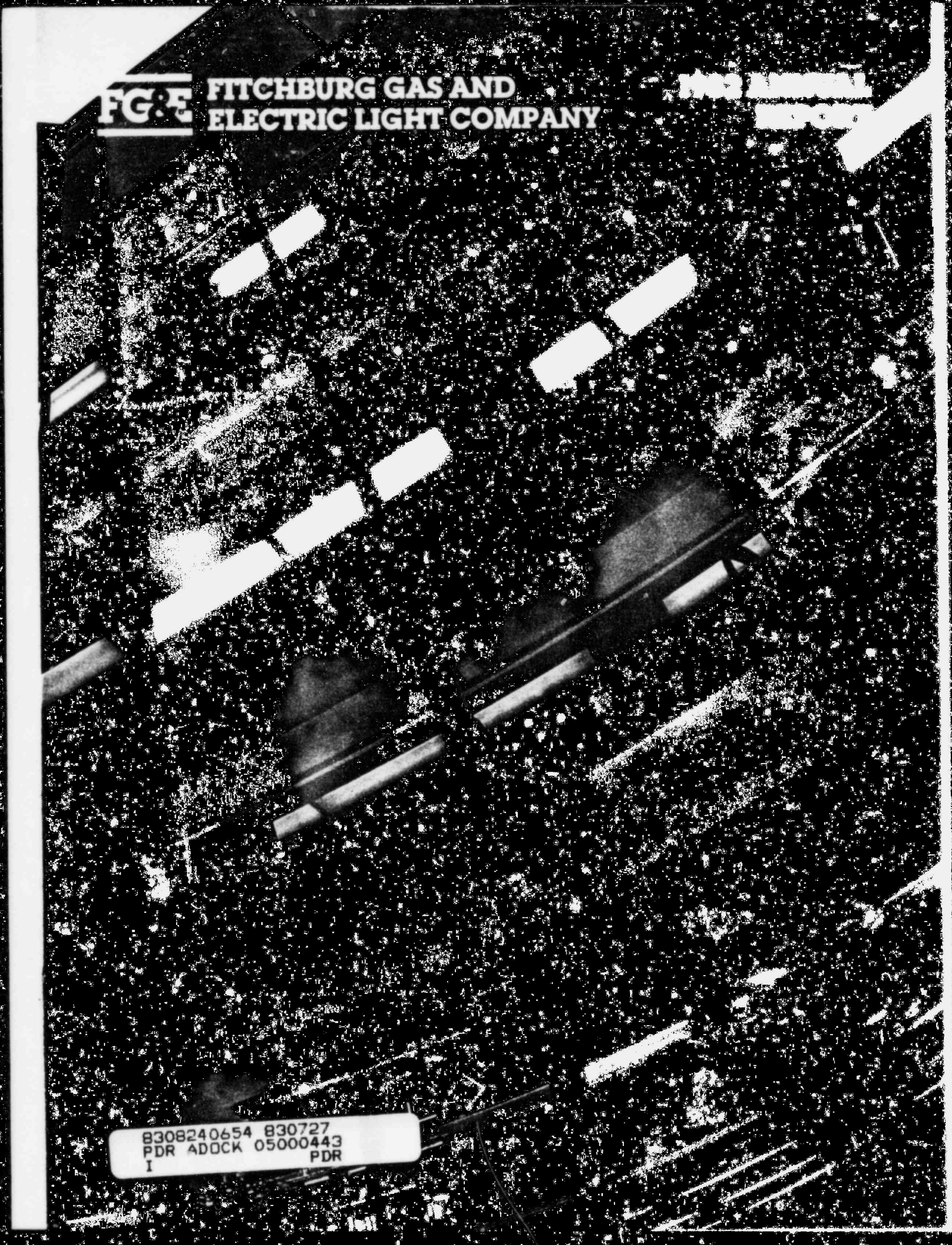
FG&E
FITCHBURG GAS AND
ELECTRIC LIGHT COMPANY

Common Stock

Common Stock Market Price and Dividends

The Common Stock of the Company is listed on the American Stock Exchange (Symbol: FGE) and the Boston Stock Exchange. The number of holders of record of the Company's Common Stock at December 31, 1982 was 2,95[illegible].

About the Cover

The photographs in this year's Fitchburg Gas and Electric Light Company Annual Report reflect the quality of life in the region, made possible in large part by energy. The linking of reliable energy sources with new technologies for education, health care, business, industry and the home present both promise and challenge for the future.

The Fitchburg State College Library and Campus Center has been increasing the utilization of computer-based systems to maintain telecommunications service, such as a data base which provides a listing of several million books located in libraries throughout the country. Reliable energy sources are vital to man's ability to keep up with the explosive growth of knowledge and information.

CASH DIVIDENDS PAID PER SHARE ON THE COMMON STOCK OF THE COMPANY

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	The Year
1982	$.65	$.65	$.65	$.65	$2.60
1981	$.65	$.65	$.65	$.65	$2.60

PRICE RANGE OF COMMON STOCK

		1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
1982	High	19⅝	19¾	20⅛	22
	Low	17½	18¼	18	19¼
1981	High	21⅝	19¾	19⅜	21⅛
	Low	18¼	17¾	17¾	17⅝

The Company expects to continue its policy of paying regular cash dividends, although there is no assurance as to future dividends because they are dependent on future earnings, capital requirements and financial conditions. In addition, the payment of dividends is subject to the restrictions described in Note 4 to the Consolidated Financial Statements.

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

Financial Highlights of 1982

About the Company

The area served by the Company encompasses approximately 170 square miles in north central Massachusetts with a population of approximately 80,000 people. The Company provides both gas and electric service to the area communities of Fitchburg, Ashby, Lunenburg, and Townsend. In addition, we provide gas service in the neighboring areas of Gardner and Westminster.

Fitchburg is the shopping and financial center for surrounding communities, drawing on an estimated 225,000 people. Proximity to commercial markets, expanding transportation facilities and the availability of a skilled labor force make the area most attractive to industry. A key attraction of the area is its unique location with respect to major markets.

	1982	1981
Net Income	$ 1,990,205	$ 2,590,359
Earnings per Average Common Share	$1.86	$3.72
Dividends Paid per Common Share	$2.60	$2.60
Electric Operating Revenues	$28,193,890	$31,554,691
Gas Operating Revenues	$18,289,210	$16,583,322
Total Operating Revenues	$46,483,100	$48,138,013
Kilowatt-Hours of Electricity Sold	336,366,775	360,271,819
Average Annual Kilowatt-Hour Sales per Residential Customer	4,852	4,788
Number of Electric Customers	22,869	22,674
Thousands of Cubic Feet of Gas Sold	2,653,131	2,818,588
Average Annual Cubic Feet Sales per Residential Customer	99,291	97,914
Number of Gas Customers	14,955	14,767
Net Utility Plant	$62,366,276	$52,672,861
Number of Employees	167	166
Number of Common Shareholders	2,953	2,488
Number of Preferred Shareholders	210	8

Annual Meeting

The annual meeting of common shareholders is scheduled to be held at The First National Bank of Boston, 100 Federal Street, Boston, Massachusetts, in the Directors' Room on the Second Floor, on Tuesday, March 22, 1983, at 10:30 A.M.

Transfer of Stock

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

Dividend Reinvestment Plan

A Dividend Reinvestment and Stock Purchase Plan is available to all holders of the Company's Common and public Preferred Stock. This plan provides these shareholders with a simple and economical way to increase their investments in the Company automatically each quarter by reinvesting their dividends and/or making optional cash payments quarterly towards the purchase of additional shares of Common Stock. For information write to: The First National Bank of Boston, FGE Dividend Reinvestment Plan, P.O. Box 1681, Boston, Massachusetts 02105.

Trustee

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

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

To Our Shareholders

The continuing recession in the Company's service area has seriously affected the level of earnings for 1982. Earnings per common share dropped from $3.72 in 1981 to $1.86 in 1982. The Company currently estimates that 48.77% of the common dividend paid on November 15, 1982 is non-taxable, subject to a final review by the Internal Revenue Service. This current estimate represents a change from our earlier notification to shareholders.

A major contributor to the decline in earnings has been the continuing erosion of industrial electric sales. Beginning in March of 1982, industrial sales started to plummet, ending the year some 11.5% below 1981, a year which was also adversely affected by the recession. Further affecting earnings was a significant reduction in profit margins from our interruptible gas sales resulting from the softness in the petroleum market. While our 1981 earnings had been favorable, the need for increased base rates became apparent in the development of our financial plans. As a result, the Company filed requests for gas and electric rate increases on July 16 and September 16, respectively. A gas rate increase of approximately $2,318,000 on an annual basis became effective February 1, 1983 and a decision on our electric rate request must be made, according to state statute, by March 31.

Meeting our 1983 goals will depend in great measure on the responsiveness of the Massachusetts Department of Public Utilities to the increasing costs of providing gas and electric service. Also, a turnaround in the industrial economy will have a beneficial effect on the Company's earnings just as it had a detrimental effect while receding. Our present assessment of the Company's revenue requirements tends to indicate that, once the gap between current earnings and a reasonable return is closed, future rate increases needed to maintain a satisfactory rate of return should be consistent with, or lower than, general rates of inflation.

To obtain new capital and to reduce short-term borrowings, the Company completed an aggressive four-month financing program in August 1982 through sales of Common Stock, Preferred Stock and long-term debt. Through those sales and the on-going sales of Common Stock to participants in the Dividend Reinvestment and Stock Purchase Plan and to the Employee Stock Ownership Plan, the Company raised $11.9 million of new capital in 1982.

Fitchburg Gas and Electric is well situated to meet its customers' energy needs in 1983. The Company continues to work actively to diminish our reliance on foreign oil for electric generation through an aggressive search for hydroelectric, nuclear and, when available, coal generation. Gas supplies and storage capacities have been increased to meet the needs of present and future residential, commercial and industrial customers.

While the Company remains supportive of nuclear power to lessen our reliance on imported oil, the nuclear industry has been hampered by burdensome and lengthy governmental regulation and obstructionists' activities. As a result, construction costs for Seabrook Units #1 and #2 in New Hampshire and Millstone Unit #3 in Connecticut, in each of which the Company has an ownership interest, have risen sharply. Prudent management dictates that the Company review the impact these new costs will have on future operations. We must be sure that these major projects are prudently managed, have effective cost controls and can be completed as expeditiously as possible. The Company has and will continue to review this situation very closely and will take all reasonable action available to it to insure that all these goals are met.

A controversial year-long study of municipalization (the possible municipal takeover and operation of the electric portion of Fitchburg Gas and Electric) was undertaken in 1982 by the Fitchburg Municipal Power Project. It determined that municipalization would not be economically feasible. The study also cited the efficiency of the Company's electric transmission and distribution operation and its energy planning, and noted that a municipal utility would not be able to purchase or generate power any more cheaply than Fitchburg Gas and Electric.

Our fundamental goals continue to be to provide reliable, economic service to our customers and to earn a fair return for our investors. Underlying these goals are the objectives of maintaining cost effective operations, developing our human resources, being a good corporate citizen and building customer understanding.

We move forward both stronger and more resilient because of the challenges we have met in the past and are confident that we can continue to meet the challenges in 1983 and beyond.

The following report details our 1982 operating results and management's analysis of the major factors affecting those results. We urge your careful examination of the report, encourage your comments and appreciate your continued support.

Charles H. Tenney II

CHARLES H. TENNEY II
Chairman of the Board of Directors

Howard W. Evirs, Jr.

HOWARD W. EVIRS, JR.
President


BULOVA
WATCHES

1982 Year in Review

Fitchburg's retail trade center has undergone extensive renovation in recent years, and in the process has incorporated a variety of energy conserving measures; more efficient street and store lighting, better insulation and passive solar design. Fitchburg Gas and Electric, through its CONTACT home energy audit program, encourages and assists customers with ideas on how they can save energy and dollars.

OPERATING RESULTS

Fitchburg Gas and Electric's financial performance in 1982 fell short of the levels reached in the prior year as net income was $1,990,205 compared to the 1981 level of $2,590,359. Earnings per share of Common Stock, on a greater number of shares outstanding, were $1.86 compared to $3.72 in 1981.

As a result of the severe economic recession, electric revenues for the year decreased 10%, reflecting a 7% decrease in kilowatt-hour sales. This significant loss in electric revenue and kilowatt-hour sales is primarily attributable to a reduction in the operations of some of our large customers. Likewise, a recovery, when it occurs, may be expected to produce a return to more normal levels of revenue and kilowatt-hour sales.

In spite of oil-to-gas conversions and new commercial and industrial development, firm gas MCF (thousand cubic feet) sales were down by 1.9% due to the current recession. While the Company continues to make some interruptible gas sales, the virtual elimination of profit margins on these sales has further eroded earnings in 1982.

FINANCING

In order to reduce short-term borrowings incurred in connection with the Company's on-going capital construction program, the Company completed a series of financing transactions which produced approximately $11,915,000 of new capital. Merrill Lynch, Pierce, Fenner & Smith Incorporated was lead underwriter for the public offerings of Common and Preferred Stocks and assisted the Company in securing a purchaser for its new issue of long-term Notes.

COMMON STOCK

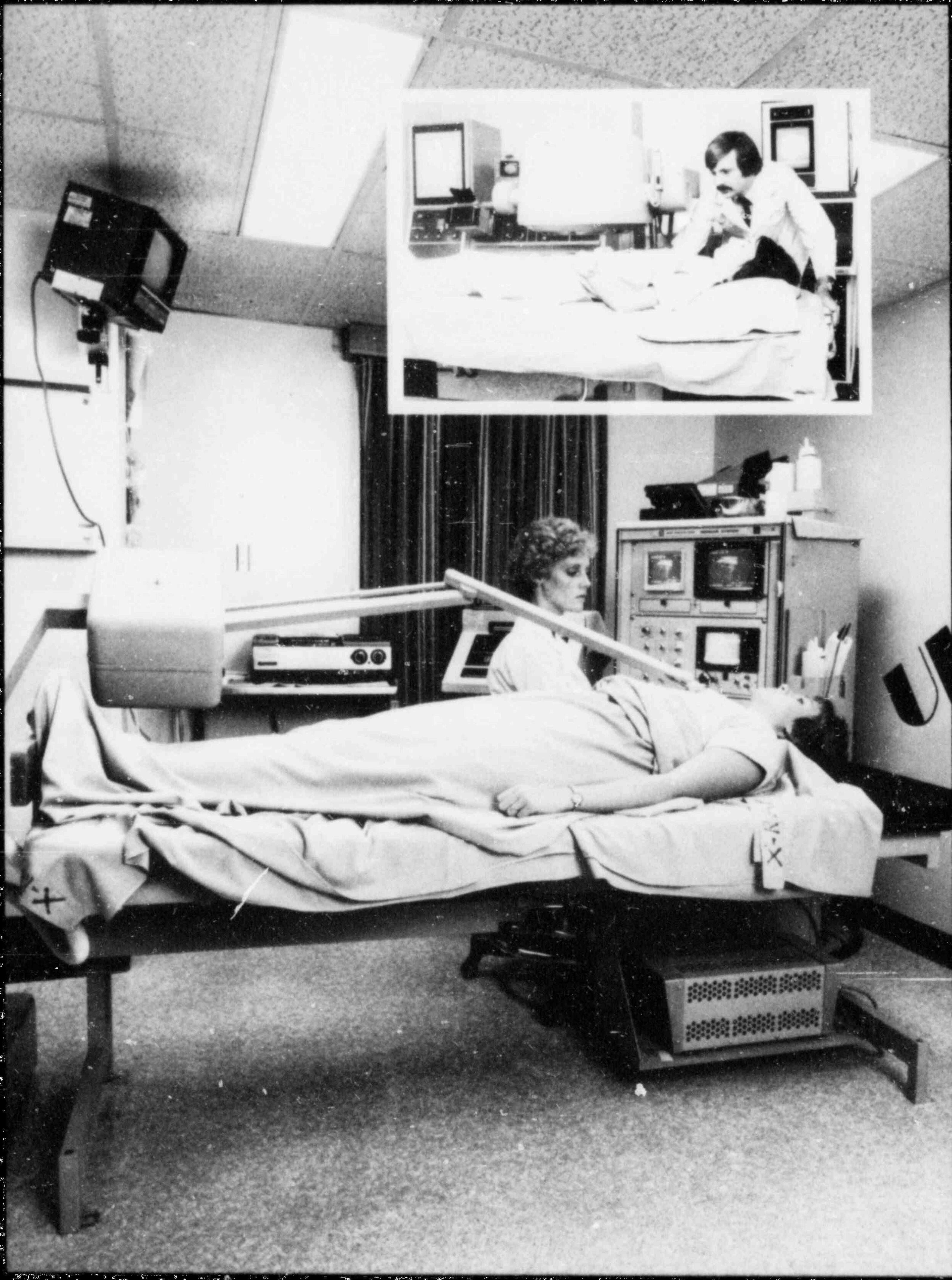
In a negotiated offering on June 24, the Company sold to the public 150,000 additional shares of Common Stock at $18.50 per share, providing net proceeds of approximately $2,432,000.

CUMULATIVE PREFERRED STOCK

The Company received net proceeds of approximately $4,141,000 through the sale to the public, on August 5, of 180,000 shares of an initial series of Cumulative Preferred Stock, $1 par value, at $25 per share with an annual dividend rate of $4.00 per share.

LONG-TERM DEBT

On August 24, the Company privately sold $5,000,000 of its 17¼% Notes due August 15, 1992 to John Hancock Mutual Life Insurance Company, realizing net proceeds of approximately $4,910,500.



DIVIDEND REINVESTMENT PLAN AND EMPLOYEE STOCK OWNERSHIP PLAN

With the passage of the Economic Recovery Tax Act of 1981, the Company established a Dividend Reinvestment and Stock Purchase Plan (DRP) in June 1982 for the Company's common shareholders, qualifying employees and holders of its publicly-held Cumulative Preferred Stock (Public Preferred Stock). The DRP allows participants to reinvest dividends paid on Common Stock in additional Common Stock at 95% of the average market price. Common Stock purchased with dividends paid on the Public Preferred Stock or with optional cash payments, including payroll deductions, are invested at 100% of the average market price.

New devices like ultrasound and computer-assisted nuclear medicine scanner (inset) are helping Burbank Hospital provide top quality diagnosis and treatment for patients. New technologies like these have helped increase the average American's lifespan by nearly three years in the past decade alone.

During the period 1982 through 1985, certain individual participants in a qualified public utility DRP, including that of Fitchburg Gas and Electric, may elect to exclude $750 a year ($1,500 on a joint return) of reinvested dividends from their Federal income tax return and defer paying taxes on those dividends.

In 1982, the DRP and the previously established Employee Stock Ownership Plan contributed approximately $431,500 of new Common Stock equity through the issue of additional shares.

RATE ACTION

On July 2, 1982, the Massachusetts Department of Public Utilities (DPU) dismissed the Company's January 1982 petition which requested reaffirmation of tax normalization of the debt component of allowance for funds used during construction (AFUDC). While dismissing the Company's petition, the DPU did reaffirm the concept of normalization and stated that rate coverage for such normalization should be viewed in the context of a full rate case. The Company did not file for electric rate relief until September 1982 and received no benefit therefrom in 1982.

The ruling on Fitchburg Gas and Electric's July 1982 request for a $3.38 million rate increase in its gas base rates, subsequently revised to $3.17 million, was issued by the DPU on January 31, 1983. The Company was granted an increase of $2.32 million, 73% of the revised amount requested. The need for rate relief was due to significant increases in the costs of materials, labor and equipment associated with providing service, a number of improvements in and expansion of the Company's liquefied natural gas (LNG) and distribution facilities, the high cost of financing and declining sales income from large interruptible industrial customers.

The Company's September 1982 request for a $4.10 million increase in its electric rates, subsequently revised to $3.96 million, has not yet been acted upon by the DPU. Hearings on the Company's application were concluded on December 20 and final briefs were filed in early February 1983. The Company's revised request for rate relief includes an adjustment of $1.77 million to implement increased normalization of the debt component of AFUDC. The implementation of such normalization would not have any direct effect on earnings, but, if granted in full, would significantly improve the Company's cash flow and hence its financing ability. The need for an increase in electric base rates is attributable to steady increases in operating and financing costs. The DPU must render a decision on the Company's request by March 31, 1983.

CAPITAL REQUIREMENTS

Capital requirements during 1982, including AFUDC, totalled $11,074,000. This cost represented continued progress payments for jointly-owned nuclear plants, including Seabrook Units #1 and #2 and Millstone Unit #3, as well as expenditures for transmission, distribution and other general plant facilities, including the installation of a 2½ mile natural gas distribution main, a street lighting conversion program and replacement of portions of the electric distribution system.

Capital expenditures in 1983, excluding AFUDC, are estimated at $9,134,000. Included in this figure are costs associated with the Company's investments in jointly-owned nuclear power plants and local construction requirements.

ELECTRIC OPERATIONS

While conservation, as well as load management, is an integral part of Fitchburg Gas and Electric's load forecast, future customer energy demand cannot be met without securing additional electric generation. Analysis of existing and developing fuel resources continues to position nuclear, coal and hydroelectric facilities as the most economical and reliable answers to generation requirements. As part of its future planning, Fitchburg Gas and Electric has invested in three nuclear power plants currently under construction in New England.

Construction of Seabrook Units #1 and #2, in which the Company has a 0.865% interest (19.9 megawatts), has continued despite the difficulties experienced in the past by the lead owner, Public Service Company of New Hampshire (PSNH).

On July 16, 1982, the New Hampshire Public Utilities Commission (NHPUC) ordered that none of the proceeds of any future sale of PSNH securities could be used for the construction of Seabrook Unit #2 until Seabrook Unit #1 was complete, or PSNH reduced its own interest in Unit #2, or improved its financial condition. This order was temporarily stayed by the New Hampshire Supreme Court (Supreme Court) pending appeal by PSNH and other participants including the Company.

Following a hearing on October 26 concerning PSNH's appeal of the NHPUC's July 16 order, the Supreme Court ruled on December 27 that the NHPUC misinterpreted the scope of its authority and abused its discretion by declaring that PSNH could not sell additional securities to finance Unit #2, thus allowing the construction of Unit #2 to continue.

On November 30, PSNH announced revised cost and completion date estimates for Seabrook Units #1 and #2. The new schedule showed completion dates of December 1984 and March 1987, respectively, and a total cost, including AFUDC, of $5.12 billion. Based on the previous April 1981 estimates, the two Units were to have been completed in February 1984 and May 1986, respectively, at a total cost of $3.56 billion. To ease the 1983 cash requirement for the project, the Seabrook participants, on December 21, voted to delay Unit #2 by four months to a new in-service date of July 1987. Accordingly, the total estimated project cost will increase from $5.12 billion to $5.24 billion.

As a result of the revised cost and completion date estimates, the Company's total cost to complete the project, including AFUDC, is presently estimated to be $53.58 million. The Company is reviewing the impact of the increased Seabrook cost estimates on its future operations. As of December 31, the Company had invested approximately $23.20 million in the Seabrook Units. It is anticipated that each Unit will save the Company approximately 100,000 barrels of oil annually when each begins operation.

The Company currently has a 0.217% ownership interest (2.5 megawatts) in Millstone Unit #3 located in Waterford, Connecticut. During 1982, Northeast Utilities, principal owner of this Unit, increased the estimated total cost of the Unit to $3.54 billion from $2.60 billion. The increase is attributable to inflation and new regulations mandating design changes. As a result, the revised total cost for the Company's ownership interest has increased from approximately $9.1 million to $10.3 million. Millstone Unit #3 is expected to save the Company approximately 25,000 barrels of oil each year when it begins operation in May 1986.

The increased use of hydroelectric generating capacity continues to be a major commitment of Fitchburg Gas and Electric. In March 1982, the Company began receiving 0.5 of a megawatt of low-head hydro capacity from Massachusetts Hydro Associates' unit located on the Lowell Canal System. The contract for this purchase, which is expected to displace 4,000 barrels of oil a year, expires at the end of October 1984.

In addition, the Company signed a 10-year contract with Linweave, Inc., a paper manufacturing firm, to purchase 3.3 megawatts of low-head hydro capacity. In service since August 4, this additional source of capacity is expected to provide 5% of the Company's total energy requirements, displacing 33,000 barrels of oil each year. Generating hydroelectric energy from its five mills on the Holyoke (Massachusetts) Canal System, Linweave expects to upgrade its hydro facilities so that additional capacity will be available for Fitchburg Gas and Electric.

The New England Power Pool (NEPOOL) Management Committee has negotiated certain agreements with Quebec Hydro-Electric Corporation (Hydro-Quebec). These agreements, which are expected to be executed in mid-March 1983, would become effective if and when all appropriate licensing requirements to construct the transmission line have been met, the necessary state regulatory authorizations allowing NEPOOL members to support the related transmission facilities have been received and an agreement covering the necessary reinforcements of the existing transmission systems has been executed. As a member of NEPOOL, Fitchburg Gas and Electric will be entitled to approximately 0.5% of the Hydro-Quebec power exchange. To enable this exchange of energy, a 690 megawatt interconnection will be constructed in New Hampshire and Vermont for a late 1986 in-service date. To be built with the provision for upgrading, this interconnection is expected to make way for the participants to purchase up to 2,000 megawatts of capacity from Hydro-Quebec if such capacity becomes available.

Providing for customers' energy needs at the lowest possible cost, with minimal environmental impact, is a challenge facing Fitchburg Gas and Electric. To help meet this challenge, the Company has pooled its research dollars with more than

600 other electric utilities across the country to support the work of the Electric Power Research Institute (EPRI). Research projects include major efforts in fossil fuel, solar, geothermal, wind and nuclear fusion, as well as transmission and distribution facilities improvements. Through EPRI, the Company maximizes its return on every research and development dollar, avoiding costly duplication of research and allowing for extensive projects far beyond the financial capability of the Company.

Students learn to operate and program computers at Montachusett Regional Vocational Technical School as they prepare for careers in this rapidly expanding field. (inset) Michael Lanava, Executive Director of the Fitchburg Industrial Development Commission, shows a new industrial park development to a prospective customer. Just as educational and business planners must be prepared to meet manpower and resource needs for the future, so must Fitchburg Gas and Electric planners be sure that sufficient and reliable supplies of energy will be available to meet its customers' needs today and in the future.

During 1982, the Company completed its second year of a five-year program to install a new energy-efficient, cost effective street lighting system in the City of Fitchburg. To date, over 1,200 mercury vapor lights in Fitchburg have been replaced with more efficient high pressure sodium lights.

GAS OPERATIONS

To ensure reliability of service and to meet present and foreseeable future energy demands, the Company has improved and further developed its gas system and secured both additional natural gas and supplemental gas supplies.

In June 1982, the Company completed the installation of a 2½ mile, eight-inch high pressure gas main in Fitchburg. The pipeline increases the Company's ability to move natural gas into the Westminster and Gardner areas and its ability to deliver vaporized LNG from its Westminster facility back to customers in Fitchburg. The gas main is also expected to provide the Company with additional flexibility in its use of LNG and liquid propane gas (LPG) supplies and to increase winter system pressures.

In its effort to secure long-term supplies, the Company entered into a 13-year agreement in April 1982 with Penn-York Energy Corporation to increase its underground natural gas storage levels from 50,000 MCF to 136,257 MCF beginning with the 1982-83 storage year.

In the mid-1980's, Fitchburg Gas and Electric, along with 13 northeastern utilities, should begin benefiting from its participation in Boundary Gas, Inc., a corporation formed for the purpose of importing up to 185,000 MCF of natural gas per day from Canada. The Boundary Gas Project, which has received approval from the U.S. Economic Regulatory Administration, should provide a new, reliable and long-term supply of natural gas to the Northeast, annually displacing over 11 million barrels of imported oil. The natural gas will be purchased from Trans-Canada PipeLines, Limited and be delivered via a Niagara Falls interconnection to participants' service areas under transportation agreements with Tennessee Gas Pipeline Company, a division of Tenneco, Inc.

On August 23, the Company signed an amendment to a contract with Bay State Gas Company to increase LNG and LPG supplies from 165,000 MMBTU (million British Thermal Units) to 325,000 MMBTU annually. Fitchburg Gas and Electric also secured an additional 1.2 million gallons of LPG for the 1982-83 heating season from Dome Petroleum, Ltd. of Ontario. To manage the increasing supplies of LPG at an optimum efficiency level, the Company automated its propane facility in Lunenburg, improving both system control and system reliability.

PROPERTY TAX CLASSIFICATION

In March 1981, area businesses including the Company filed a lawsuit to protest the improper implementation of a variable tax rate based on classes of property. As a result of this lawsuit, the Massachusetts Supreme Judicial Court (Court) ruled that the City of Fitchburg (City) used an improper method of classification in fiscal year 1981, and that the Commissioner of Revenue, in certifying the City's implementation, deviated from her own guidelines for property tax classification. The Court ruling also concluded that the City should have applied $1.6 million in free cash to reduce fiscal 1981 property taxes. For a remedy, the Court referred the matter to the Appellate Tax Board (ATB).

That decision cleared the way for the plaintiffs in the case to seek abatements from the ATB on fiscal 1981 and 1982 tax bills. Fitchburg Gas and Electric will seek an abatement in the amount of $130,000 on the free cash issue.

On December 13, 1982, the ATB ruled that it would conduct hearings on the classification question, but stated it had no jurisdiction to decide the free-cash issue. The City has requested the ATB to reconsider its decision on classification. Meanwhile, Judge Young of the Massachusetts Superior Court, who originally ruled in favor of the plaintiffs on the $1.6 million of free cash, has said he is prepared to decide both issues. Though settlement still seems unclear, the Company is now more hopeful that the inequity will be favorably resolved.

MUNICIPALIZATION STUDIES COMPLETED

Legal and engineering feasibility studies examining the municipalization of the electric portion of Fitchburg Gas and Electric were completed for the Fitchburg Municipal Power Project (Project). These studies, however, found no potential savings for customers of Fitchburg Gas and Electric in a municipalization takeover through the five-year period of the study. The report completed for the Project did note that the Company's transmission and distribution facilities were in generally good condition and commended the Company for its energy planning, commenting that a municipal utility would not be able to buy or generate power any more cheaply than Fitchburg Gas and Electric. A local law firm conducted an in-depth legal review for the Project. The conclusions were as expected — changes in the Massachusetts General Laws would have to be enacted prior to any takeover attempt.

To counterbalance these studies, Fitchburg Gas and Electric retained the services of Stone & Webster Management Consultants and Stone & Webster Appraisal Corporation, whose findings indicated that municipalization of the electric portion of the Company would not be economically feasible.

The only recommendation that was made by the Project's Steering Committee before its dissolution on December 31, 1982 was for the four communities electrically served by the Company to file legislation which would allow a regional power authority or district to be created.

CONSERVATION

The Company continues to promote conservation efforts through its comprehensive energy audit program, CONTACT (Conservation Techniques and Action). The program offers residential customers personalized energy-saving suggestions tailored to their homes, appliances and energy-use habits. Since initiating the program in 1981, over 1,400 customers have taken advantage of the opportunity to have their homes analyzed. In addition, the Company provides "how-to" information on insulation and other energy-saving improvements and maintains a list of contractors qualified to perform insulation work.

HUMAN RESOURCES

Fitchburg Gas and Electric is comprised of a network of transmission and distribution lines, pipelines, substations and various plants. But crucial to making energy flow is another kind of energy — the human energy of our 167 employees. Providing reliable service has been the hallmark of Fitchburg Gas and Electric employees for 130 years.

Many employees carry this tradition into their personal lives as well. Living mostly within our franchise area, some serve on the board of various civic organizations, such as United Way member organizations, and are active in city and town governments. Others are involved in youth programs, church organizations, charity drives and other activities to make their communities better places in which to live.

Because of the nature of the industry, Fitchburg Gas and Electric places great importance on safety throughout its operation. The Company completed the year with an occupational injury and illness incidence rate of only 3.47 for each 200,000 manhours worked, a record well below the national average.

LABOR AGREEMENT

In May 1982, Fitchburg Gas and Electric and The Brotherhood of Utility Workers of New England, Inc., Local No. 340, agreed to a new three-year contract. The agreement, which included wage increases of 8% each year, resolved many issues which should result in improved management-labor relations for an extended period.

ORGANIZATION

At Board of Directors' meetings held March 23, 1982, Charles J. Kershaw, Jr., who has served the Company for 12 years in various capacities, most recently as Senior Financial Analyst, was elected an Assistant Treasurer of the Company and its subsidiary.

Consolidated Balance Sheets

ASSETS	December 31, 1982	December 31, 1981
Utility Plant (at cost):		
Electric	$30,829,203	$30,098,595
Gas	14,596,942	13,580,970
Common	681,238	559,217
Construction work in progress (Note 10)	27,787,817	18,874,882
Utility Plant	73,895,200	63,113,664
Less: Accumulated depreciation (Note 1)	11,528,924	10,440,803
Net Utility Plant	62,366,276	52,672,861
Miscellaneous Physical Property (at cost)	26,005	26,005
Investments (Note 1)	116,424	283,689
Current Assets:		
Cash (Note 7)	577,734	1,859,345
Accounts receivable — less allowance for doubtful accounts of $291,337 and $421,442	6,272,604	6,939,797
Refundable income taxes	654,566	988,253
Materials and supplies (at average cost)	1,209,660	1,580,287
Prepayments	726,144	696,397
Property tax refunds	130,320	116,620
Total Current Assets	9,571,028	12,180,699
Deferred Debits:		
Unamortized debt expense (amortized over term of securities)	413,792	359,406
Unamortized cost of abandoned properties (Note 2)	950,251	1,644,178
Other (Note 2)	2,067,165	1,892,423
Total Deferred Debits	3,431,208	3,896,007
TOTAL	$75,510,941	$69,059,261

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

LIABILITIES

	December 31, 1982	December 31, 1981
Capitalization:		
Common Stock Equity (Notes 3 and 4):		
Common Stock, $10 par value		
Authorized — 1,000,000 shares		
Outstanding — 860,832 and 687,709 shares	$ 8,608,320	$ 6,877,090
Premium on common stock	5,725,616	4,250,364
Capital stock expense	(1,463,361)	(763,523)
Retained earnings	6,744,686	7,239,762
Total Common Stock Equity	19,615,261	17,603,693
Redeemable Preferred Stock (Note 5):		
Cumulative preferred stock, $100 par value		
Authorized — 99,820 shares		
5⅛% Series		
Outstanding — 15,200 and 15,620 shares	1,520,000	1,562,000
8% Series		
Outstanding — 22,000 and 22,750 shares	2,200,000	2,275,000
Cumulative preferred stock, $1 par value		
Authorized — 1,000,000 shares		
$4.00 Series		
Outstanding — 180,000 shares	180,000	—
Premium on preferred stock	4,320,000	—
Total Redeemable Preferred Stock	8,220,000	3,837,000
Long-term Debt (Note 6)	25,786,000	21,182,000
Total Capitalization	53,621,261	42,622,693
Current Liabilities:		
Long-term debt due within one year	323,000	323,000
Notes payable (Note 7)	5,700,000	10,300,000
Accounts payable	6,297,682	6,282,762
Customer deposits and refunds	529,779	575,952
Taxes accrued	54,221	100,459
Deferred income taxes (Notes 1 and 8)	—	191,692
Interest accrued	1,032,598	768,225
Total Current Liabilities	13,937,280	18,542,090
Deferred Credits:		
Unamortized investment tax credit (Note 1)	3,661,605	3,053,130
Other	99,302	39,639
Total Deferred Credits	3,760,907	3,092,769
Deferred Income Taxes (Notes 1 and 8)	4,109,779	4,731,509
Reserves — Other	81,714	70,200
Commitments (Note 10)		
TOTAL	$75,510,941	$69,059,261

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

Consolidated Statements of Earnings

	Years Ended December 31, 1982	1981	1980
Operating Revenues:			
Electric	$28,193,890	$31,554,691	$28,525,028
Gas	18,289,210	16,583,322	13,785,001
Total Operating Revenues	46,483,100	48,138,013	42,310,029
Operating Expenses:			
Operating expenses, other	7,101,172	6,766,170	5,572,558
Electricity purchased for resale	13,516,572	14,466,161	13,515,618
Fuel used in electric generation	4,731,089	6,242,038	4,917,372
Gas purchased for resale	13,346,471	11,174,231	9,172,342
Maintenance	1,305,100	1,093,543	1,028,141
Depreciation (Note 1)	1,365,440	1,392,754	1,330,989
Amortization of cost of abandoned properties (Note 2)	693,949	766,325	824,122
Provisions for taxes (Notes 1 and 8)			
Federal income tax on net operating income	(597,375)	(124,849)	535,350
Deferred Federal income	355,260	833,457	508,285
Amortization of investment tax credit	(94,029)	(97,776)	(85,214)
State franchise	—	2,220	61,341
Deferred state franchise	28,717	(25,652)	56,352
Local property — current	1,484,069	1,673,265	1,626,214
— abatement of prior years	—	(257,807)	—
Other	256,550	218,778	199,379
Total Operating Expenses	43,492,985	44,122,858	39,262,849
Operating Income	2,990,115	4,015,155	3,047,180
Non-operating Income:			
Allowance for other funds used during construction (Note 1)	849,206	355,992	134,577
Other (net of income taxes) (Note 8)	67,788	117,417	21,529
Total Non-operating Income	916,994	473,409	156,106
Gross Income	3,907,109	4,488,564	3,203,286
Income Deductions:			
Interest on long-term debt	2,524,446	2,249,374	1,610,809
Other interest charges	1,449,965	1,489,848	544,782
Amortization of debt expense	35,238	26,178	18,361
Discount on long-term debt purchased for sinking fund	(26,280)	(19,720)	(20,464)
Other	3,040	2,812	3,360
Gross Income Deductions	3,986,409	3,748,492	2,156,848
Allowance for borrowed funds used during construction (Note 1)	(2,069,505)	(1,850,287)	(656,752)
Net Income Deductions	1,916,904	1,898,205	1,500,096
Net Income	1,990,205	2,590,359	1,703,190
Dividend Requirements on Preferred Stock	549,497	265,449	273,602
Net Income Applicable to Common Stock	$ 1,440,708	$ 2,324,910	$ 1,429,588
Average Number of Common Shares Outstanding	773,440	624,574	513,384
Earnings per Average Common Share Outstanding	$1.86	$3.72	$2.78

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

Consolidated Statements of Changes in Financial Position

	Years Ended December 31, 1982	1981	1980
Funds Provided By:			
Funds from Operations			
Net Income	$ 1,990,205	$ 2,590,359	$ 1,703,190
Principal Non-Cash Charges (Credits) to Earnings			
Depreciation	1,382,034	1,407,588	1,350,689
Deferred Federal income tax	576,210	688,634	161,589
Deferred state franchise tax	(13,845)	8,886	20,478
Amortization of investment tax credit	(94,029)	(97,776)	(85,214)
Allowance for other and borrowed funds used during construction	(2,918,711)	(2,206,279)	(791,329)
Property tax abatements	—	(141,187)	—
Amortization of deferred debits	834,908	839,833	894,435
Funds Provided by Operations	1,756,772	3,090,058	3,253,838
Net Proceeds from Issuance of Long-term Debt	4,910,376	—	4,872,525
Net Proceeds from Sale of Common Stock	2,863,328	2,140,450	2,092,094
Net Proceeds from Sale of Preferred Stock	4,141,309	—	—
Current Portion of Property Tax Abatement	—	—	270,813
Decrease (Increase) in Working Capital, Excluding Short-term Debt	2,604,861	341,996	(1,407,046)
Total Funds Provided	$16,276,646	$ 5,572,504	$ 9,082,224
Funds Applied To:			
Additions to Plant	$ 7,652,010	$ 4,118,145	$ 3,832,775
Purchase of Additional Interest in Seabrook Units	503,290	9,026,657	—
Investments in Non-utility Operations	80,869	1,204	125,747
Common Stock Dividends	1,995,105	1,616,986	1,313,921
Preferred Stock Dividends	490,176	266,129	274,281
Funds Used for Retirement of Securities:			
Long-term debt	396,000	191,000	207,000
Preferred stock	117,000	117,000	117,000
Decrease (Increase) in Short-term Debt	4,600,000	(8,600,000)	3,720,000
Other Applications (Sources) — Net	442,196	(1,164,617)	(508,500)
Total Funds Applied	$16,276,646	$ 5,572,504	$ 9,082,224
Increase (Decrease) in Components of Working Capital, Excluding Short-term Debt			
Cash	$(1,281,611)	$ 762,353	$ (630,907)
Accounts receivable — net	(667,193)	(1,516,324)	3,373,549
Refundable income taxes	(333,687)	590,617	132,646
Materials and supplies	(370,627)	750,541	(47,975)
Prepayments	29,747	307,265	(440,743)
Property tax refunds	13,700	(437,981)	91,780
Accounts payable	(14,920)	(861,403)	(425,791)
Customer deposits and refunds	46,173	(44,890)	(272,387)
Taxes accrued	46,238	3,183	64,218
Deferred income taxes	191,692	297,150	(357,576)
Interest accrued	(264,373)	(192,507)	(79,768)
Increase (Decrease) in Working Capital	$(2,604,861)	$ (341,996)	$ 1,407,046

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

Consolidated Statements of Retained Earnings

	Years Ended December 31,		
	1982	1981	1980
Retained Earnings, Beginning of Year	$7,239,762	$6,532,518	$6,417,530
Net Income	1,990,205	2,590,359	1,703,190
Total	9,229,967	9,122,877	8,120,720
Deduct:			
Cash dividends declared:			
Cumulative preferred stock:			
5⅛% Series at an annual rate of $5.125 per share	78,976	81,129	83,281
8% Series at an annual rate of $8.00 per share	179,000	185,000	191,000
$4.00 Series at an annual rate of $4.00 per share	232,200	—	—
Common stock at an annual rate of $2.60 per share	1,995,105	1,616,986	1,313,921
Total Deductions	2,485,281	1,883,115	1,588,202
Retained Earnings, End of Year (Note 4)	$6,744,686	$7,239,762	$6,532,518

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

Notes to Consolidated Financial Statements

Note 1: Summary of Significant Accounting Policies — The Company is subject to regulation by the Massachusetts Department of Public Utilities (DPU) with respect to its rates and accounting. The Company's accounting policies conform with generally accepted accounting principles, as applied in the case of regulated public utilities, and are in accordance with the accounting requirements of the DPU. A description of the Company's significant accounting policies follows.

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

Revenue Recognition — The Company records unbilled fuel adjustment revenue currently to properly match revenues with related costs. Such unbilled revenue aggregated $434,771, $1,295,425 and $1,691,820 at December 31, 1982, 1981 and 1980, respectively.

Depreciation — Annual provisions are determined on a group straight-line basis. Provisions for depreciation were equivalent to the following composite rates based on the average depreciable property balances at the beginning and end of each year: 1982 — 3.12%, 1981 — 3.24% and 1980 — 3.19%.

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

The Company has implemented the Accelerated Cost Recovery System (ACRS) method of tax depreciation for all property additions subsequent to December 31, 1980, and uses an accelerated method of tax depreciation for substantially all property additions prior to January 1, 1981, which methods result in tax depreciation amounts in excess of book depreciation. The Company further deducts currently certain elements of construction overheads that are capitalized for book purposes. For each of these differences, the Company provides deferred income taxes as had been previously approved for rate-making purposes by the DPU. The Company received, in a July 1982 order from the DPU, reaffirmation of the principle of full normalization.

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

The Company has recorded deferred income taxes related to certain abandoned properties which are recognized as tax losses at differing times. The Company, in 1979, began capitalizing certain maintenance costs for a generating unit, yet continued to deduct these costs currently for tax purposes. Deferred income taxes have been provided for this timing difference.

The annual investment tax credits permitted for additions to the Company's utility property are being amortized to income rateably over the estimated productive lives of the related assets as allowed by the DPU. Such deferrals for the years 1982, 1981 and 1980 amount to $769,780, $1,255,899 and $374,736, respectively.

The additional investment tax credit permitted under the Company's Employee Stock Ownership Plan (ESOP) is available to reduce Federal income taxes payable by 1½% of the Company's qualified property additions. The resulting amounts are payable to the ESOP.

Allowance for Funds Used During Construction — An allowance for funds used during construction (AFUDC), a non-cash item, is included in construction work in progress. The objective of AFUDC is to present the earnings that would result in the absence of construction programs and the related financing requirements during the period of that construction. Accordingly, AFUDC capitalizes the cost of debt and equity employed in meeting these financing requirements, based upon a composite rate applied to construction work in progress, which assumes that funds used for construction were provided by borrowings, preferred stock and common equity. Annual rates of approximately 13%, 16% and 14% were used for the years 1982, 1981 and 1980, respectively. The equity component of AFUDC equals 58.9%, 15.3% and 9.4% of net income applicable to Common Stock for the years 1982, 1981 and 1980, respectively.

Note 2: Deferred Debits

Unamortized Cost of Abandoned Properties — The unamortized cost of abandoned properties is being amortized at various rates as ordered by the DPU:

On October 18, 1978, the Company filed with the DPU its proposed accounting treatment relative to the book abandonment ordered by the DPU of generating Unit #6, which treatment was approved by the DPU on November 7, 1978. The Company had commenced amortization of this property in September 1978, retroactive to January 21, 1978, and completed this amortization in November 1982. In September 1981, the Company had abandoned the generating unit for tax purposes pursuant to management's determination that there was no longer economic justification for retaining the Unit as standby capacity available for future rehabilitation. The tax abandonment had no effect on earnings.

On November 1, 1979, the Company began amortizing the costs of its investment in the proposed Charlestown Units #1 and #2 nuclear generating plants and completed this amortization in October 1982. This abandonment had been precipitated by the announcement on October 9, 1979 by the lead participant, New England Electric System, to defer indefinitely the in-service date and the subsequently announced termination of this project.

On December 31, 1980, Northeast Utilities, the lead participant in the proposed nuclear generating plants, Montague Units #1 and #2, announced the termination of the construction of these units. On April 24, 1981, the Company received permission from the DPU to amortize approximately $294,000 of related costs over a five-year period, effective January 1, 1981. Rate recovery is currently being considered in the context of the current electric rate filing.

On September 23, 1981, the Board of Directors of Boston Edison Company voted to cancel the Pilgrim Unit #2 project due to increased costs resulting from regulatory delays. On October 22, 1981, the Unit was officially cancelled. The Company requested in its current electric rate filing that the investment in Pilgrim Unit #2, net of deferred taxes related thereto, receive appropriate rate treatment allowing for a five-year amortization. This property was classified as a deferred debit at December 31, 1981, pending DPU approval of the proposed accounting treatment.

Note 2: Deferred Debits — (Continued)

The amounts to be amortized for all properties over the next five years, assuming DPU approval of the five-year amortization of Pilgrim Unit #2 by March 31, 1983, are as follows: 1983 — $221,000; 1984-1985 — $263,043; and 1986-1987 — $223,750.

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

	December 31, 1982	December 31, 1981
Pilgrim Unit #2 (Note 9)	$1,210,650	$1,200,143
Storm damage	64,594	—
Property tax abatements receivable	129,626	270,813
Notes receivable	127,171	129,818
Deferred maintenance costs (amortized based upon generation)	171,841	174,747
Moving expenses	35,553	66,027
Turbine maintenance expense	122,216	—
Rate case expenses	158,757	—
Miscellaneous	46,757	50,875
Total other deferred debits	$2,067,165	$1,892,423

Note 3: Common Stock — On June 24, 1982, the Company sold 150,000 shares of Common Stock to the public at $18.50 per share. At various times during 1982, the Company sold 23,123 shares of Common Stock in connection with the Company's ESOP and Dividend Reinvestment and Stock Purchase Plan at an average price of $18.66 per share. Net proceeds of $2,863,328 were used to reduce short-term borrowings incurred in connection with the Company's on-going construction program. On June 23, 1981, the Company sold 125,000 shares of Common Stock for $19.00 per share. The Company sold an additional 4,232 shares of Common Stock at $18.00 per share to the Company's ESOP on October 22, 1981. Net proceeds of $2,140,450 in 1981 were used to reduce short-term borrowings incurred in connection with the Company's on-going construction program.

Note 4: Restriction on Retained Earnings — Under the most restrictive provisions of indentures and note purchase agreements relating to the Company's long-term debt, $2,746,807, $3,256,074 and $2,559,479 of retained earnings were available for the payment of cash dividends on Common Stock at December 31, 1982, 1981 and 1980, respectively.

Note 5: Redeemable Cumulative Preferred Stock — On August 5, 1982, the Company sold to the public 180,000 shares of an initial series of Cumulative Preferred Stock, $1 par value, at $25 per share with an annual dividend rate of $4.00 per share. Net proceeds of $4,141,309 were used to reduce short-term borrowings incurred in connection with the Company's on-going construction program.

Both classes of Cumulative Preferred Stock rank equally and are preferred over Common Stock in voluntary liquidation at the redemption price in effect at the time of such voluntary liquidation and in involuntary liquidation at $100 per share with respect to the 5⅛% and 8% Series and at $25 per share with respect to the $4.00 Series, all plus accrued dividends.

Shares of the 5⅛% Series are redeemable at the Company's option at $101.28 per share. The Company is required to purchase on June 1 of each year not less than 420 shares of the 5⅛% Series unless a lesser amount of shares is tendered, at $100 per share plus accrued dividends.

Shares of the 8% Series are redeemable at the Company's option at $108.00 per share on or before August 31, 1983 and at diminishing premiums thereafter. The Company is required to purchase on June 1 of each year not less than 750 shares of the 8% Series unless a lesser amount of shares is tendered, at $100 per share plus accrued dividends.

Note 5: Redeemable Cumulative Preferred Stock — (Continued)

Shares of the $4.00 Series are redeemable at the Company's option at $29.00 per share on or before June 1, 1987 and at diminishing premiums thereafter. The Company is required to purchase on June 1 of each year, commencing in 1988, 9,000 shares of the $4.00 Series at $25 per share plus accrued dividends.

Purchases of redeemable Preferred Stock during 1982, 1981 and 1980 consisted of the following:

Series	1982	1981	1980
5⅛%	$42,000	$42,000	$42,000
8%	$75,000	$75,000	$75,000

The aggregate amount of sinking fund requirements in each of the five years following 1982 is $117,000.

Note 6: Long-term Debt — Details of Long-term Debt at December 31, 1982 and 1981 are shown below:

	December 31, 1982	December 31, 1981
Twenty-five year Notes, 4⅞%, due February 1, 1984	$ 3,054,000	$ 3,097,000
Ten year Notes, 17¼%, due August 15, 1992	5,000,000	—
Twenty-five year Notes, 9⅜%, due March 1, 1995	6,675,000	6,748,000
Twenty year Notes, 10%, due September 1, 1996	2,800,000	3,000,000
Twenty-five year Notes, 10¼%, due May 1, 1999	3,580,000	3,660,000
Twenty year Notes, 15¾%, due September 1, 2000	5,000,000	5,000,000
Total	$26,109,000	$21,505,000
Less: Installments due within one year	323,000	323,000
Total Long-term Debt	$25,786,000	$21,182,000

The Company privately sold $5,000,000 of its 17¼% Notes due August 15, 1992 to an institutional investor on August 24, 1982. Proceeds from the sale were used to reduce short-term borrowings incurred in connection with the Company's on-going capital construction program.

The aggregate amount of sinking fund requirements and payments at maturity for each of the five years following 1982 are: 1983 — $323,000; 1984 — $3,366,000; 1985 — $355,000; and 1986-1987 — $685,000. The Company has satisfied $75,000 of the sinking fund requirements for the 9⅜% Notes for 1983.

Note 7: Credit Arrangements — Under line of credit arrangements for short-term debt with five banks, the Company may borrow up to $15,000,000 on such terms as the Company and the banks may mutually agree upon.

These arrangements do not have termination dates, but are reviewed annually for renewal. At December 31, 1982 and 1981, the unused portion of the credit lines outstanding was $9,300,000 and $4,400,000, respectively. The Company has agreed to maintain certain average amounts on deposit in these banks or pay certain fees in lieu of compensating balances. In 1981 certain of the lines of credit required that compensating balances be increased in relation to usage. Compensating balance requirements at December 31, 1982 and 1981 were approximately $80,000 and $970,000, respectively.

Note 8: Federal Income Tax — Federal income tax expense is comprised of the following components:

	Years Ended December 31,		
	1982	1981	1980
Current expense charged (credited):			
Operating expenses	$(597,375)	$(124,849)	$535,350
Non-operating income	(63,834)	(24,530)	(30,210)
Amortization of investment tax credit	(94,029)	(97,776)	(85,214)
	(755,238)	(247,155)	419,926
Deferred tax expense charged (credited):			
Deferred unbilled revenue	(162,653)	(276,917)	321,701
Accelerated tax depreciation	325,577	322,551	293,194
Abandoned properties	(174,814)	650,300	(192,419)
Overheads and other	322,306	150,063	63,167
Deferred maintenance costs	54,949	(2,494)	(6,441)
Percentage repair allowance	(10,105)	(10,046)	29,083
	355,260	833,457	508,285
Non-operating expense	(42,983)	(19,951)	(24,995)
	312,277	813,506	483,290
Total Expense (Benefit)	$(442,961)	$ 566,351	$903,216

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

	Years Ended December 31,		
	1982	1981	1980
Statutory Federal income tax rate	46 %	46 %	46 %
Income tax effects of timing differences:			
Allowance for funds used during construction (see Note 1)	(82)	(30)	(10)
Miscellaneous	7	2	(1)
Effective Federal income tax rate	(29)%	18%	35%

Note 9: Regulatory Matters — On January 25, 1982, the Company petitioned the DPU to reaffirm its approval of the concept of tax normalization of the debt component of AFUDC. On July 2, 1982, the DPU issued an order dismissing the Company's petition. The DPU order stated that it was unnecessary and inappropriate to adjudicate the issue presented in the Company's petition since the DPU had recognized and approved the practice of normalizing the debt component of AFUDC in many rate cases, including the Company's last rate case. The DPU concluded that the Company's normalization of the debt component of AFUDC should be considered in the context of the Company's next full electric rate case.

On July 16, 1982 the Company requested a $3,378,000 increase in gas base rates, subsequently revised to approximately $3,173,000. On January 31, 1983, the Company was granted an increase of approximately $2,318,000, which amounts to 73% of the revised amount requested.

The Company filed for a $4,103,000 increase in its electric base rates on September 16, 1982 which was subsequently adjusted to approximately $3,959,000. This request included a $1,771,000 adjustment to implement normalization of the debt component of AFUDC. The implementation of such normalization would not have any effect on earnings, but would improve the Company's cash flow. This request also included a provision for complete recovery of the Company's investment, net of related taxes, in the abandoned Pilgrim Unit #2 (see Note 2) in the amount of approximately $841,000. In the opinion of counsel, the Company should recover at a minimum approximately $537,000 of the amount so requested if the DPU adheres to prior precedents. Any portion of the amount requested by the Company which it is not permitted to recover will be charged against earnings at the time of final determination. Hearings were concluded on December 20, 1982 and the DPU must render a decision on the Company's request by March 31, 1983.

Note 10: Commitments

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

The Company has a twenty-five year lease which began April 1, 1973 for a combustion turbine and a liquefied natural gas storage facility. The lease is subject to a ten-year renewal period at the option of the Company at an annual rental of 14½% of the aggregate fair market value at the end of the initial lease term. Under certain conditions the Company has the right to purchase these facilities at an independently appraised market value. Under the lease, the Company has the obligation to maintain the equipment in good operating condition and pay all taxes and insurance on said equipment.

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

Had the Company capitalized its capital leases at December 31, 1982 and 1981, the asset and related liability which would have been recorded on the balance sheets for the Company's capital leases would have been as follows:

	December 31,	
	1982	1981
Asset	$4,731,232	$4,883,192
Liability	$5,807,364	$6,023,941

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

	Years Ended December 31,		
	1982	1981	1980
Depreciation	$ 288,133	$ 265,996	$ 182,373
Other Interest Charges	$ 694,413	$ 578,755	$ 183,187
Operating Expenses, Other	$(617,965)	$(544,844)	$(327,877)

The minimum commitments under all non-cancellable long-term leases in effect at December 31, 1982 are as follows:

1983	$ 872,217
1984	883,380
1985	867,676
1986	844,753
1987	835,887
1988 - 1992	3,543,284
1993 - 1997	3,803,950
1998 - 2002	2,742,586
2003	44,771

Total rental expense for the years ended December 31, 1982, 1981 and 1980 amounted to $687,142, $583,810 and $443,913, respectively.

Note 10: Commitments — (Continued)

Pension Plans — The Company has in effect two funded pension plans and related Trust Agreements to provide retirement annuities for participating employees at age 65. The entire amount of the annual contribution under the actuarial requirements of the plans is borne by the Company. The Company's contribution to the plans during the years ended December 31, 1982, 1981 and 1980 amounted to $552,824, $564,661 and $533,945, respectively, which includes amortization of prior service costs over a period of thirty years. The Company's policy is to fund the pension cost accrued. The following additional information is presented as of the most recent benefit information dates:

	January 1, 1982	January 1, 1981
Actuarial present value of accumulated plan benefits:		
Vested	$4,459,203	$4,110,820
Non-Vested	75,520	76,412
	$4,534,723	$4,187,232
Net assets available for benefits	$2,183,048	$1,934,828

The weighted average assumed rate of return used in determining the actuarial present value of accumulated plan benefits was 8% for both 1982 and 1981.

Joint Ownership Units and Construction — The Company is participating on a tenancy-in-common basis with other New England utilities in the construction and ownership of five generating units. New Haven Harbor and Wyman Unit #4, both oil-fired stations, have been in commercial operation since August 1975 and December 1978, respectively. The remaining three generating units are nuclear units under construction. During the five-year period ending December 31, 1987, the Company estimates construction requirements, including AFUDC, relative to these units will be approximately $36,280,000.

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

Details relating to the various units are as follows:

Joint Ownership Units	State	Proportionate Share of Total Ownership %	Proportionate Share of Total Ownership mw	Company's Share in Thousands of Dollars: Amount of Utility Plant in Service	Accumulated Depreciation	Amount Expended through 12/31/82	Total Estimated Cost of Construction
Seabrook Units #1 & #2	New Hampshire	0.86519	19.9	$ —	$ —	$23,152	$53,584
Millstone Unit #3	Connecticut	0.217	2.5	—	—	4,464	10,312
Wyman Unit #4	Maine	0.1822	1.1	407	61		
New Haven Harbor	Connecticut	4.5	20.1	6,968	1,526		
			43.6	$ 7,375	$ 1,587	$27,616	$63,896

Estimates of the total cost of construction are based upon the most recent information furnished by the utilities supervising construction of the nuclear units and various other assumptions made by management of the Company regarding sources of financing and costs of capital. The Company has been advised by the supervising participant for each project that construction budgets are continually updated in light of increased costs due to deferrals, delays and other factors. As a result of actions taken by the joint owners of the Seabrook Units, including the lead participant PSNH, during November and December of 1982, the cost estimates for the Seabrook Units were revised and the estimated in-

Note 10: Commitments — (Continued)

service dates for Units #1 and #2 were changed to December 1984 and July 1987, respectively. On September 7, 1982, the Company received revised estimated costs of construction from Northeast Utilities, the parent company of the lead participants in Millstone Unit #3, with respect to that Unit.

The Company expects to finance the cost of its participation in the Units initially through short-term borrowings. At the appropriate times, short-term borrowings will be converted into equity and long-term debt.

The complexity of present-day electric utility technology and the time required for the construction of generating facilities and completion of licensing and other regulatory proceedings relating thereto have compelled the Company, as well as other electric utilities, to make substantial investments in nuclear facilities prior to completion of licensing and regulatory proceedings. Cancellation of any of the three nuclear generating Units for any reason, including the inability to obtain necessary permits or sufficient financing, could result in substantial and possibly unrecoverable charges against the Company's income. These charges could include the amounts incurred by the Company prior to cancellation, cancellation penalties and other charges. The scheduling of Millstone Unit #3, and the right to cancel that Unit, are solely the responsibility of the particular New England utility which is supervising construction of that Unit. The scheduling of the Seabrook Units, and the right to cancel either of these Units, can only be made with the consent of 75% of the participating interests of the utilities involved in the construction of those Units.

Operating expenses included in the Consolidated Statements of Earnings relating to the joint ownership units and their percentage of that specific operating expense are as follows:

	Thousands of Dollars		Percentage of Total Electric Expense Category
	Wyman Unit #4	New Haven Harbor	
Operating Expense, Other	$ 26	$ 375	9%
Fuel Used in Electrical Generation	102	4,476	97
Maintenance	4	196	25
Local Property Tax	5	215	20
Other Taxes	—	11	8
Total Operating Expenses	$137	$5,273	

Long-term Obligations — The Company maintains contracts for both natural and supplemental gas supplies and the storage and delivery of natural gas stored underground. These contracts contain minimum purchase provisions which the Company is obligated to pay. The minimum purchase provision of the natural gas contracts may increase or decrease on the action of the Federal Energy Regulatory Commission (FERC) with regard to curtailment of supply. All of the supplemental supply contracts contain a minimum purchase provision subject to product availability from the supplier.

The minimum commitment, at currently prevailing rates, for the contracts is as follows:

1983	$12,130,998
1984	14,214,780
1985	13,991,411
1986	13,470,216
1987	13,470,216
1988-1992	57,964,920
1993-1997	49,378,692
1998-2000	26,603,995

The Company has entered into a transmission support agreement with other New England utilities to bring electricity from Quebec Hydro-Electric Corporation via Vermont and New Hampshire, starting in 1986, which will cost the Company approximately $200,000 per year.

The Company has four contracts for electric purchases with unconditional capacity and transmission charges which approximate $5,400,000 annually through 1986, then $1,300,000 annually through 1992.

A substantial portion of the Company's energy supply is obtained under long-term contracts.

Note 11: Segment Information — In accordance with Financial Accounting Standard No. 14, the following information is presented relative to the gas and electric operations of the Company:

	Electric Operations		
	1982	1981	1980
Operating revenues	$28,193,890	$31,554,691	$28,525,028
Operating income before income taxes	$ 1,650,425	$ 2,950,982	$ 2,527,335
Identifiable assets as of December 31	$53,132,693	$45,101,618	$32,817,347
Depreciation	$ 979,783	$ 980,737	$ 976,148
Construction expenditures	$ 6,963,559	$12,623,393	$ 1,620,827

	Gas Operations		
	1982	1981	1980
Operating revenues	$18,289,210	$16,583,322	$13,785,001
Operating income before income taxes	$ 1,032,263	$ 1,651,573	$ 1,595,959
Identifiable assets as of December 31	$13,804,033	$14,229,005	$12,949,057
Depreciation	$ 385,657	$ 412,017	$ 354,841
Construction expenditures	$ 1,191,741	$ 521,409	$ 2,211,948

	Total Company		
	1982	1981	1980
Operating revenues	$46,483,100	$48,138,013	$42,310,029
Operating income before income taxes	$ 2,682,688	$ 4,602,555	$ 4,123,294
Income tax benefit (expense)	307,427	(587,400)	(1,076,114)
Non-operating income	916,994	473,409	156,106
Net income deductions	(1,916,904)	(1,898,205)	(1,500,096)
Net income	$ 1,990,205	$ 2,590,359	$ 1,703,190
Identifiable assets as of December 31	$66,936,726	$59,330,623	$45,766,404
Unallocated assets, primarily working capital	8,574,215	9,728,638	9,753,323
Total assets as of December 31	$75,510,941	$69,059,261	$55,519,727
Depreciation	$ 1,365,440	$ 1,392,754	$ 1,330,989
Construction expenditures	$ 8,155,300	$13,144,802	$ 3,832,775

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

Report of Independent Certified Public Accountants

To the Shareholders of
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY:

We have examined the consolidated balance sheets of Fitchburg Gas and Electric Light Company and Subsidiary as of December 31, 1982 and 1981 and the related consolidated statements of earnings, retained earnings and changes in financial position for each of the three years in the period ended December 31, 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 report dated February 3, 1982, our opinion on the 1981 and 1980 financial statements was qualified as being subject to the effects on the 1981 and 1980 financial statements of such adjustment, if any, as might have been required had a challenge by the Attorney General of The Commonwealth of Massachusetts of the Company's method of billing and accounting for revenues under its fuel adjustment clause in effect from January 1 through September 26, 1974 been pursued. Based upon their review of the current posture of the matter, the Company's management and their legal counsel are of the opinion that the likelihood of the Attorney General carrying this challenge forward in the future is remote. Accordingly, our present opinion on the 1981 and 1980 financial statements as presented herein differ from that expressed in our previous report.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Fitchburg Gas and Electric Light Company and Subsidiary at December 31, 1982 and 1981 and the consolidated results of their operations and changes in their financial position for each of the three years in the period ended December 31, 1982, in conformity with generally accepted accounting principles applied on a consistent basis.

ALEXANDER GRANT & COMPANY

Boston, Massachusetts
February 2, 1983

Management's Discussion of Financial Condition and Results of Operations

Financial Condition

The liquidity and capital resources of the Company, like most electric utility companies, are influenced most significantly by construction required to provide the environmentally-acceptable facilities needed to meet the anticipated energy needs of its customers. The rate-making practices of most utility regulatory commissions, including the Massachusetts Department of Public Utilities (DPU), effectively require substantial external financing of the investment in additional facilities and equipment. Under these practices, the financing costs of construction projects are generally treated as part of the cost of the new facilities. The inclusion of financing costs in the cost of new facilities is accompanied by recording Allowance for Funds Used During Construction (AFUDC) (a non-cash item) in the Statement of Earnings (see Note 1 to the Consolidated Financial Statements). Although this accounting treatment allows recovery of the cost of construction funds through depreciation over the life of the facilities, the recording of income credits is not immediately accompanied by cash flow. As a result, the quantity of earnings may not be greatly reduced during periods of heavy construction, but the cash flow content of earnings is substantially reduced. Low internal cash generation requires a large amount of external financing to support the construction program. Consideration of liquidity and capital resources for an electric utility company must primarily be directed toward an assessment of its ability to attract the capital necessary to support its construction program.

The interest expense incurred by the Company which constitutes the debt component of AFUDC is a deductible item for Federal tax purposes, and substantially all the resulting benefit is used to reduce current income tax expense in accordance with DPU rate-making practice. In order to enhance its cash flow position, the Company petitioned the DPU on January 25, 1982 to grant a normalization allowance, that is, retention of a portion of these tax benefits by the Company until such time as the related facilities become operational. On July 2, 1982 the DPU dismissed the Company's petition, indicating that the issue presented should be considered in the context of the Company's next full rate case. On September 16, 1982, the Company filed for permanent electric rate relief, which is described below, and incorporated into this rate filing an adjustment to implement increased normalization of the debt component of AFUDC. Approval of such adjustment for normalization by the DPU would not have any effect on earnings but the Company believes that, if granted in full, it would improve the Company's cash flow position by approximately $1,771,000 annually.

It is vital to the interests of the Company's shareholders and customers that income from operations be adequate to finance the capital expenditures necessary to meet its service requirements. To achieve a satisfactory level of earnings and improve the cash flow position of the Company, it became necessary to file for permanent gas and electric rate relief on July 16, 1982 and September 16, 1982, respectively. The Company's request for gas rate relief amounted to approximately $3,378,000 on an annual basis and was subsequently revised to approximately $3,173,000 on an annual basis. On January 31, 1983, the Company was granted an increase of approximately $2,318,000, 73% of the revised amount requested. The request for electric rate relief amounted to approximately $4,103,000 on an annual basis and was subsequently adjusted to approximately $3,959,000. It included an adjustment of approximately $1,771,000 to implement increased normalization of the debt component of AFUDC. The DPU will further determine in the Company's pending electric rate proceeding that portion of its net investment in the abandoned Pilgrim Unit #2, amounting to approximately $841,000, which will be recoverable for rate purposes. The Company would be required to charge against earnings, at the time of final determination, any portion of this net investment which would not be recoverable for rate purposes (see Notes 2 and 9 to the Consolidated Financial Statements for further details). Hearings on this rate request were concluded on December 20, 1982 and final briefs were filed in February 1983. The DPU must render a decision on the Company's request by March 31, 1983.

Capital expenditures for utility operations in 1982 declined by 38% primarily because of the 1981 purchase of an additional 0.69419% ownership interest in Seabrook Units #1 and #2. In 1982 the Company expended approximately $8,864,000 of its $11,074,000 utility plant expenditures, inclusive of AFUDC, on Seabrook Units #1 and #2 and Millstone Unit #3.

Because of its commitment to Seabrook Units # 1 and # 2 and Millstone Unit # 3, the Company has forecasted a cash construction budget of approximately $9,134,000, exclusive of AFUDC, for 1983, of which

approximately $7,214,000 consists of the on-going investment in the jointly-owned nuclear plants (see Note 10 to the Consolidated Financial Statements for further details). The Company's total cash commitment toward these Units is estimated to be approximately $19,612,000, excluding AFUDC, over the next five years. This estimated five-year cash commitment assumes that the present cost estimates and in-service dates of the respective Units remain unchanged, unaffected by substantial adverse regulatory actions, labor-related disruptions or delays in construction milestones.

While redemptions of long-term Notes will be made to satisfy several annual sinking fund requirements during the next five years, the Company's only long-term debt obligation coming due during this period is the payment at maturity of $3,011,0000 of the Company's 4⅞% Notes due in 1984.

When internally generated funds are not available, the Company follows a policy of borrowing on a short-term basis to meet its capital requirements and, at the appropriate time, converts its short-term indebtedness into senior capital. The size and timing of such financings will depend upon developments in the financial markets and the ability of the Company to meet financing covenants. The Company has and will continue to review its plans for financing its future service requirements, in particular the timing and amount of the cash outlays required for Seabrook Units #1 and #2 and Millstone Unit #3 now under construction. Preliminary financing plans indicate that the Company may raise approximately $30,000,000 during 1983 and 1984, through equity and debt financings, to meet its cash requirements. The Company presently anticipates that during the 1983-1984 period, 100% of its estimated construction expenditures will be financed by externally generated funds. While the Company has not determined its financing plans for 1985-1987, it believes that its outside financing requirements should decrease substantially during that period. This decrease in the need for financing should principally result from a significant improvement in the Company's cash flow associated with the commercial operation of Seabrook Unit #1, currently projected for December 31, 1984. Any delay from the planned in-service dates of these Units may result in significantly higher cash outlays for these Units and correspondingly increased future financing requirements. The Company is cognizant of its responsibility to insure that these major construction projects are prudently managed, have effective cost control and can be completed as expeditiously as possible. The Company has reviewed and will continue to review this situation very closely and will take all reasonable action available to it to insure that the goals are met. The Company is reevaluating its subsidiary's investments in gas and oil exploration projects. The sale of its portion of one of these projects is presently being negotiated.

On June 24, 1982, the Company issued 150,000 additional shares of Common Stock to the public. On August 5, 1982, the Company sold to the public 180,000 shares of an initial series of Cumulative Preferred Stock, $1 par value, with an annual dividend rate of $4.00 per share. The Company privately sold $5,000,000 of its 17¼% Notes due 1992 on August 24, 1982. The Company further issued in 1982, at various times, 23,123 shares of Common Stock in connection with its Dividend Reinvestment and Stock Purchase Plan and Employee Stock Ownership Plan (ESOP). In 1981 the Company issued 125,000 shares of Common Stock to the public and 4,232 additional shares in connection with the ESOP. The Company previously issued, during 1980, 100,000 shares of Common Stock to the public and 3,002 additional shares in connection with the ESOP. In 1980 the Company also sold privately $5,000,000 of its 15¾% Notes due 2000. The Company's service center, costing approximately $2,700,000, is being funded through a sale and leaseback arrangement entered into in February 1981 for an initial term of 22 years. The Company has a 25 year lease on a combustion turbine and an LNG storage facility which commenced in 1973. The Company leases other equipment including its computer system.

Operating Results

Net Income declined during 1982 by approximately $600,154 (23%). Earnings per average common share for 1982 were $1.86, on a larger number of shares outstanding, as compared to $3.72 in 1981 and $2.78 in 1980. This decrease was primarily due to lower kilowatt-hour (KWH) sales to industrial users and a significant reduction in the gross profit associated with interruptible gas sales (sales to customers who possess alternative energy sources and who use gas on an as-available basis). Net Income rose during 1981 by approximately $887,000 (52%) after declining by approximately $558,000 (25%) in 1980. Contributing to these higher 1981 earnings were an increase in tax benefits associated with the debt component of AFUDC and a rise in gross profit associated with interruptible gas sales.

Electric Operating Revenues were lower by 11% in 1982, reflecting primarily the adverse effects of the economic recession upon certain of the Company's large industrial customers. Electric Operating Revenues increased by 11% and 17% in 1981 and 1980, respectively, principally due to higher fuel costs for generation and energy cost of purchased power, both of which are passed on to customers through the operation of a cost of fuel adjustment clause. During 1982, 1981 and 1980, KWH sales fell by 7%, 3% and 6%, respectively.

Gas Operating Revenues rose by 10%, 20% and 41% in 1982, 1981 and 1980, repectively. These increases were principally due to the higher cost of purchased gas, which is passed on to customers through the operation of a cost of gas adjustment clause. While the volume of gas sold declined by 5.8% in 1982, if one excluded interruptible gas sales the volume of gas sold would have only been reduced by 1.9%. The volume of gas sold in 1981 fell by 3%, and if one excluded interruptible gas sales the volume of gas sold during that period would have increased by 4%. The volume of gas sold in 1980 increased by 23.5% including an increase in interruptible gas sales of 47.4%.

Electricity Purchased for Resale declined by 7% in 1982, reflecting the reduced demand for electricity, while the per unit energy cost rose by only .06 cent (1.2%). In 1981 and 1980, Electricity Purchased for Resale increased by 7% and 29%, respectively, reflecting increases in the per unit energy cost of approximately .7 cent (16%) and 1.1 cent (33%), respectively. Fuel Used in Electric Generation fell by 24% in 1982 reflecting reduced demand for electricity and a stabilization in the costs of fuel oil during the year. This compares with 27% and 45% rises in the cost of Fuel Used in Electric Generation in 1981 and 1980, respectively, which were principally due to the escalation in the costs of fuel oil used in the generation of electricity. Gas purchased for resale rose by 19%, 22% and 57% in 1982, 1981 and 1980, respectively, due primarily to higher prices charged by the Company's pipeline supplier.

Operating Expenses, Other increased by 5% in 1982 reflecting primarily higher payroll and related benefits. Operating Expenses, Other increased by 21% in 1981, primarily as a result of certain non-recurring legal expenses, higher wage rates, increased bad debt expenses and certain other costs reflecting the effects of inflation. Operating Expenses, Other increased by 9% in 1980 principally due to an accounting adjustment required by the Federal Energy Regulatory Commission, higher tree trimming costs and operating expenses associated with the continuation of the gas conversion program.

AFUDC rose by 32% in 1982, reflecting the cost of financing the Company's on-going capital projects. AFUDC increased by 179% in 1981, principally due to a significant rise in the level of average yearly short-term borrowings, resulting primarily from the additional Seabrook purchases (see Note 10 to Consolidated Financial Statements — "Joint Ownership Units and Construction") and increased interest rates.

Local Property Taxes increased by 5% in 1982, due principally to the amount of abatements and reduction of prior period assessments received in 1981. Local Property Taxes declined by 13% in 1981, due principally to a reduction in municipal tax assessment rates mandated in Massachusetts by Proposition 2½. Local Property Taxes in 1981 were further lowered by abatements and reductions of prior periods, abatements on the Company's combustion turbine and liquefied natural gas tank, and the effect of a November 1981 Massachusetts Supreme Judicial Court decision requiring the City of Fitchburg to use free cash available at the end of fiscal 1980 to reduce the fiscal 1981 tax rate. Local Property Taxes in 1980 increased by 45% over 1979 principally due to the increased property tax levy of over 20% in the City of Fitchburg, due to the implementation of tax classification, which shifts the property tax burden from the residential property owners to the industrial and commercial property owners, and 1979 tax abatements.

Other Interest Charges declined by 3% in 1982, primarily due to lower interest rates. Other Interest Charges had increased by 173% and 67% in 1981 and 1980, respectively, reflecting increased interest expenses related to higher average daily short-term borrowings required to finance the Company's on-going construction program and to higher short-term interest rates. Average daily bank borrowings were approximately $8,404,000, $7,245,000 and $3,067,000 for the years 1982, 1981 and 1980, respectively. Average daily interest rates on these borrowings on an annual basis were 15.5%, 18.6% and 14.4% for the years 1982, 1981 and 1980, respectively. Interest on long-term debt increased by 12% in 1982, as a result of the sale of the 17¼% Notes in August 1982. Interest on long-term debt rose 40% in 1981, reflecting the full year's effect of interest charges related to the Company's 15¾% Notes, which were sold in October 1980.

Selected Financial Data

Results of Operations (000's)	1982	1981	1980	1979	1978
Operating Revenues:					
Electric	$ 28,194	$ 31,555	$ 28,525	$ 24,475	$ 21,158
Gas	18,289	16,583	13,785	9,786	7,920
Total Operating Revenues	$ 46,483	$ 48,138	$ 42,310	$ 34,261	$ 29,078
Electricity Purchased for Resale	$ 13,517	$ 14,466	$ 13,516	$ 10,471	$ 8,538
Fuel Used in Electric Generation	$ 4,731	$ 6,242	$ 4,917	$ 3,402	$ 2,159
Gas Purchased for Resale	$ 13,346	$ 11,174	$ 9,172	$ 5,851	$ 4,335
Local Property Tax — Net	$ 1,484	$ 1,415	$ 1,626	$ 1,118	$ 1,694
AFUDC: Borrowed and Other Funds	$ 2,919	$ 2,206	$ 791	$ 629	$ 417
Net Income	$ 1,990	$ 2,590	$ 1,703	$ 2,261	$ 1,960
Dividend Requirements on Preferred Stock	549	265	274	282	288
Net Income Applicable to Common Stock	$ 1,441	$ 2,325	$ 1,429	$ 1,979	$ 1,672

Common Stock Data	1982	1981	1980	1979	1978
Shares of Common Stock:					
Year end (000's)	861	688	558	455	455
Average (000's)	773	625	513	455	455
Earnings per Average Common Share Outstanding	$1.86	$3.72	$2.78	$4.34	$3.67
Dividends Declared per Common Share	$2.60	$2.60	$2.60	$1.90	$1.50

Balance Sheet Data (000's)	1982	1981	1980	1979	1978
Utility Plant (at cost)	$ 73,895	$ 63,114	$ 51,220	$ 47,144	$ 44,461
Accumulated Depreciation	$ 11,529	$ 10,441	$ 10,899	$ 9,850	$ 9,194
Total Assets	$ 75,511	$ 69,059	$ 55,520	$ 50,813	$ 44,225
Capitalization and Short-term Notes:					
Common stock equity	$ 19,615	$ 17,604	$ 14,754	$ 12,545	$ 11,430
Redeemable preferred stock equity	$ 8,220	$ 3,837	$ 3,954	$ 4,071	$ 4,188
Long-term debt	$ 25,786	$ 21,182	$ 21,573	$ 16,780	$ 16,978
Short-term notes payable	$ 5,700	$ 10,300	$ 1,700	$ 5,420	$ 970

Selected Financial Data — (Continued)

	1982	1981	1980	1979	1978
Electric Statistics					
Sales — Thousands of KWH	336,367	360,272	370,946	392,691	398,544
Electric Customers — Year End	22,869	22,674	22,339	21,744	21,508
Average Annual KWH Sales per Residential Customer	4,852	4,788	4,844	5,033	5,073
Average Revenue per Hundred KWH — Residential	$9.47	$10.48	$9.07	$7.78	$6.91
Gas Statistics					
Sales — Thousands of MCF	2,653	2,819	2,894	2,343	2,062
Gas Customers — Year End	14,955	14,767	14,280	13,693	13,069
Average Annual Cubic Feet Sales per Residential Customer	99,291	97,914	97,013	86,431	92,076
Average Revenue per MCF — Residential	$7.28	$6.31	$5.25	$4.62	$4.03

Quarterly Financial Data

Summarized quarterly financial data for 1982 and 1981 is as follows:

	Three Months Ended			
	March 31		June 30	
	1982	1981	1982	1981
Total operating revenues	$15,836,136	$14,642,214	$10,222,040	$10,517,360
Operating income	$ 1,198,398	$ 1,209,543	$ 590,287	$ 1,044,142
Net income	$ 803,375	$ 756,881	$ 208,710	$ 534,499
Earnings per common share	$1.07	$1.23	$.21	$.82

	Three Months Ended			
	September 30		December 31	
	1982	1981	1982	1981
Total operating revenues	$ 9,058,848	$10,186,305	$11,366,076	$12,792,134
Operating income	$ 387,494	$ 818,029	$ 784,748	$ 943,441
Net income	$ 312,242	$ 589,877	$ 665,878	$ 709,102
Earnings per common share	$.16	$.77	$.49	$.93

Net income for the quarter ended December 31, 1982 has been reduced by $154,224 or $.18 of earnings per average common share due to additional demand charges for 1982 and 1981.

Net income for the quarter ended December 31, 1981 has been increased by $139,216 or $.20 of earnings per average common share resulting from abatements of real estate taxes.

Board of Directors

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

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

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

†Member of Audit Committee.

*Member of Compensation Committee.

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

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

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

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

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

Officers

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

Howard W. Evirs, Jr.
*President.***

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

David K. Foote
Vice President; Director and Vice President of subsidiary.

Charles J. Kershaw, Jr.
Assistant Treasurer; Assistant Treasurer of subsidiary; Assistant Treasurer of Concord Electric Company, Concord, N.H., and Exeter & Hampton Electric Company, Exeter, N.H.

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

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

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

Edward R. Harriman
Controller; Controller of subsidiary.

**See Director listing for other principal occupations.

Subsidiary: Fitchburg Energy Development Company.


FITCHBURG GAS AND
ELECTRIC LIGHT COMPANY
Using our energies to serve you best
285 JOHN FITCH HIGHWAY, FITCHBURG,
TELEPHONE