VERMONT YANKEE
NUCLEAR POWER CORPORATION

RD 5, Box 169, Ferry Road, Brattleboro, VT 05301

(802) 257-5271

April 13, 1984

United States Nuclear Regulatory Comm.
Office of Nuclear Reactor Regulation
Washington, D.C. 20555

Attn: Dominic Vasallo

Re: NRC License No. DPR 28, Docket 50-271

Dear Mr. Vasallo:

Enclosed are ten (10) copies of Vermont Yankee's certified financials for the year ending December 31, 1983.

Very truly yours,

Glenn J. Morgan

Glenn J. Morgan
Assistant Treasurer

GJM/ljk
encl.
cc: J. Sinclair

M004
1/1

FORM 10-K

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the Fiscal Year Ended December 31, 1983

Commission File No. 1-6557

VERMONT YANKEE NUCLEAR POWER CORPORATION
(Exact name of registrant)

Vermont	03-0217843
(State of Incorporation)	(IRS Employer Identification No.)

RD 5, Box 169, Ferry Road, Brattleboro, Vermont, 05301	802-257-5271
(Address of principal executive offices)	(Telephone Number)

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

Title of each class	Name of each exchange on which registered
First Morgage Bonds, Series A 9-5/8% Due 1998	New York Stock Exchange
First Mortgage Bonds, Series B 8 1/2% Due 1998	New York Stock Exchange

Securities to be registered pursuant to Section 12(g) of the Act: None.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for the past 90 days: Yes X No___

State the aggregate market value of the voting stock held by non-affiliates of the registrant: $40,001,400, based upon the par value of the common stock. There is no market in this security.

400,014 shares of common stock, $100 par value, are outstanding as of December 31, 1983.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents, or indicated portions thereof, have been incorporated herein by reference: None.

PART I

Item 1 - Business

The Company, incorporated under the laws of Vermont on August 4, 1966, has constructed and owns and operates a nuclear-powered generating plant (the "Plant") with a capacity of about 528 megawatts (net). The Plant is located in Vernon, Vermont. The Company sells the Plant's capacity and output to its nine sponsoring utilities. The Company's principal office is located at RD 5, Box 169, Ferry Road, Brattleboro, Vermont 05301.

The Plant commenced commercial operation on November 30, 1972 under the terms of a temporary operating license issued by the Atomic Energy Commission, predecessor to the Nuclear Regulatory Commission. A 40 year operating license was issued on February 28, 1973 and expires in December, 2007. (See item 3 for additional information regarding licensing.)

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

Relationship to Sponsors

The Company is sponsored by nine investor-owned New England utilities (the "Sponsors"). The Company has entered into long-term contracts with its Sponsors relating to the sale of the Plant's capacity and output and the provision of capital.

Power Contracts: Each Sponsor has entered into a Power Contract, dated as of February 1, 1968, as amended as of June 1, 1972 and April 15, 1983, with the Company (the "Power Contracts"). Under the Power Contracts each Sponsor is committed to purchase a specified percentage of the capacity and output of the Plant and pay therefor, beginning December 1, 1972, a like percentage of amounts sufficient to pay its fuel costs, total operating expenses (including a depreciation accrual not less than the rate of 3.846% per annum), interest on its debt and a return on its equity equal to 8 1/2% or such greater percentage, if any, as shall be obtained by dividing (a) the sum of (i) 10% multiplied by common stock equity investments as of such date plus (ii) the stated dividend rate per annun of each issue of preferred stock bearing a particular dividend rate outstanding on such date multiplied by the aggregate par value of said issue, by (b) equity investment as of such date.

In addition, the Company has filed with the FERC Additional Power Contracts intended to; (1) insure the availability of adequate decommissioning funds in the event the plant terminates operations prematurely; and (2) extend the terms and conditions of the existing Power Contracts beyond November 30, 2002 to the end of the service life and the completion of the decommissioning of the unit.

The Company has no liability under the Power Contracts to any Sponsor on account of non-delivery of power for reasons beyond the Company's reasonable control and a Sponsor has no right to set off against payments required to be made by it under its Power Contract amounts owed to it by the Company or claims by it against the Company. A Sponsor is not excused from performing its Power Contract by reason of the failure of another Sponsor to perform its Power Contract, nor is any Sponsor obligated to purchase a defaulting Sponsor's entitlement percentage of the capacity and output of the Plant.

Cancellation by Sponsors: The obligations of the Sponsors to make payments under the Power Contracts are unconditional, subject only to each Sponsor's right to cancel its Power Contract if deliveries cannot be made to the Sponsor because either (i) the Plant is damaged to the extent of being completely or substantially completely destroyed, or (ii) the Plant is taken by exercise of the right of eminent domain or a similar right or power, or (iii) (a) the Plant cannot be used because of contamination or because a necessary license or authorization is made subject to specified conditions which are not met, and (b) the situation cannot be rectified to an extent which will permit the Company to make deliveries to the Sponsor from the Plant.

With respect to (iii) (a) above, all permits of regulatory bodies required to date for construction and operation of the Plant have been obtained. As to any further permits required to be obtained for the future operation of the Plant and the continuing jurisdiction of regulatory bodies over the Plant and Company, see "Regulation" below. The cancellation right under (iii) above exists only if the situation there referred to cannot be rectified. In the opinion of management such circumstances are remote. As indicated below under "Capital Funds Agreements" the Sponsors are required to furnish all funds necessary to keep the Plant in operation or to make any changes or additions required to meet regulatory conditions for operation of the Plant.

Regulatory Approval: The obligations of the parties to the Power Contracts are subject to all applicable state and federal laws and orders and other duly authorized action of governmental authority. The Power Contracts have been filed with the Federal Power Commission (now the Federal Energy Regulatory Commission ("FERC") as a rate schedule under the Federal Power Act and are subject to the continuing jurisdiction of FERC. The Power Contracts have also been filed with the Vermont Public Service Board. In the opinion of the Company's counsel, no other state regulatory authority has jurisdiction with respect to the making or performance of the Power Contracts.

Capital Funds Agreements: Each Sponsor has also entered into a Capital Funds Agreement, dated as of February 1, 1968, as amended March 12, 1968 with the Company, pursuant to which each Sponsor agreed to provide its percentage of the Company's capital requirements not obtained from other sources, subject to obtaining necessary authorizations of regulatory bodies in each instance. "Capital requirements" is defined as funds required (i) to complete construction of the Plant and place it in commercial operation at a gross capability of at least 520 mw electric, (ii) to make necessary additions and replacements to insure continued regular operation or to restore regular operation at that level, (iii) to make any changes necessary to meet regulatory conditions for operations at that level, (iv) to provide materials and supplies required for operation and to finance the cost of the fuel inventory, (v) to operate the Plant at a gross capability of less than 520 mw electric, if the Company should at any time determine that it would be desirable and if the Company holds or can obtain the public authorizations required so to operate the Plant, and (vi) to repay bank debt incurred for any of the foregoing purposes. The Capital Funds Agreements provide that any loans or advances obtained by the Company from the Sponsors, in lieu of offering additional shares of its Common Stock, shall bear interest at rates not less than 1 1/2% in excess of the lowest prime rate then in effect at any bank in New York, New York.

Offerings to Other Utilities: As a result of a reoffering of the common stock of the Company made by Central Vermont and Green Mountain (the "Vermont Sponsors") in 1967 to all other electric distribution utilities in Vermont, four municipal and cooperative utilities purchased 5.8328% of the Company's common stock. Consummation of this transaction reduced the Vermont Sponsors' actual holdings of the Company's stock to 31.3% and 17.9%, respectively, but did not affect the obligations of the Vermont Sponsors to the Company under their Power Contracts and Capital Funds Agreements.

Regulation

NRC

As the owner and operator of a nuclear reactor, the Company is subject to the jurisdiction of the Nuclear Regulatory Commission under the Atomic Energy Act of 1954, as amended. The NRC has broad supervisory and regulatory jurisdiction over the construction and operation of nuclear reactors, particularly with regard to public health and safety.

SEC

The Company and five of its Sponsors are subsidiaries of registered holding companies and as such are subject to regulation by the Securities and Exchange

Commission ("SEC") under the Public Utility Holding Company Act of 1935 (the "1935 Act") with respect to various matters, including the issuance of securities. The acquisition by these five Sponsors of securities of the Company (including any acquisitions pursuant to the Capital Funds Agreements) is subject to approval by the SEC under the 1935 Act. In addition, the Company is a "subsidiary" under the 1935 Act of the Vermont Sponsors, which Sponsors have informed the Company that, although they are "holding companies" under the 1935 Act, they are exempt holding companies pursuant to Rule 2 promulgated by the SEC under such Act.

FERC

The Company is a "public utility" within the meaning of Part II of the Federal Power Act and is subject to regulation thereunder by FERC as to its rates (which include the Power Contracts) and other matters.

State Commissions

The Company is subject to regulation by the Vermont Public Service Board with respect to various matters, including the issuance of securities.

The Company is also subject to the jurisdiction of the Vermont Environmental Protection Agency (including its subdivisions), the Vermont Water Resources Board, the Vermont Department of Water Resources (which both have jurisdiction in respect of discharges into the Connecticut River and related impacts on the environs) and the Vermont Board of Health.

Nuclear Fuel Supply

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

The Company has commitments for nuclear fuel purchases through 1988 approximating \$76,600,000. Expenditures for such commitments will be approximately \$10,400,000, \$24,300,000, \$13,300,000, \$13,600,000 and \$15,000,000 in the years 1984 through 1988 respectively.

The Company has contracted for uranium concentrate to meet substantially all its power production requirements through 1991. It has two long-term contracts for uranium by-product extraction for 20 and 12 years, respectively, each of which was expected to provide up to about 20% of its uranium requirements during these periods. Under the 20 year contract, the Company is

committed to make minimum payments, aggregating $5,341,000 plus interest as of December 31, 1983, over a period ending not later than 1993 regardless of the amount of uranium that is actually produced. After prolonged start-up problems, the uranium by-product extraction facility achieved commercial operation in June 1983 and has since been producing near design capacity. In January 1983 the Company and others initiated legal action to determine whether the 12 year contract could be terminated because of the seller's failure to perform properly thereunder.

The Company has an enrichment contract with the United States Energy Research and Development Administration through 2001 and has contracted for fuel fabrication requirements through 1991 and conversion services through 1995. On June 10, 1983, the Company entered into a contract with the United States Department of Energy (DOE) for the permanent disposal of spent nuclear fuel. Disposal services will be provided to the Company when the DOE's disposal facility for spent nuclear fuel and other high-level radioactive waste begins operations, expected to be prior to January 31, 1998. Under the terms of the contracts, the Company is obligated to pay a one-time fee of $39,285,000 for the disposal costs associated with all fuel burned through April 7, 1983. The Company had collected the disposal fee from Sponsors prior to April 7, 1983. Effective April 7, 1983 the Company began charging the Sponsor's $.001 per gross kilowatt hour of generation for estimated disposal costs of spent nuclear fuel, pursuant to the terms of the above contract. These funds are remitted to the DOE on a quarterly basis. This fee is subject to annual adjustment by the DOE. Also see note 2 of Notes to Financial Statements.

Item 2 - Properties

The Plant is located in Vernon, Vermont, on the west bank of the Connecticut River. The site is approximately 125 acres in size, is owned in fee by the Company and is adequate for the Plant and for the associated switchyard facilities.

The Plant is a nuclear-powered electric generating plant, utilizing a single-cycle, forced circulation, boiling water reactor, fueled with slightly enriched uranium. The nuclear steam supply system, the turbine generator, the nuclear fuel assemblies, and other major elements and systems for the Plant were designed and furnished by General Electric Company. Ebasco Services Incorporated, as architect-engineer and constructor, designed, fabricated and constructed the Plant and obtained the remaining systems and components. Operation of the Plant is subject to regulation by the Nuclear Regulatory Commission.

The Plant operates principally in a closed-cycle mode, which cools condensing water exclusively with cooling towers, from May 16 through October 14 each year. After October 15 and prior to May 15 of each year the Company operates in an open-cycle mode, discharging about 600 to 840 cubic feet per second of condensing water into the Connecticut River. This discharge is permitted

during winter months under the Company's National Pollutant Discharge Elimination System (NPDES) permit, reissued January 19, 1981. The NPDES permit contains criteria designed to insure protection of the aquatic environment and Connecticut River biota. This permit will expire on January 19, 1986.

The Company has leased a 20,000 square foot office facility located on approximately 3 acres of land in Brattleboro, Vermont. The lease terminates in October, 1986 and the Company has agreed to purchase the facility upon termination of such lease.

Item 3 - Legal Proceedings

Certain litigation challenging the sufficiency of the Nuclear Regulatory Commission's (NRC) regulations on environmental review of portions of the fuel cycle, which has been pending for several years, was favorably resolved by the United States Supreme Court on July 13, 1983. This resulted in dismissal of an individual case challenging the Company's operating license and the termination of further NRC review of remanded aspects of the Company's license amendment for expansion of the fuel rack capacity for storage of spent fuel.

In January, 1983 the Company and others initiated a declatory judgment proceeding with respect to a long-term uranium supply contract to determine whether such contract could be terminated because of the seller's failure to perform properly thereunder.

Item 4 - Submission of matters to a Vote of Security Holders

None

PART II

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

There is no market for the registrant's Common Stock, $100 Par Value, which is closely held by the Sponsors and four other utilities (see Item 4 above).

Dividends on the Common Stock are customarily declared and paid quarterly. In 1981, the dividends paid were $6,000,210 annually; and in 1982 and 1983 the dividends paid were $5,760,202 annually.

The provisions of the registrant's Cumulative Preferred Stock, 7.48% Series, $100 Par Value, provide that, before dividends are paid on the Common Stock, the holders of the Cumulative Preferred Stock are entitled to receive, when and as declared by the Board of Directors, cumulative dividends at the rate of 7.48% per annum. So long as any shares of the Cumulative Preferred Stock are outstanding, the payment of dividends on the Common Stock (other than dividends paid in Common Stock) and the making of distributions thereon (other than redemptions thereof pursuant to the provisions described under "Redeemability of Common Stock") is limited to 50% of Net Income Available for Dividends on Common Stock for the preceding twelve months if the Common Stock Equity (after such action) is less than 20% of Total Capitalization, and to 75% of such Net Income if such Common Stock Equity is 20% or more but less than 25% of Total Capitalization.

Item 6 - Selected Financial Data (dollar in thousands-except amounts per share)

	1983	1982	1981	1980	1979
Operating Revenues	$113,070	$106,256	$ 88,170	$ 78,340	$ 65,982
Net Income	6,969	6,913	7,095	7,170	7,258
Net Income per average share of common stock outstanding	14.64	14.33	15.34*	13.70**	14.53
Total assets	242,771	232,759	242,552	226,785	217,664
Long-term obligations (long term debt and redeemable preferred stock)	92,269	87,595	88,301	93,977	99,604
Cash dividends declared per share of common stock	$ 14.40	$ 14.40	$ 15.00	$ 15.00	$ 15.00

* Reflects three quarterly dividends declared on preferred stock, 7.48% Series, during 1981.

**Reflects five quarterly dividends declared on preferred stock, 7.48% Series, during 1980.

Item 7 - Managements' Discussion and Analysis of Financial Conditions and Results of Operations.

The Company's operating results for years 1981 through 1983 reflect the increased costs of operation and the continuing effect of inflation associated with improvements and modifications necessary to meet the stringent safety and other standards of Federal and state regulatory agencies. In 1982 the Company produced its highest level of electrical output since the plant's inception which also contributed to the significant increase in fuel expense compared to other years.

Operating Revenues

Operating revenues of the Company are based on the terms of the power contracts, under which the sponsors are obligated to pay the Company an amount equal to the Company's total fuel costs and operating expenses with respect to the plant including a depreciation accrual of not less than 3.846% per annum, and a return equal to the "composite percentage" of the "net unit investment," both terms as defined in such power contracts. Operating revenues increased in 1983 and 1982 over the preceeding year by 6.4% and 20.5% , respectively.

Operating Expenses

Nuclear fuel expense decreased in 1983 compared to 1982 primarily as a result of (1) decreased generation during 1983 due to a fifteen week refueling and maintenance outage to repair portion of the plant's recirculation piping system and (2) decreased charges for disposal of spent fuel. Nuclear fuel expense increased in 1982 over 1981 as a result of (1) a slight increase in the estimated cost for disposal of spent fuel; (2) the effect of inflation on the cost of fuel purchased to operate the Company's nuclear reactor and (3) a significant increase in the generation of electricity in 1982. Effective April 7, 1983 the Company began charging the Sponsors $.001 per gross kilowatt hour of generation for disposal costs of spent nuclear fuel, pursuant to the terms of a June 10, 1983 contract with the United States Department of Energy (DOE) for the permanent disposal of spent nuclear fuel. See Note 2 to Financial Statements.

Other Operating and Maintenance expenses increased in 1983 over 1982 reflecting the increased costs associated with downtime for replacement of nuclear fuel assemblies, performance of major maintenance, replacement of piping supports and related seismic analysis, and weld overlays on the recirculation piping system. In addition, in 1982 the Company began expensing, as incurred, costs associated with scheduled plant downtime for replacement of nuclear fuel assemblies and major maintenance. Prior to 1982 such costs were deferred and amortized to expense over the estimated period until the next succeeding downtime (normally between twelve and seventeen months). Other operating expenses continue to increase reflecting the effect of inflation and increased regulatory requirements.

Interest Expense

Interest expense increased in 1983 as compared with 1982 due to anticipated interest charges on the one-time fee the Company is obligated to pay the Department of energy (DOE) for disposal costs associated with all fuel burned through April 7, 1983. See Note 2 to Financial Statements. Interest expense decreased in 1982 as compared with 1981 as a result of sinking funds reducing the amount of the Company's First Mortgage Bonds outstanding and decreased levels of and lower interest on short term indebtedness.

Decommissioning

Effective September 24, 1983 the Company began including $72,700,000 of estimated costs of decommissioning its plant in its monthly billing to purchasers. This amounted to $2,234,000 (including related income taxes) in 1983. The funding of estimated decommissioning expenses is based on the results of a cost study prepared for the Company by an engineering consulting organization. The study results are subject to periodic updates in the future and the Company cannot estimate how the results of such updates will impact on the future cost estimate for decommissioning or future adjustments in the amounts to be collected therefor. (See Note 3 to Financial Statements).

Nuclear Fuel Procurement and Disposal Requirements

The Company has commitments for nuclear fuel puchases through 1999 approximating $134.9 million, and has contracted for uranium concentrate to meet substantially all estimated fuel requirements through 1991. The Company has an enrichment contract with the United States Department of Energy through 2001 and has contracted for fuel fabrication requirements through 1991 and conversion services through 1995. The Company has two long-term contracts for uranium by-product extraction for 20 and 12 years, respectively, each of which was expected to provide up to about 20% of its uranium requirements during these periods. Under the 20 year contract, the Company is committed to make minimum payments, aggregating $5,341,000 plus interest as of December 31, 1983, over a period ending not later than 1993 regardless of the amount of uranium that is actually produced. After prolonged startup problems, the uranium by-product extraction facility achieved commercial operation in June 1983 and has since been producing near design capacity. In January 1983 the Company and others initiated legal action to determine whether the 12 year contract could be terminated because of the seller's failure to perform properly thereunder.

The Company estimates that under present conditions it has sufficient capacity in its spent fuel pool through 1989 to discharge the entire nuclear core of the reactor. The Company is presently studying the various alternatives available to it to extend full core discharge capability beyond 1989.

Recirculation Piping System Replacement

The Company has announced its decision to replace the plant's recirculation piping system during an outage scheduled to begin in September, 1985 and to continue for an estimated thirty two weeks.

The Company has periodically inspected the recirculation piping system over the past several years in an effort to determine the presence of intergranular stress corrosion cracking. During the refueling outage which commenced in March, 1983, the inspection effort revealed the cracking phenomenon existed to some degree in 22 of 40 recirculation system piping welds which were inspected and the outage was extended for a period of seven weeks into June, 1983 to allow for weld overlay repairs to be made to the

Recirculation Piping System Replacement (continued)

affected welds. Subsequent to the commencement of operations after the 1983 outage, the Company analyzed the alternatives available and made a determination to replace the piping system. The Company has informed the NRC of its plans.

The Company is presently soliciting bids from installation and engineering contractors and is unable at the present time to estimate the total cost of replacement effort, which is expected to be significant.

Other Capital Expenditures

The Company is presently constructing a simulator and emergency offsite headquarters facility which is expected to be operational by October, 1985. The cost of this facility is presently estimated at $12,000,000, exclusive of certain personnel training and other costs.

The Company estimates it will incur capital expenditures of $14,100,000, $10,300,000, $11,100,000 and 9.400,000 in the years 1984 through 1987 exclusive of the capital expenditures associated with recirculation piping system replacement and the simulator and emergency offsite facility capital items.

Financing Capacity

To meet the needs of nuclear fuel requirements and the installation of plant capital improvements, the Company, on November 5, 1981, entered into a nuclear fuel financing arrangement with a bank to provide up to $40,000,000 principal amounts of loans through the year 2000 unless terminated. The principal of the loans will be repaid as the fuel is utilized by the Company during the electrical generating process. The Company's Sponsors have guaranteed the payment obligations. In addition the Company had bank lines of credit of $16,000,000 at December 31, 1983.

The Company is in the process of arranging a $50,000,000 Eurodollar Credit Agreement.

Emergency Plan

The Company has successfully exercised its emergency plan on an annual basis since 1982 and the annual exercises have been accessed as satisfactory by the NRC under its current rules and regulations. (0654)

Net Income Available for Common Stockholders

The Company declared five dividends during 1980 on its preferred stock, 7.48% series. Four of these dividends were actually paid during the year 1980, and the fifth dividend declaration was for the quarter ending February 28, 1981. Had the fifth declaration not been declared until 1981, the stated amount of net income per average share of common stock outst ing during 1981 would have been $14.56 per share rather than $15.34 per share. The decrease in net income for 1982 from the above is primarily due to an increase in expenses paid for by shareholders rather then charged to customers during 1982.

Current year operations resulted in an increase in earnings per common share of $0.31.

ITEM 8 - FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA
December 31, 1983, 1982, and 1981

VERMONT YANKEE NUCLEAR POWER CORPORATION

FORM 10-K ANNUAL REPORT

ACCOUNTANTS' REPORT

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

We have examined the financial statements and related schedules of Vermont Yankee Nuclear Power Corporation as listed in the accompanying index. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements in the accompanying index present fairly the financial position of Vermont Yankee Nuclear Power Corporation at December 31, 1983 and 1982 and the results of its operations and the changes in its financial position for each of the years in the three year period ended December 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis. In our opinion, the related supporting schedules, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

Peat, Marwick, Mitchell + Co

PEAT, MARWICK, MITCHELL & CO.

Boston, Massachusetts
February 9, 1984

VERMONT YANKEE NUCLEAR POWER CORPORATION

Index to Financial Statements and Schedules

Financial statements:

Schedules:

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

VERMONT YANKEE NUCLEAR POWER CORPORATION

Balance Sheets

December 31, 1983 and 1982

Assets	1983	1982
	(Dollars in thousands)	
Utility plant:		
Electric plant, at cost	$ 263,425	246,991
Less accumulated depreciation	90,430	79,942
Net electric plant	172,995	167,049
Nuclear fuel, at cost:		
Assemblies in reactor	76,991	71,167
Fuel in process	30,932	32,330
Spent fuel	87,615	70,702
	195,538	174,199
Less accumulated amortization:		
Original cost	129,845	114,403
Permanent disposal	39,285	38,851
	169,130	153,254
Net nuclear fuel	26,408	20,945
Net utility plant	199,403	187,994
Current assets:		
Cash (note 4)	1,280	806
Restricted fund (note 3)	593	-
Accounts receivable, principally from sponsors	16,443	14,013
Income tax refunds receivable	10,884	-
Materials and supplies, at cost	7,430	6,009
Prepaid expenses	1,140	1,830
Total current assets	37,770	22,658
Deferred charges:		
Restricted fund (note 3)	599	-
Unamortized debt expense	895	671
Accumulated deferred income taxes (note 7)	1,680	19,450
Deferred reload analysis development costs	1,465	1,983
Other deferred charges	959	3
Total deferred charges	5,598	22,107
	$ 242,771	232,759

See accompanying notes to financial statements.

Capitalization and Liabilities	1983	1982
	(Dollars in thousands)	
Capitalization:		
Common stock equity (note 5):		
Common stock, \$100 par value; authorized 400,100 shares; outstanding 400,014 shares	\$ 40,001	40,001
Other paid-in capital	13,953	13,735
Retained earnings	5,259	5,165
Total common stock equity	59,213	58,901
Redeemable cumulative preferred stock, 7.48% series; \$100 par value; authorized 300,000 shares; outstanding 138,941 shares (149,066 shares in 1982) (note 5)	13,894	14,907
Long-term debt, net (note 6)	78,375	72,688
Total capitalization	151,482	146,496
Current liabilities:		
Long-term debt to be retired within one year (note 6)	2,202	4,831
Notes payable	4,100	-
Accounts payable	12,233	10,577
Accrued interest	1,639	1,572
Accrued taxes	3,511	8,828
Total current liabilities	23,685	25,808
Accrued decommissioning costs (note 3)	1,125	-
Unamortized gain on reacquired debt, net	4,306	4,372
Accumulated deferred income taxes (note 7)	50,603	50,338
Accumulated deferred investment tax credits (note 7)	8,962	5,745
Accrued interest on disposal costs of spent nuclear fuel (note 2)	2,608	-
Total deferred credits	67,604	60,455
Commitments and contingencies (notes 2, 3 and 9)		
	\$ 242,771	232,759

VERMONT YANKEE NUCLEAR POWER CORPORATION

Statements of Income and Retained Earnings

Years ended December 31, 1983, 1982 and 1981

	1983	1982	1981
	(Dollars in thousands - except per share amounts)		
Operating revenues	$ 113,070	106,256	88,170
Operating expenses:			
Nuclear fuel expense (note 2)	18,750	31,725	22,134
Other operating expenses	33,992	29,758	21,128
Maintenance	20,398	10,718	9,705
Depreciation	10,889	9,942	9,323
Decommissioning expense (note 3)	2,234	-	-
Taxes on income (note 7)	5,558	5,048	5,184
Property and other taxes	4,192	4,349	4,279
Total operating expenses	96,013	91,540	71,753
Operating income	17,057	14,716	16,417
Other income and deductions, net	31	(12)	(3)
Income before interest expense	17,088	14,704	16,414
Interest expense:			
Interest on long-term debt, net	7,192	7,684	7,048
Interest on disposal costs of spent nuclear fuel (note 2)	2,608	-	-
Other interest expense	319	107	2,271
Total interest expense	10,119	7,791	9,319
Net income	6,969	6,913	7,095
Retained earnings at beginning of year	5,165	5,193	5,057
	12,134	12,106	12,152
Dividends declared:			
Preferred stock, $7.48 per share in 1983 and 1982, and $5.61 per share in 1981	1,115	1,181	959
Common stock, $14.40 per share in 1983 and 1982, and $15.00 per share in 1981	5,760	5,760	6,000
Retained earnings at end of year	$ 5,259	5,165	5,193
Net income per average share of common stock outstanding	$ 14.64	14.33	15.34

See accompanying notes to financial statements.

VERMONT YANKEE NUCLEAR POWER CORPORATION

Statements of Changes in Financial Position

Years ended December 31, 1983, 1982 and 1981

	1983	1982	1981
	(Dollars in thousands)		
Source of funds:			
Net income	$ 6,969	6,913	7,095
Charges (credits) to income not requiring funds:			
Depreciation	10,889	9,942	9,323
Amortization of nuclear fuel	18,750	31,725	22,134
Amortization of deferred downtime costs	-	7,876	6,348
Deferred income taxes	18,035	(11,213)	714
Investment tax credit adjustments	3,217	(592)	2,068
Amortization of deferred reload analysis development costs	518	517	307
Other	(93)	(96)	(67)
Total funds from operations	58,285	45,072	47,922
Additions to long-term debt	8,948	6,233	12,099
Increase in decommissioning costs	1,125	-	-
Interest on disposal costs of spent nuclear fuel	2,608	-	-
Other, net	80	146	(232)
Total funds provided	$ 71,046	51,451	59,789
Use of funds:			
Electric plant additions	18,650	8,674	10,198
Nuclear fuel additions	22,678	21,205	19,321
Restricted fund	599	-	-
Downtime costs deferred	-	-	8,926
Deferred reload analysis development costs	-	201	2,606
Increase in deferred charges	956	-	-
Reduction of long-term debt	3,040	4,135	2,956
Redemption of preferred stock	1,013	1,158	1,155
Preferred stock dividends	1,115	1,181	959
Common stock dividends	5,760	5,760	6,000
Increase in working capital	17,235	9,137	7,668
Total funds applied	$ 71,046	51,451	59,789
Changes in components of working capital:			
Increase (decrease) in current assets:			
Cash	474	(339)	(494)
Restricted fund	593	-	-
Temporary investments	-	-	(200)
Accounts receivable	2,430	2,387	3,868
Income tax refunds receivable	10,884	-	-
Materials and supplies	1,421	1,596	501
Prepaid expenses	(690)	1,387	(534)
	15,112	5,031	3,141
Increase (decrease) in current liabilities:			
Long-term debt to be retired within one year	(2,629)	(8,694)	(803)
Notes payable	4,100	-	(5,200)
Accounts payable	1,656	(2,957)	1,513
Accrued interest	67	(354)	58
Accrued taxes	(5,317)	7,899	225
Dividends payable	-	-	(320)
	(2,123)	(4,106)	(4,527)
Increase in working capital	$ 17,235	9,137	7,668

See accompanying notes to financial statements.

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

December 31, 1983, 1982 and 1981

(1) Summary of Significant Accounting Policies

(a) Regulation and Operations

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

Pursuant to the terms of Power Contracts with Sponsors, which terminate on November 30, 2002, each Sponsor is obligated to pay the Company each month (regardless of the Plant's operating level or whether it is operating or shutdown during the period), an amount equal to its entitlement percentage of the Company's total fuel costs and operating expenses with respect to the Plant, and an allowed return on equity. Also, under the terms of the Capital Funds Agreements, which terminate on December 31, 2002, the Sponsors are committed, subject to obtaining necessary regulatory authorizations, to make funds available in amounts required to obtain or maintain licenses necessary to keep the Plant in operation. In addition, the Company has filed with the FERC Additional Power Contracts intended to; (1) insure the availability of adequate decommissioning funds in the event the plant terminates operations prematurely; and (2) extend the terms and conditions of the existing Power Contracts beyond November 30, 2002 to the end of the service life and the completion of the decommissioning of the unit.

(b) Depreciation and Maintenance

Electric plant is being depreciated on the straight-line method at rates designed to fully depreciate all depreciable properties by 1998. Total depreciation expense was between 3.999% and 4.176% of the cost of depreciable utility plant for the years 1981 through 1983.

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

(c) Amortization of Nuclear Fuel

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

(Continued)

(d) Deferred Charges

In 1982 the Company began expensing, as incurred, costs associated with scheduled plant downtime for replacement of nuclear fuel assemblies and major maintenance. Prior to 1982 such costs were deferred and amortized to expense over the estimated period until the succeeding downtime (normally between twelve and seventeen months). The effect of this change was to increase operating revenues and operating expenses by approximately $5.9 million and $1.6 million in 1983 and 1982, respectively.

(e) Taxes on Income

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

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

(f) Decommissioning

The Company believes that complete immediate dismantling is the most desirable method of decommissioning its nuclear reactor. Effective September 24, 1983 the Company began including estimated cost of such dismantling in monthly billings to its Sponsors. See note 3 to the financial statements.

(2) Nuclear Fuel Expense

On June 10, 1983, the Company entered into a contract with the United States Department of Energy (DOE) for the permanent disposal of spent nuclear fuel. Disposal services will be provided to the Company when the DOE's disposal facility for spent nuclear fuel and other high-level radioactive waste begins operations, expected to be prior to January 31, 1998.

Under the terms of the contract, the Company is obligated to pay a one-time fee of $39,285,000 for the disposal costs associated with all fuel burned through April 7, 1983. This amount can be paid by one of three payment options. Such options include a lump sum payment of the fee anytime prior to June 30, 1985; a lump sum payment of the fee plus accrued interest anytime prior to the first delivery of spent nuclear fuel to the DOE; or quarterly payments of the fee plus accrued interest over a ten-year period beginning anytime prior to January 31, 1988. The first option is without interest charges while the latter two options include interest charges based on the thirteen-week Treasury-Bill rate and a combination of the thirteen-week Treasury Bill and ten-year Treasury Note rates, respectively. The Company began collecting these anticipated interest charges from their sponsors based on the thirteen-week Treasury-Bill rate in June, 1983. As of December 31, 1983, $2,608,000 of such interest has been collected which is subject to refund, depending on the method of payment selected. The Company also has a remaining overcollection for this one-time fee of $510,000 as of December 31, 1983. This amount is being refunded to the Company's Sponsors as a credit to the cost of the current fuel cycle through June, 1984.

(Continued)

Effective April 7, 1983 the Company began charging the Sponsors $.001 per gross kilowatt hour of generation for estimated disposal costs of spent nuclear fuel, pursuant to the terms of the above contract. These funds are remitted to the DOE on a quarterly basis. This fee is subject to annual adjustment by the DOE.

The Company accrues estimated costs of disposal of spent nuclear fuel based on the rate of burn-down of assemblies in the reactor. Accruals for such disposal costs increased 1983, 1982 and 1981 nuclear fuel expense by approximately $3,300,000, $10,500,000 and $8,500,000, respectively.

(3) Decommissioning

The NRC has responsibility for approving the method of decommissioning. The Company anticipates that any of three methods of decommissioning nuclear power plants will be acceptable to the NRC. These methods include complete dismantling and removal, entombment, and mothballing; or a combination of these methods. The Company is funding for the complete, immediate dismantlement method, as management presently believes this is the most desirable alternative. Based on a consultant's study the estimated cost of decommissioning using this methodology is approximately $72,700,000 in 1981 dollars.

Pursuant to an amendment to the existing Power Contract filed with the FERC, the Company began billing these estimated decommissioning costs to its Sponsors on September 24, 1983. In addition, the Company has filed with the FERC Additional Power Contracts which, among other items, insures the availability of adequate decommissioning funds until the decommissioning process is completed. The decommissioning liability above is being funded based on a 7% annual escalation factor through 2007. The accompanying financial statements include the liability for decommissioning costs to the extent of related billings to Sponsors. Since the Company fully recognizes the relative uncertainty of the future costs involved with decommissioning, the changing technology available for decommissioning and new requirements under the law, it plans to periodically monitor and adjust, if necessary, the amount of billing necessary to adequately fund these costs.

A decommissioning escrow account has been established for receipt of all funds collected, including both decommissioning fund amounts and associated tax liability thereon. The balance of this escrow account at December 31, 1983, of approximately $1,192,000 is subject to refund pending a final rate order by the FERC. The Company and all other parties have filed a proposed settlement agreement with the FERC which, if accepted, would result in a refund of $304,000. Additionally, approximately $593,000 of the above balance, which represents Federal income taxes, could also be subject to refund pending resolution by the Company and the Internal Revenue Service (IRS) on the tax status of the decommissioning funds. Upon receipt of a final order by the FERC, the Company plans to transfer the decommissioning component of the escrow account to a Decommissioning Trust Fund.

(Continued)

(4) Compensating Balances and Short-term Borrowings

The Company had lines of credit from various banks totalling $16,000,000 and $7,000,000 at December 31, 1983 and 1982, respectively. Of these amounts $10,000,000 and $7,000,000 required average compensating balances equal to 7.1% and 7.5% of the outstanding line. Additionally $1,000,000 and $7,000,000 required average compensating balances equal to 2.5% and 7.5% of the outstanding loans. The maxmimum amount of short-term borrowings outstanding at any month-end during 1983 was $5,600,000. The average daily amount of such borrowings outstanding was $2,236,800 with a corresponding weighted average interest rate of 10.12%. There were no borrowings under these credit lines during 1982.

The Company has also arranged a $50,000,000 Eurodollar Credit Agreement effective October 4, 1983. This agreement, which expires October 4, 1987, is secured by the nuclear core of the Company's generating facility.

(5) Capital Stock

So long as any shares of the Cumulative Preferred Stock are outstanding, the payment of cash dividends and distributions on Common Stock (other than redemptions, which requires 30% common equity after redemption) is limited when Common Stock Equity (as defined) is less than 25% of Total Capitalization (as defined). At December 31, 1983 Common Stock Equity was 38% of Total Capitalization.

The 7.48% series Preferred Stock is redeemable (1) at par through a mandatory sinking fund in the amount of $1,100,000 per annum, (2) at the option of the Company, at par, an additional $1,100,000 per annum and (3) in whole or in part from time to time, at redemption prices per share ranging from $105 in 1983 to $100 in 1998, together in each case with accrued and unpaid dividends to the redemption date. Any gains or losses on redemption of preferred stock are charged or credited to other paid-in capital.

(6) Long-Term Debt

A summary of long-term debt is as follows:

	1983	1982
	(Dollars in thousands)	
First mortgage bonds:		
Series A - 9-5/8% due 1998	$ 45,529	46,129
Series B - 8-1/2% due 1998	8,024	8,126
Series C - 7.70% due 1998	11,738	12,088
Total first mortgage bonds	65,291	66,343
Unamortized premium on debt	105	112
Net first mortgage bonds	65,396	66,455
Obligation under capital lease	643	633
Vernon Energy Trust borrowings	14,538	10,431
Total long-term debt	80,577	77,519
Less long-term debt to be retired within one year	2,202	4,831
Long-term debt, net	$ 78,375	72,688

(Continued)

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

In November 1981, the Company entered into agreements to finance its nuclear fuel through the Vernon Energy Trust. The Trust finances nuclear fuel through the issuance of commercial paper and bank loans on a revolving credit basis up to an aggregate amount of $40,000,000 outstanding. The Trust may acquire an inventory of nuclear fuel in process from or on behalf of the Company. After fabrication is completed, the Trust may sell the fuel to the Company and lend the Company funds to pay for such fuel. Loans issued by the Trust are secured by a pledge of the Company's right to receive fuel costs under power contracts with its sponsors. Loans outstanding to the Trust are to be paid as fuel is consumed.

The Company has initially borrowed under the agreement based on the fuel in its reactor. As additional financing is needed, the Company plans to assign its interest in uranium and fuel contracts to the Trust. The initial term of the agreement is through 1985; however, if the Trust fails to give written notification of termination on any anniversary date commencing November 1, 1984, the term will continue on a year to year basis through the year 2000.

The outstanding debt of the Trust is comprised of commercial paper. The commercial paper is due within a maximum of 45 days from issuance and had a weighted average interest rate of 9% for 1983. A portion of the Company's obligation to the Trust has been classified as long-term debt based upon the intent and the ability of the Company to finance this debt on a long-term basis.

(7) Income Taxes

The components of income tax expense are:

	1983	1982	1981
	(Dollars in thousands)		
Taxes on operating income:			
Federal - current	$ (14,106)	14,416	1,605
Federal - deferred	15,510	(9,644)	614
State - current	(1,588)	2,437	797
State - deferred	2,525	(1,569)	100
Investment tax credit adjustments	3,217	(592)	2,068
	5,558	5,048	5,184
Taxes on other income:			
Federal - current	40	38	19
State - current	7	5	-
Total income taxes	$ 5,605	5,091	5,203

(Continued)

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

	1983	1982	1981
Federal statutory rate	46.0%	46.0%	46.0%
State income taxes, net of Federal income tax benefit	4.0	3.9	3.9
Investment credit	(9.1)	(9.0)	(9.5)
Other	3.7	1.5	1.9
	44.6%	42.4%	42.3%

The items comprising deferred income tax expense are:

	1983	1982	1981
	(Dollars in thousands)		
Excess of tax depreciation over financial statement depreciation	$ 265	1,726	2,402
Fuel amortization for financial statement purposes less (greater) than tax amortization	17,770	(9,236)	(3,103)
Deferral of maintenance expenses for financial statement purposes	-	(3,920)	1,472
Other	-	217	(57)
	$ 18,035	(11,213)	714

(8) Pension Plans

The Company has two non-contributory trusteed pension plans covering all regular employees and follows the consistent policy of funding all costs accrued. Pension costs were $320,000, $254,000 and $250,000 for the years 1983, 1982 and 1981, respectively, including amortization of unfunded liabilities over a period ending in 1998. A comparison of accumulated plan benefits and plan net assets is presented below:

	January 1, 1983	1982
	(Dollars in thousands)	
Actuarial present value of accumulated plan benefits:		
Vested	$ 965	607
Nonvested	206	131
	$ 1,171	738
Net assets available for benefits	$ 2,604	1,931

An assumed weighted average rate of return of 8.5% was used in determining the actuarial present value of accumulated plan benefits.

(Continued)

(9) Commitments and Contingencies

Certain litigation challenging the sufficiency of the Nuclear Regulatory Commission's (NRC) regulations on environmental review of portions of the fuel cycle, which has been pending for several years, was favorably resolved by the United States Supreme Court on July 13, 1983. This resulted in dismissal of an individual case challenging the Company's operating license and the termination of further NRC review of remanded aspects of the Company's license amendment for expansion of the fuel rack capacity for storage of spent fuel.

The Company has commitments for nuclear fuel purchases through 1999 approximating $134,900,000. Expenditures for such commitments will be approximately $10,400,000 in 1984 and, approximately $24,300,000, $13,300,000, $13,600,000 and $15,000,000 in the years 1985 through 1988, respectively.

Vermont Yankee has contracted for uranium concentrate to meet substantially all its power production requirements through 1991. It has two long-term contracts for uranium by-product extraction for 20 and 12 years, respectively, each of which was expected to provide up to about 20% of its uranium requirements during these periods. Under the 20 year contract, the Company is committed to make minimum payments, aggregating $5,341,000 plus interest as of December 31, 1983, over a period ending not later than 1993 regardless of the amount of uranium that is actually produced. After prolonged start-up problems, the uranium by-product extraction facility achieved commercial operation in June 1983 and has since been producing near design capacity. In January 1983 the Company and others initiated legal action to determine whether the 12 year contract could be terminated because of the seller's failure to perform properly thereunder.

The Company has announced its decision to replace the plant's recirculation piping during a scheduled outage in late 1985. The duration of the outage and the magnitude of the cost remain uncertain.

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

(Continued)

The Price-Anderson Act currently limits public liability from a single accident at a nuclear power plant to $570,000,000. If the total damages resulting from an accident exceed the private pool insurance coverage of $160,000,000, then the Company would be required to pay its share of the excess up to a maximum of $5,000,000 per accident with a maximum of $10,000,000 per year. Under the provisions of the Power Contracts, the Company's share of any such payments would be passed on to the Sponsors.

(10) Unaudited Quarterly Financial Information

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

	Quarter ended			
1983	March	June	September	December
	(Dollars in thousands - except per share amounts)			
Operating revenues	$ 23,845	31,064	23,707	34,454
Operating income	3,409	3,609	3,597	6,442
Net income	1,736	1,740	1,742	1,751
Net income per share of common stock	3.64	3.65	3.65	3.70

	Quarter ended			
1982	March	June	September	December
	(Dollars in thousands - except per share amounts)			
Operating revenues	$ 24,935	25,784	25,883	29,654
Operating income	3,906	3,761	3,482	3,567
Net income	1,745	1,737	1,737	1,694
Net income per share of common stock	3.61	3.59	3.59	3.54

Operating income increased in the fourth quarter of 1983 by $2,608,000 due to a reclassification of interest on disposal costs of spent nuclear fuel from nuclear fuel expense to interest expense.

(Continued)

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

(11) Unaudited Information on the Effects of Changing Prices

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

	Year ended December 31, 1983		
	Conventional historical cost	Adjusted for general inflation	Adjusted for changes in specific prices
Operating revenues	$ 113,070	113,070	113,070
Operating expenses:			
Nuclear fuel expense	18,750	34,340	31,220
Other operating expenses	33,992	33,992	33,992
Maintenance	20,398	20,398	20,398
Depreciation	10,889	24,325	25,703
Decommissioning expense	2,234	2,234	2,234
Taxes on income	5,558	5,558	5,558
Property and other taxes	4,192	4,192	4,192
Total operating expenses	96,013	125,039	123,297
Operating income (loss)	17,057	(11,969)	(10,227)
Other income and deductions, net	31	31	31
Interest expense	(10,119)	(10,119)	(10,119)
Net income (loss) excluding reduction to net recoverable cost	$ 6,969	(22,057) (A)	(20,315)
Gain from decline in purchasing power of net amounts owed		6,645	6,645
Reduction to net recoverable cost		(13,671)	(10,154)
		$ 20,316	16,799
Increase in specific prices (current cost) of property, plant and equipment held during the year(B)			25,674
Effect of increase in general price level			18,082
Excess of increase in specific prices over increase in general price level			$ 7,592

(A) Including the reduction to net recoverable cost, the net loss would have been $35,728.

(B) At December 31, 1983, the current cost of utility plant net of accumulated depreciation and amortization was estimated to be approximately $455,468,000 as compared with net utility plant recoverable through depreciation and amortization of $199,403,000.

(Continued)

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

A five-year comparison of selected supplementary financial data adjusted for the affects of changing prices follows (in thousands of average 1983 dollars except per share amounts):

	1983	1982	1981	1980	1979
Operating revenues	$ 113,070	109,674	96,586	94,718	90,565
Historical cost information adjusted for general inflation:					
Net loss (excluding reduction to net recoverable cost)	22,057	15,302	11,210	6,416	920
Net loss per share of common stock (excluding reduction to net recoverable cost)	57.93	31.72	30.66	21.14	7.27
Net assets at year-end at net recoverable cost	46,857	55,595	61,248	71,990	75,336
Current cost information:					
Net loss (excluding reduction to net recoverable cost)	$ 20,315	12,122	9,524	8,445	5,421
Net loss per share of common stock (excluding reduction to net recoverable cost)	53.57	25.12	26.43	26.23	18.52
Increase in general price level over (under) increase in specific prices	(7,592)	(27,617)	12,627	28,457	15,785
Net assets at year-end at net recoverable cost	46,857	55,595	61,248	71,990	75,336
General information:					
Gain from decline in purchasing power of net amounts owed	$ 6,645	6,676	15,713	22,235	25,037
Cash dividends declared per common share	$ 14.40	14.86	16.43	18.15	20.59
Average consumer price index	298.4	289.1	272.4	246.8	217.4

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

(Continued)

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

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

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

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

VERMONT YANKEE NUCLEAR POWER CORPORATION

Electric Plant and Nuclear Fuel

Year ended December 31, 1983

	Balance at December 31, 1982	Additions at cost	Retirements	Transfers	Balance at December 31, 1983
		(Dollars in thousands)			
Electric Plant:					
Land and land rights	$ 630	-	-	-	630
Structures and improvements	49,950	-	-	210	50,160
Reactor, turbogenerator and accessory equipment	181,300	-	382	23,501	204,419
Transmisison equipment	6,066	-	-	-	6,066
Other	1,116	-	-	-	1,116
Construction work in progress	7,929	18,650	-	(25,545)	1,034
	246,991	18,650	382	(1,834)	263,425
Nuclear Fuel:					
Assemblies in reactor	71,167	-	-	5,824	76,991
Fuel in process	32,330	22,678	-	(24,076)	30,932
Spent fuel	70,702	-	-	16,913	87,615
	174,199	22,678	-	(1,339)	195,538
Total	$ 421,190	41,328	382	(3,173)	458,963

VERMONT YANKEE NUCLEAR POWER CORPORATION

Electric Plant and Nuclear Fuel

Years ended December 31, 1982 and 1981

	1982	1981
	(Dollars in thousands)	
Electric Plant:		
Land and land rights	$ 630	601
Structures and improvements	49,950	48,917
Reactor, turbogenerator and accessory equipment	181,300	176,597
Transmisison equipment	6,066	6,066
Other	1,116	1,116
Construction work in progress	7,929	5,107
	246,991	238,404
Nuclear Fuel:		
Assemblies in reactor	71,167	71,167
Fuel in process	32,330	11,126
Spent fuel	70,702	70,701
	174,199	152,994
Total	$ 421,190	391,398

Neither total additions of $29,879,000 and $29,519,000 nor total retirements of $87,087 and $741,864 during the years ended December 31, 1982 and 1981, respectively, exceeded 10% of the utility plant balance at the end of the year.

Schedule VI

VERMONT YANKEE NUCLEAR POWER CORPORATION

Accumulated Depreciation of Electric Plant and
Accumulated Amortization of Nuclear Fuel

Years ended December 31, 1983, 1982 and 1981

Accumulated Depreciation of Electric Plant:(1)	1983	1982	1981
	(Dollars in thousands)		
Balance at beginning of year	$ 79,942	70,129	61,267
Additions:			
Charged to expense	10,889	9,942	9,323
Salvage and removal costs (net)	382	(42)	281
Deductions:			
Pla^t retired	783	87	742
Balance at end of year	90,430	79,942	70,129
Accumulated Amortization of Nuclear Fuel:			
Balance at beginning of year	153,254	121,529	99,395
Additions charged to expense	18,750	31,725	22,133
Other	(2,874) (2)	-	-
Balance at end of year	169,130	153,254	121,529
Total balance at end of year	$ 259,560	233,196	191,658

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

(2) Represents disposal costs of spent nuclear fuel associated with fuel burned after April 7, 1983 (see note 2 to the financial statements).

PART III

Item 10 - Directors and Executive Officers of Registrant

(a) Directors of the Registrant:

Name (Position with Registrant, if any)	Age	Director Since	Principal Occupation
Edward A. Brown Director	54	06/19/81	Chairman, New England Power Service Company
William F. Burt Director	57	04/25/79	Assistant to President COM/Energy Services Company
John V. Cleary, Jr. Director	54	02/16/78	President and Chief Executive Officer, Green Mountain Power Corporation
William F. Conway Director	52	06/28/82	President and Chief Executive Officer, Vermont Yankee Nuclear Power Corporation
Raymond C. DeForge Director	64	06/21/76	Senior Vice President Operations and Engineering Green Mountain Power Corporation
John F. G. Eichorn, Jr. Director	59	04/12/71	President, Eastern Utilities Associates
Walter F. Fee Director	62	04/03/81	Executive Vice President Engineering & Operations Northeast Utilities Service Company
E. James Ferland Director	41	04/03/81	President and Chief Operating Officer of Northeast Utilities
James E. Griffin Director and Chairman	56	04/09/73	President and Chief Executive Officer, Central Vermont Public Service Corporation
John F. Kaslow Director	51	06/19/81	President New England Power Company

Name (Position with Registrant, if any)	Age	Director Since	Principal Occupation
F. Ray Keyser, Jr. Director	56	01/28/82	Chairman, Keyser, Crowley, Banse, Abell & Facey, Lawyers Director, Central Vermont Public Service Corporation
*David N. Merrill Director	59	08/08/66	Executive Vice President Public Service Company of New Hampshire
Gordon P. Mills Director	47	05/16/83	President, EHV-Weidmann Industries Director, Central Vermont Public Service Corporation
John B. Randazza Director	55	11/02/78	Executive Vice President & Chief Operating officer, Central Maine Power Company
Robert C. Young Director	46	11/10/75	General Manager, City of Burlington Electric Department

The term of each director is for one year or until a successor is elected.

(b) Executive Officers of the Registrant:

Name (Age)	Office	Officer Since
James E. Griffin (56)	Chairman	1973
William F. Conway (52)	President and Chief Executive officer	1980
Warren P. Murphy (42)	Vice President and Manager of Operations	1982
John T. Pearson (39)	Vice President, Finance and Administration and Treasurer	1982
James E. Tribble (52)	Vice President	1980
Louis H. Heider (52)	Vice President	1980
Willis W. Carey (65)	Secretary	1983

The term of each officer is for one year or until a successor is elected.
(d) There are no family relations between any director and/or executive officer.

*Mr. David N. Merrill retired as of February 22, 1984 and Mr. Robert Harrison was elected a Director as of that date.

(e) Business Experience:

Each of the Directors referred to under Item 10(a), and the Executive Officers referred to under Item 10(b), with the exception of Messrs. Mills, Ferland, Keyser, Conway, Murphy, Pearson and Carey, has for the past five years been and is now an Executive Officer of one of the stockholders or an associate company thereof. Each of the sponsors is represented on the Company's Board of Directors, but there is no agreement or formal understanding with respect to such representation. Mr. Eaton is of Counsel to Messrs. Ropes & Gray which serves as counsel to the Company and to Central Vermont Public Service Corporation. Mr. Ferland came to Northeast Utilities in 1964 and held the position of Station Superintendent at their Millstone plant, then Director of the Rate Regulatory Project in 1978 prior to his election in 1980 to his position as Executive Vice President and Chief Financial Officer of Northeast Utilities Service Company. He was elected President and Chief Operating Officer of Northeast Utilities and its principal subsidiary companies, effective May 1, 1983. Mr. Keyser is a partner of Keyser, Crowley, Banse, Abell & Facey, Lawyers, and is also a Director of Central Vermont Public Service Corporation. Mr. Mills is President of EHV - Weidmann Industries, and is also a Director of Central Vermont Public Service Corporation. Mr. Conway was Plant Superintendent of the Company from October, 1977 until March, 1980 at which time he was elected Vice President and Manager of Operations. On May 8, 1981, he was elected President and Chief Opearating Officer and on March 28, 1982 he was elected President and Chief Executive Officer. Previous to October, 1977 he was Technical Services Supervisor for the Company. Mr. Murphy first came to Vermont Yankee in 1971, leaving in 1975 to work for Yankee Atomic Electric Company and returning to Vermont Yankee Nuclear Power Corporation in 1977. Mr. Murphy recently held the position of Plant Manager until his election on August 17, 1982 to his current position of Vice President and Manager of Operations. Mr. Pearson came to Vermont Yankee Nuclear Power Corporation in 1978 as Director of Administration. On April 28, 1982 he was elected Acting Treasurer and on August 17, 1982 he was elected to his current position of Vice President, Finance & Administration and Treasurer. Prior to joining Vermont Yankee in 1978, Mr. Pearson was employed by Central Vermont Public Service Corporation. Mr. Carey previously served as Treasurer of Vermont Yankee from April, 1973 and Assistant Secretary from June, 1977 until his resignation in April, 1982. He was elected to his current position of Secretary on May 16, 1983.

Other Directorships: The following directors of the registrant held other directorships as follows:

Director	Other Directorships Held
Edward A. Brown	New England Power Service Company New England Energy Incorporated Maine Yankee Atomic Power Company Yankee Atomic Electric Company NEES Energy, Inc.

Director	Other Directorships Held
William F. Burt	Maine Yankee Atomic Power Company Yankee Atomic Electric Company Connecticut Yankee Atomic Power Company Hopkinton LNG Corporation COM/Energy Services Company
John V. Cleary, Jr.	Green Mountain Power Corporation Vermont Electric Power Company Leaselec, Inc. Green Mountain Power Real Estate Corp. Vermont Energy Resources, Inc. Cynosure, Incorporated
John F. G. Eichorn, Jr.	Principal Subsidiary Companies of Eastern Utilities Associates Yankee Atomic Electric Company Connecticut Yankee Atomic Power Company Maine Yankee Atomic Power Company
Walter F. Fee	Principal Subsidiary Companies of Northeast Utilities Connecticut Yankee Atomic Power Company Maine Yankee Atomic Power Company Yankee Atomic Electric Company
E. James Ferland	Principal Subsidiary Companies of Northeast Utilities and the Connecticut Yankee Atomic Power Company Maine Yankee Atomic Power Company Yankee Atomic Electric Company
James E. Griffin	Central Vermont Public Service Corp. Connecticut Valley Electric Co., Inc. Vermont Electric Power Company Yankee Atomic Electric Company Connecticut Yankee Atomic Power Company Maine Yankee Atomic Power Company Vermont National Bank Vermont Financial Services Corporation

Director	Other Directorships Held
John F. Kaslow	New England Power Company New England Power Service Company New England Energy Incorporated NEES Energy, Inc. New England Electric Transmission Corp. New England Wholesale Electric Company Connecticut Yankee Atomic Power Company Maine Yankee Atomic Power Company Yankee Atomic Electric Company
F. Ray Keyser, Jr.	Associated Industries of Vermont Central Vermont Railway, Inc. Central Vermont Public Service Corp. Grand Trunk Corporation Hitchcock Foundation Keystone Custodian Fund, Inc. New England Guaranty Ins. Co. Proctor Bank Sherburne Corporation Union Mutual Fire Insurance Company United Vermont Bancorp College of St. Joseph the Provider White Pigment Corporation
*David N. Merrill	Public Service Company of New Hampshire
Gordon P. Mills	Central Vermont Public Service Corporation
John B. Randazza	Maine Yankee Atomic Power Co. Connecticut Yankee Atomic Power Co.
Robert C. Young	Vermont Electric Power Company American Public Power Association National Wood Energy Association

* Mr. Merrill resigned as a Director of Vermont Yankee effective 2/22/84.

Item 11 - Executive Compensation

REMUNERATION TABLE

Name of Individual or number of persons in Group	All Capacity in which served	Cash Compensation
(A) Cash Compensation:		
Five Executive Officers		
William F. Conway	President & Chief Executive Officer	$
Warren P. Murphy	Vice President and Manager of Operations	$
John T. Pearson	Vice President, Finance & Administration, Treasurer	$
All executive officers:		
7 Individuals	Executive Officers	$

(B) Compensation pursuant to plans:

Five executive officers:

a. On January 1, 1984:

William F. Conway - had 30 years of credited service and 1983 base compensation of $

Warren P. Murphy - had 12 years of credited service and 1983 base compensation of $

John T. Pearson - had 9 years of credited service and 1983 base compensation of $

b. ANNUAL PENSION BENEFIT BASED ON FULL YEARS OF SERVICE

Final Average Compensation	10 Years	20 Years	30 Years	40 Years
$30,000	$ 5,100	$10,200	$15,300	$16,800
$40,000	6,800	13,600	20,400	22,400
$60,000	10,200	20,400	30,600	33,600
$80,000	13,600	27,200	40,800	44,800
$90,000	15,300	30,600	45,900	50,400

Plan benefits are subject to an offset of benefits payable under Social Security. The amounts shown are not reduced for such offsets.

The Plan provides service credit for prior service with an affiliated employer, in which event, the plan benefits are further reduced by any benefit the employee receives from the affiliated employer's plan for this service.

Plan benefits are based on base compensation for the five highest consecutive calendar years in the last ten years of employment.

C. Other Compensation

The aggregate amount is less than $25,000 times the number of persons in the group in the Cash Compensation table pursuant to paragraph (a) of this section.

D. Compensation of Directors

Mr. Keyser and Mr. Mills who are also Directors of Central Vermont Public Service Corporation, were reimbursed for expenses and paid a fee by that Company.

Item 12 - Security Ownership of Certain Beneficial Owners and Management

As of January 1, 1984 the directors and officers of the registrant beneficially owned no equity securities of the registrant. The following table shows the ownership of the Company's 400,014 shares of $100 Par Value Common Stock, all of which is issued and outstanding and all of which is held of record and beneficially, except the Director's Share which is held beneficially by Public Service Company of New Hampshire.

Name and Address	Shares Owned	Percent of Class
Central Vermont Public Service Corporation 77 Grove Street Rutland, Vermont 05701	125,156	31.3
New England Power Company 25 Research Drive Westborough, Mass. 01581	80,002	20.0
Green Mountain Power Corporation One Main Street Burlington, Vermont 05401	71,518	17.9
The Connecticut Light and Power Company P.O. Box 2010 Hartford, Connecticut 06141	38,002	9.5
Central Maine Power Company Edison Drive Augusta, Maine 04336	16,001	4.0
Public Service Company of New Hampshire 1000 Elm Street Manchester, New Hampshire 03105	16,000	4.0
City of Burlington Burlington, Vermont 05401	14,301	3.6

Name and Address	Owned	of Class
Western Massachusetts Electric Company 174 Brush Hill Avenue Box 10 West Springfield, Massachusetts 01089	10,000	2.5
Montaup Electric Company P.O. Box 2333 Boston, Massachusetts 02107	10,001	2.5
Cambridge Electric Light Company P.O. Box 190 Cambridge, Massachusetts 02139	10,001	2.5
Vermont Electric Cooperative Inc. Johnston, Vermont 05656	4,213	1.0
Washington Electric Co-operative, Inc. East Montpelier, Vermont 05651	2,431	.6
Village of Lyndonville Lyndonville, Vermont 05851	2,387	.6
Director's Share	1	-
	400,014	100.0

Listed below are the principal holdings of th Cumulative Preferred Stock, 7.48% Series, $100 Par Value. None is held by management.

Name and Address	Shares Owned	Percent of Class
CEDE & Co. Box 20 Bowling Green Station New York, New York 10004	115,522	76.5
American Amicable Life Insurance Company c/o American Amicable Bldg. Box 1849 Waco, Texas 76703	8,500	5.6
Monumental Life Insurance Co. Attn: Treasurer Office Charles & Charles Sts. Baltimore, MD. 21202	8,000	5.3

Item 13 - Certain Relationships and Related Transactions

(a) Transactions with Management and others

The Company made the following payments during the year 1983 to stockholder companies and to companies associated with the stockholder companies: Central Vermont Public Service Corporation, $17,830 for administrative services excluding $15,000 included in Item 11 (A) above, and $633,278 for electric power; Yankee Atomic Electric Company, $11,470,850 for engineering and related services; New England Power Service Company, $3,349,009 for construction, operation and maintenance services; New England Power Company, $369,404 for charges in connection with the use of Vernon Pond; Maine Yankee Atomic Power Company, $674,114 for enriched uranium; an aggregate of $131,533 to Sponsors and associated companies for miscellaneous items, and $5,760,202 in dividends on common stock to the common stockholders.

Also, Messrs, Ropes & Gray, of which Mr. Ritsher, Assistant Secretary, is of Counsel, was paid $107,987 in legal fees.

PART IV

Item 14 - Exhibits, Financial Statements, Schedules and Reports on Form 8-K

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

	Incorporated Documents: Exhibit	Incorporated Documents: Sec Docket	Filed Herewith at Page
1. Financial Statements:			
1.1. Financial statements, December 31, 1983, 1982 and 1981 (with Accountant's Report thereon)			11-28
2. Financial Statement Schedules:			
2.1 Utility Plant and Nuclear Fuel, and Accumulated Depreciation of Utility Plant and Accumulated Amortization of Nuclear Fuel.			29 - 31
3. Exhibits:			
(3) Articles of incorporation and By-Laws			
Incorporated herein by reference:			
3-1 Articles of Association, as amended.			Attachment A
Filed herewith:			
3-2 By-laws, as amended.			Attachment B
(4) Instruments defining the rights of security holders.			
Incorporated herein by reference:			
4-1 First Mortgage Indenture from the Company to Bankers Trust Company, Trustee, dated as of October 1, 1970, together with a cross-reference sheet locating the Trust Indenture Act of 1939 provisions therein.	4.1	2-38291	
4-2 Supplemental Indenture dated as of March 1, 1971, modifying 4-1	4.2	2-39670	

	Incorporated Documents		Filed
	Exhibit	Sec Docket	Herewith at page
4-3 Supplemental Indenture dated as of October 1, 1971.	A-3	70-5283	
4-4 Instrument of Resignation, Appointment and Acceptance Dated April 18, 1972 relating to Resignation as Trustee of Bankers Trust Company, modifying 4-1 and Appointment as Trustee of Chemical Bank.	A-4	70-5283	
4-5 Supplemental Indenture dated as of July 13, 1972.	A-4	70-5283	
4-6 Supplemental Indenture dated as of August 1, 1972, modifying 4-1.	A-5	70-5283	
4-7 Supplemental Indenture dated as of January 15, 1973 relating to Series C Bonds.		Company's 10-K for 1980.	
4-8 Supplemental Indenture dated as of October 23, 1979, modifying 4-1.	A-6	70-6247	
4-9 Supplemental Indenture dated as of March 1, 1983, modifying 4-1			Attachment C

(10) Material Contracts

Incorporated herein by reference:

10-1 Composite copy of Power Contract between the registrant and each of the Sponsors dated as of February 1, 1968, as amended by amendment dated as of June 1, 1972.	13.1	2-44564	
10-2 Composite copy of Capital Funds Agreement between the registrant and each of the Sponsors dated as of February 1, 1968, as amended by amendment dated March 12, 1968.	13.2	2-46564	

		Incorporated Documents Exhibit	Incorporated Documents Sec Docket	Filed Herewith at Page
10-3	Sponsors Agreement dated as of August 1, 1968 among the Sponsors (executed in counterparts).	4.27	2-32333	
10-4	Indenture dated as of August 1, 1970 between the Company and New England Power Company.	13.9	2-38291	
10-5	Agreement dated October 28, 1970 among the Company, the State of Vermont, The Conservation Society of Southern Vermont, Inc., The Vermont Natural Resources Council, The Lake Champlain Committee and National Wildlife Federation, including attachments thereto, Letter dated October 28, 1970 from the Company to the Honorable James M. Jeffords, Attorney General of the State of Vermont, and Letter dated October 28, 1970 to the Company from The Honorable James M. Jeffords, Attorney General of the State of Vermont.	13.12	2-38291	
10-6	Agreement dated September 8, 1971 between the Company and United States of America as represented by the Atomic Energy Commission relating the the enrichment of uranium.	13.19	2-39670	
10-7	Production Purchase Agreement, dated August 4, 1978, among Earth Sciences, Inc., the Company, and Yankee Atomic Electric Company.	B-1	70-6188	

		Incorporated Documents: Exhibit	Incorporated Documents: Sec Docket	Filed Herewith at Page
10-8	Uranium Concentrates Sales Agreement, dated as of December 6, 1978, between International Minerals and Chemical Corp. and the Company.		Company's 10-K for 1981	
10-9	Conversion Contract, dated June 7, 1976, between British Nuclear Fuels Limited and the Company.		Company's 10-K for 1981	
10-10	Conversion Contract, dated April 2, 1981, between British Nuclear Fuels Limited and the Company.		Company's 10-K for 1981	
10-11	Conversion Contract, dated July 25, 1977 between Eldorado Nuclear Limited and the Company.		Company's 10-K for 1981	
10-12	Contract dated July 11, 1975 between General Electric Company and the Company.		Company's 10-K for 1981	
10-13	Uranium Concentrates Sales Agreement, dated as of February 15, 1982 between Energy Fuels Limited and the Company.		Company's 10-K for 1982	
10-14	Uranium Concentrates Sales Agreement dated as of April 15, 1982 between Saskatchewan Mining Development Corporation and the Company.		Company's 10-K for 1982	
10-15	Conversion Contract, dated July 9, 1982 between Eldorado Nuclear Limited and the Company.		Company's 10-K for 1982	
10-16	Contract for disposal of spent nuclear fuel and high-level radioactive waste dated as of June 10, 1983 between the United States Department of Energy (DOE) and the Company.			Attachment D

(b) No reports on Form 8-K were filed during the last quarter of the fiscal year ended December 31, 1983.

D. Statement re computation of per share earnings

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

E. Statements re computation of ratios

Not applicable.

F. Annual report to security holders

Not applicable.

G. Letter re change in accounting principles

Not applicable.

H. Previously unfiled documents

Not applicable.

I. Subsidiaries of the registrant

Not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VERMONT YANKEE NUCLEAR POWER CORPORATION

March 30,1984 By William F. Conway
William F. Conway, President & Chief Executive Officer
Director

March 30,1984 By John T. Pearson
John T. Pearson, Vice President Finance & Administration and Treasurer

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

March ,1984
Edward A. Brown
President

March ,1984
William F. Burt
Director

March ,1984
John V. Cleary, Jr.
Director

March ,1984
Raymond C. Deforge
Director

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VERMONT YANKEE NUCLEAR POWER CORPORATION

March ,1984 By____________________
William F. Conway, President & Chief
Executive Officer
Director

March ,1984 By____________________
John T. Pearson, Vice President
Finance & Administration and Treasurer

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

March 30,1984 Edward A. Brown
Edward A. Brown
President

March ,1984 ____________________
William F. Burt
Director

March ,1984 ____________________
John V. Cleary, Jr.
Director

March ,1984 ____________________
Raymond C. Deforge
Director

SIGNATURES

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VERMONT YANKEE NUCLEAR POWER CORPORATION

March ,1984 By
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Director

March ,1984 By
John T. Pearson, Vice President
Finance & Administration and Treasurer

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March ,1984
Edward A. Brown
President

March 20,1984 William F. Burt
William F. Burt
Director

March ,1984
John V. Cleary, Jr.
Director

March ,1984
Raymond C. Deforge
Director

SIGNATURES

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VERMONT YANKEE NUCLEAR POWER CORPORATION

March ,1984 By
William F. Conway, President & Chief Executive Officer
Director

March ,1984 By
John T. Pearson, Vice President
Finance & Administration and Treasurer

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

March ,1984
Edward A. Brown
President

March ,1984
William F. Burt
Director

March ,1984
John V. Cleary, Jr.
Director

March 28,1984
Raymond C. Deforge
Raymond C. Deforge
Director

March 30 ,1984	John F.G. Eichorn John F.G. Eichorn, Jr. Director
March ,1984	Walter F. Fee Director
March ,1984	E. James Ferland Director
March ,1984	James E. Griffin, Chairman Director
March ,1984	Robert J. Harrison Director
March ,1984	John F. Kaslow Director
March ,1984	F. Ray Keyser, Jr. Director
March ,1984	Gordon P. Mills Director
March ,1984	John B. Randazza Director
March ,1984	Robert C. Young Director

March ,1984

John F.G. Eichorn, Jr.
Director

March 30,1984

Walter F. Fee
Walter F. Fee
Director

March 30,1984

E. James Ferland
E. James Ferland
Director

March ,1984

James E. Griffin, Chairman
Director

March ,1984

Robert J. Harrison
Director

March ,1984

John F. Kaslow
Director

March ,1984

F. Ray Keyser, Jr.
Director

March ,1984

Gordon P. Mills
Director

March ,1984

John B. Randazza
Director

March ,1984

Robert G. Young
Director

March ,1984

John F.G. Eichorn, Jr.
Director

March ,1984

Walter F. Fee
Director

March ,1984

E. James Ferland
Director

March 30 ,1984

James E. Griffin
James E. Griffin, Chairman
Director

March ,1984

Robert J. Harrison
Director

March ,1984

John F. Kaslow
Director

March ,1984

F. Ray Keyser, Jr.
Director

March ,1984

Gordon P. Mills
Director

March ,1984

John B. Randazza
Director

March ,1984

Robert C. Young
Director

March ,1984 ______________________________
John F.G. Eichorn, Jr.
Director

March ,1984 ______________________________
Walter F. Fee
Director

March ,1984 ______________________________
E. James Ferland
Director

March ,1984 ______________________________
James E. Griffin, Chairman
Director

March ,1984 ______________________________
Robert J. Harrison
Director

March 30,1984 John F. Kaslow
John F. Kaslow
Director

March ,1984 ______________________________
F. Ray Keyser, Jr.
Director

March ,1984 ______________________________
Gordon P. Mills
Director

March ,1984 ______________________________
John B. Randazza
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March ,1984 ______________________________
Robert C. Young
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March ,1984

John F.G. Eichorn, Jr.
Director

March ,1984

Walter F. Fee
Director

March ,1984

E. James Ferland
Director

March ,1984

James E. Griffin, Chairman
Director

March ,1984

Robert J. Harrison
Director

March ,1984

John F. Kaslow
Director

March 30,1984

Ray Keyser

F. Ray Keyser, Jr.
Director

March ,1984

Gordon P. Mills
Director

March ,1984

John B. Randazza
Director

March ,1984

Robert C. Young
Director

March ,1984	John F.G. Eichorn, Jr. Director
March ,1984	Walter F. Fee Director
March ,1984	E. James Ferland Director
March ,1984	James E. Griffin, Chairman Director
March ,1984	Robert J. Harrison Director
March ,1984	John F. Kaslow Director
March ,1984	F. Ray Keyser, Jr. Director
March 30,1984	Gordon P. Mills Gordon P. Mills Director
March ,1984	John B. Randazza Director
March ,1984	Robert C. Young Director

March ,1984	John F.G. Eichorn, Jr. Director
March ,1984	Walter F. Fee Director
March ,1984	E. James Ferland Director
March ,1984	James E. Griffin, Chairman Director
March ,1984	Robert J. Harrison Director
March ,1984	John F. Kaslow Director
March ,1984	F. Ray Keyser, Jr. Director
March ,1984	Gordon P. Mills Director
March 22,1984	John B. Randazza John B. Randazza Director
March ,1984	Robert C. Young Director

March ,1984	John F.G. Eichorn, Jr. Director
March ,1984	Walter F. Fee Director
March ,1984	E. James Ferland Director
March ,1984	James E. Griffin, Chairman Director
March ,1984	Robert J. Harrison Director
March ,1984	John F. Kaslow Director
March ,1984	F. Ray Keyser, Jr. Director
March ,1984	Gordon P. Mills Director
March ,1984	John B. Randazza Director
March 30,1984	Robert C. Young Robert C. Young Director

PEAT MARWICK

VERMONT YANKEE NUCLEAR POWER CORPORATION

Financial Statements

December 31, 1983, 1982, and 1981

(With Accountants' Report Thereon)

PEAT MARWICK

Peat, Marwick, Mitchell & Co.
Certified Public Accountants
One Boston Place
Boston, Massachusetts 02108
617-723-7700

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

We have examined the balance sheets of Vermont Yankee Nuclear Power Corporation as of December 31, 1983 and 1982 and the related statements of income and retained earnings and changes in financial position for each of the years in the three-year period ended December 31, 1983. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position of Vermont Yankee Nuclear Power Corporation at December 31, 1983 and 1982 and the results of its operations and the changes in its financial position for each of the years in the three year period ended December 31, 1983, in conformity with generally accepted accounting principles applied on a consistent basis.

Peat, Marwick, Mitchell + Co

February 9, 1984

VERMONT YANKEE NUCLEAR POWER CORPORATION

Balance Sheets

December 31, 1983 and 1982

Assets	1983	1982
	(Dollars in thousands)	
Utility plant:		
Electric plant, at cost	$ 263,425	246,991
Less accumulated depreciation	90,430	79,942
Net electric plant	172,995	167,049
Nuclear fuel, at cost:		
Assemblies in reactor	76,991	71,167
Fuel in process	30,932	32,330
Spent fuel	87,615	70,702
	195,538	174,199
Less accumulated amortization:		
Original cost	129,845	114,403
Permanent disposal	39,285	38,851
	169,130	153,254
Net nuclear fuel	26,408	20,945
Net utility plant	199,403	187,994
Current assets:		
Cash (note 4)	1,280	806
Restricted fund (note 3)	593	-
Accounts receivable, principally from sponsors	16,443	14,013
Income tax refunds receivable	10,884	-
Materials and supplies, at cost	7,430	6,009
Prepaid expenses	1,140	1,830
Total current assets	37,770	22,658
Deferred charges:		
Restricted fund (note 3)	599	-
Unamortized debt expense	895	671
Accumulated deferred income taxes (note 7)	1,680	19,450
Deferred reload analysis development costs	1,465	1,983
Other deferred charges	959	3
Total deferred charges	5,598	22,107
	$ 242,771	232,759

See accompanying notes to financial statements.

Capitalization and Liabilities	1983	1982
	(Dollars in thousands)	
Capitalization:		
Common stock equity (note 5):		
Common stock, $100 par value; authorized 400,100 shares; outstanding 400,014 shares	$ 40,001	40,001
Other paid-in capital	13,953	13,735
Retained earnings	5,259	5,165
Total common stock equity	59,213	58,901
Redeemable cumulative preferred stock, 7.48% series; $100 par value; authorized 300,000 shares; outstanding 138,941 shares (149,066 shares in 1982) (note 5)	13,894	14,907
Long-term debt, net (note 6)	78,375	72,688
Total capitalization	151,482	146,496
Current liabilities:		
Long-term debt to be retired within one year (note 6)	2,202	4,831
Notes payable	4,100	-
Accounts payable	12,233	10,577
Accrued interest	1,639	1,572
Accrued taxes	3,511	8,828
Total current liabilities	23,685	25,808
Accrued decommissioning costs (note 3)	1,125	-
Unamortized gain on reacquired debt, net	4,306	4,372
Accumulated deferred income taxes (note 7)	50,603	50,338
Accumulated deferred investment tax credits (note 7)	8,962	5,745
Accrued interest on disposal costs of spent nuclear fuel (note 2)	2,608	-
Total deferred credits	67,604	60,455
Commitments and contingencies (notes 2, 3 and 9)		
	$ 242,771	232,759

VERMONT YANKEE NUCLEAR POWER CORPORATION

Statements of Income and Retained Earnings

Years ended December 31, 1983, 1982 and 1981

	1983	1982	1981
	(Dollars in thousands - except per share amounts)		
Operating revenues	$ 113,070	106,256	88,170
Operating expenses:			
Nuclear fuel expense (note 2)	18,750	31,725	22,134
Other operating expenses	33,992	29,758	21,128
Maintenance	20,398	10,718	9,705
Depreciation	10,889	9,942	9,323
Decommissioning expense (note 3)	2,234	-	-
Taxes on income (note 7)	5,558	5,048	5,184
Property and other taxes	4,192	4,349	4,279
Total operating expenses	96,013	91,540	71,753
Operating income	17,057	14,716	16,417
Other income and deductions, net	31	(12)	(3)
Income before interest expense	17,088	14,704	16,414
Interest expense:			
Interest on long-term debt, net	7,192	7,684	7,048
Interest on disposal costs of spent nuclear fuel (note 2)	2,608	-	-
Other interest expense	319	107	2,271
Total interest expense	10,119	7,791	9,319
Net income	6,969	6,913	7,095
Retained earnings at beginning of year	5,165	5,193	5,057
	12,134	12,106	12,152
Dividends declared:			
Preferred stock, $7.48 per share in 1983 and 1982, and $5.61 per share in 1981	1,115	1,181	959
Common stock, $14.40 per share in 1983 and 1982, and $15.00 per share in 1981	5,760	5,760	6,000
Retained earnings at end of year	$ 5,259	5,165	5,193
Net income per average share of common stock outstanding	$ 14.64	14.33	15.34

See accompanying notes to financial statements.

VERMONT YANKEE NUCLEAR POWER CORPORATION

Statements of Changes in Financial Position

Years ended December 31, 1983, 1982 and 1981

	1983	1982	1981
	(Dollars in thousands)		
Source of funds:			
Net income	$ 6,969	6,913	7,095
Charges (credits) to income not requiring funds:			
Depreciation	10,889	9,942	9,323
Amortization of nuclear fuel	18,750	31,725	22,134
Amortization of deferred downtime costs	-	7,876	6,348
Deferred income taxes	18,035	(11,213)	714
Investment tax credit adjustments	3,217	(592)	2,068
Amortization of deferred reload analysis development costs	518	517	307
Other	(93)	(96)	(67)
Total funds from operations	58,285	45,072	47,922
Additions to long-term debt	8,948	6,233	12,099
Increase in decommissioning costs	1,125	-	-
Interest on disposal costs of spent nuclear fuel	2,608	-	-
Other, net	80	146	(232)
Total funds provided	$ 71,046	51,451	59,789
Use of funds:			
Electric plant additions	18,650	8,674	10,198
Nuclear fuel additions	22,678	21,205	19,321
Restricted fund	599	-	-
Downtime costs deferred	-	-	8,926
Deferred reload analysis development costs	-	201	2,606
Increase in deferred charges	956	-	-
Reduction of long-term debt	3,040	4,135	2,956
Redemption of preferred stock	1,013	1,158	1,155
Preferred stock dividends	1,115	1,181	959
Common stock dividends	5,760	5,760	6,000
Increase in working capital	17,235	9,137	7,668
Total funds applied	$ 71,046	51,451	59,789
Changes in components of working capital:			
Increase (decrease) in current assets:			
Cash	474	(339)	(494)
Restricted fund	593	-	-
Temporary investments	-	-	(200)
Accounts receivable	2,430	2,387	3,868
Income tax refunds receivable	10,884	-	-
Materials and supplies	1,421	1,596	501
Prepaid expenses	(690)	1,387	(534)
	15,112	5,031	3,141
Increase (decrease) in current liabilities:			
Long-term debt to be retired within one year	(2,629)	(8,694)	(803)
Notes payable	4,100	-	(5,200)
Accounts payable	1,656	(2,957)	1,513
Accrued interest	67	(354)	58
Accrued taxes	(5,317)	7,899	225
Dividends payable	-	-	(320)
	(2,123)	(4,106)	(4,527)
Increase in working capital	$ 17,235	9,137	7,668

See accompanying notes to financial statements.

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

December 31, 1983, 1982 and 1981

(1) Summary of Significant Accounting Policies

(a) Regulation and Operations

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

Pursuant to the terms of Power Contracts with Sponsors, which terminate on November 30, 2002, each Sponsor is obligated to pay the Company each month (regardless of the Plant's operating level or whether it is operating or shutdown during the period), an amount equal to its entitlement percentage of the Company's total fuel costs and operating expenses with respect to the Plant, and an allowed return on equity. Also, under the terms of the Capital Funds Agreements, which terminate on December 31, 2002, the Sponsors are committed, subject to obtaining necessary regulatory authorizations, to make funds available in amounts required to obtain or maintain licenses necessary to keep the Plant in operation. In addition, the Company has filed with the FERC Additional Power Contracts intended to; (1) insure the availability of adequate decommissioning funds in the event the plant terminates operations prematurely; and (2) extend the terms and conditions of the existing Power Contracts beyond November 30, 2002 to the end of the service life and the completion of the decommissioning of the unit.

(b) Depreciation and Maintenance

Electric plant is being depreciated on the straight-line method at rates designed to fully depreciate all depreciable properties by 1998. Total depreciation expense was between 3.999% and 4.176% of the cost of depreciable utility plant for the years 1981 through 1983.

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

(c) Amortization of Nuclear Fuel

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

(Continued)

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

(d) Deferred Charges

In 1982 the Company began expensing, as incurred, costs associated with scheduled plant downtime for replacement of nuclear fuel assemblies and major maintenance. Prior to 1982 such costs were deferred and amortized to expense over the estimated period until the succeeding downtime (normally between twelve and seventeen months). The effect of this change was to increase operating revenues and operating expenses by approximately \$5.9 million and \$1.6 million in 1983 and 1982, respectively.

(e) Taxes on Income

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

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

(f) Decommissioning

The Company believes that complete immediate dismantling is the most desirable method of decommissioning its nuclear reactor. Effective September 24, 1983 the Company began including estimated cost of such dismantling in monthly billings to its Sponsors. See note 3 to the financial statements.

(2) Nuclear Fuel Expense

On June 10, 1983, the Company entered into a contract with the United States Department of Energy (DOE) for the permanent disposal of spent nuclear fuel. Disposal services will be provided to the Company when the DOE's disposal facility for spent nuclear fuel and other high-level radioactive waste begins operations, expected to be prior to January 31, 1998.

Under the terms of the contract, the Company is obligated to pay a one-time fee of \$39,285,000 for the disposal costs associated with all fuel burned through April 7, 1983. This amount can be paid by one of three payment options. Such options include a lump sum payment of the fee anytime prior to June 30, 1985; a lump sum payment of the fee plus accrued interest anytime prior to the first delivery of spent nuclear fuel to the DOE; or quarterly payments of the fee plus accrued interest over a ten-year period beginning anytime prior to January 31, 1988. The first option is without interest charges while the latter two options include interest charges based on the thirteen-week Treasury-Bill rate and a combination of the thirteen-week Treasury Bill and ten-year Treasury Note rates, respectively. The Company began collecting these anticipated interest charges from their sponsors based on the thirteen-week Treasury-Bill rate in June, 1983. As of December 31, 1983, \$2,608,000 of such interest has been collected which is subject to refund, depending on the method of payment selected. The Company also has a remaining overcollection for this one-time fee of \$510,000 as of December 31, 1983. This amount is being refunded to the Company's Sponsors as a credit to the cost of the current fuel cycle through June, 1984.

(Continued)

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

Effective April 7, 1983 the Company began charging the Sponsors $.001 per gross kilowatt hour of generation for estimated disposal costs of spent nuclear fuel, pursuant to the terms of the above contract. These funds are remitted to the DOE on a quarterly basis. This fee is subject to annual adjustment by the DOE.

The Company accrues estimated costs of disposal of spent nuclear fuel based on the rate of burn-down of assemblies in the reactor. Accruals for such disposal costs increased 1983, 1982 and 1981 nuclear fuel expense by approximately $3,300,000, $10,500,000 and $8,500,000, respectively.

(3) Decommissioning

The NRC has responsibility for approving the method of decommissioning. The Company anticipates that any of three methods of decommissioning nuclear power plants will be acceptable to the NRC. These methods include complete dismantling and removal, entombment, and mothballing; or a combination of these methods. The Company is funding for the complete, immediate dismantlement method, as management presently believes this is the most desirable alternative. Based on a consultant's study the estimated cost of decommissioning using this methodology is approximately $72,700,000 in 1981 dollars.

Pursuant to an amendment to the existing Power Contract filed with the FERC, the Company began billing these estimated decommissioning costs to its Sponsors on September 24, 1983. In addition, the Company has filed with the FERC Additional Power Contracts which, among other items, insures the availability of adequate decommissioning funds until the decommissioning process is completed. The decommissioning liability above is being funded based on a 7% annual escalation factor through 2007. The accompanying financial statements include the liability for decommissioning costs to the extent of related billings to Sponsors. Since the Company fully recognizes the relative uncertainty of the future costs involved with decommissioning, the changing technology available for decommissioning and new requirements under the law, it plans to periodically monitor and adjust, if necessary, the amount of billing necessary to adequately fund these costs.

A decommissioning escrow account has been established for receipt of all funds collected, including both decommissioning fund amounts and associated tax liability thereon. The balance of this escrow account at December 31, 1983, of approximately $1,192,000 is subject to refund pending a final rate order by the FERC. The Company and all other parties have filed a proposed settlement agreement with the FERC which, if accepted, would result in a refund of $304,000. Additionally, approximately $593,000 of the above balance, which represents Federal income taxes, could also be subject to refund pending resolution by the Company and the Internal Revenue Service (IRS) on the tax status of the decommissioning funds. Upon receipt of a final order by the FERC, the Company plans to transfer the decommissioning component of the escrow account to a Decommissioning Trust Fund.

(Continued)

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

(4) Compensating Balances and Short-term Borrowings

The Company had lines of credit from various banks totalling $16,000,000 and $7,000,000 at December 31, 1983 and 1982, respectively. Of these amounts $10,000,000 and $7,000,000 required average compensating balances equal to 7.1% and 7.5% of the outstanding line. Additionally $1,000,000 and $7,000,000 required average compensating balances equal to 2.5% and 7.5% of the outstanding loans. The maxmimum amount of short-term borrowings outstanding at any month-end during 1983 was $5,600,000. The average daily amount of such borrowings outstanding was $2,236,800 with a corresponding weighted average interest rate of 10.12%. There were no borrowings under these credit lines during 1982.

The Company has also arranged a $50,000,000 Eurodollar Credit Agreement effective October 4, 1983. This agreement, which expires October 4, 1987, is secured by the nuclear core of the Company's generating facility.

(5) Capital Stock

So long as any shares of the Cumulative Preferred Stock are outstanding, the payment of cash dividends and distributions on Common Stock (other than redemptions, which requires 30% common equity after redemption) is limited when Common Stock Equity (as defined) is less than 25% of Total Capitalization (as defined). At December 31, 1983 Common Stock Equity was 38% of Total Capitalization.

The 7.48% series Preferred Stock is redeemable (1) at par through a mandatory sinking fund in the amount of $1,100,000 per annum, (2) at the option of the Company, at par, an additional $1,100,000 per annum and (3) in whole or in part from time to time, at redemption prices per share ranging from $105 in 1983 to $100 in 1998, together in each case with accrued and unpaid dividends to the redemption date. Any gains or losses on redemption of preferred stock are charged or credited to other paid-in capital.

(6) Long-Term Debt

A summary of long-term debt is as follows:

	1983	1982
	(Dollars in thousands)	
First mortgage bonds:		
Series A - 9-5/8% due 1998	$ 45,529	46,129
Series B - 8-1/2% due 1998	8,024	8,126
Series C - 7.70% due 1998	11,738	12,088
Total first mortgage bonds	65,291	66,343
Unamortized premium on debt	105	112
Net first mortgage bonds	65,396	66,455
Obligation under capital lease	643	633
Vernon Energy Trust borrowings	14,538	10,431
Total long-term debt	80,577	77,519
Less long-term debt to be retired within one year	2,202	4,831
Long-term debt, net	$ 78,375	72,688

(Continued)

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

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

In November 1981, the Company entered into agreements to finance its nuclear fuel through the Vernon Energy Trust. The Trust finances nuclear fuel through the issuance of commercial paper and bank loans on a revolving credit basis up to an aggregate amount of $40,000,000 outstanding. The Trust may acquire an inventory of nuclear fuel in process from or on behalf of the Company. After fabrication is completed, the Trust may sell the fuel to the Company and lend the Company funds to pay for such fuel. Loans issued by the Trust are secured by a pledge of the Company's right to receive fuel costs under power contracts with its sponsors. Loans outstanding to the Trust are to be paid as fuel is consumed.

The Company has initially borrowed under the agreement based on the fuel in its reactor. As additional financing is needed, the Company plans to assign its interest in uranium and fuel contracts to the Trust. The initial term of the agreement is through 1985; however, if the Trust fails to give written notification of termination on any anniversary date commencing November 1, 1984, the term will continue on a year to year basis through the year 2000.

The outstanding debt of the Trust is comprised of commercial paper. The commercial paper is due within a maximum of 45 days from issuance and had a weighted average interest rate of 9% for 1983. A portion of the Company's obligation to the Trust has been classified as long-term debt based upon the intent and the ability of the Company to finance this debt on a long-term basis.

(7) Income Taxes

The components of income tax expense are:

	1983	1982	1981
	(Dollars in thousands)		
Taxes on operating income:			
Federal - current	$ (14,106)	14,416	1,605
Federal - deferred	15,510	(9,644)	614
State - current	(1,588)	2,437	797
State - deferred	2,525	(1,569)	100
Investment tax credit adjustments	3,217	(592)	2,068
	5,558	5,048	5,184
Taxes on other income:			
Federal - current	40	38	19
State - current	7	5	-
Total income taxes	$ 5,605	5,091	5,203

(Continued)

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

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

	1983	1982	1981
Federal statutory rate	46.0%	46.0%	46.0%
State income taxes, net of Federal income tax benefit	4.0	3.9	3.9
Investment credit	(9.1)	(9.0)	(9.5)
Other	3.7	1.5	1.9
	44.6%	42.4%	42.3%

The items comprising deferred income tax expense are:

	1983	1982	1981
	(Dollars in thousands)		
Excess of tax depreciation over financial statement depreciation	$ 265	1,726	2,402
Fuel amortization for financial statement purposes less (greater) than tax amortization	17,770	(9,236)	(3,103)
Deferral of maintenance expenses for financial statement purposes	-	(3,920)	1,472
Other	-	217	(57)
	$ 18,035	(11,213)	714

(8) Pension Plans

The Company has two non-contributory trusteed pension plans covering all regular employees and follows the consistent policy of funding all costs accrued. Pension costs were $320,000, $254,000 and $250,000 for the years 1983, 1982 and 1981, respectively, including amortization of unfunded liabilities over a period ending in 1998. A comparison of accumulated plan benefits and plan net assets is presented below:

	January 1,	
	1983	1982
	(Dollars in thousands)	
Actuarial present value of accumulated plan benefits:		
Vested	$ 965	607
Nonvested	206	131
	$ 1,171	738
Net assets available for benefits	$ 2,604	1,931

An assumed weighted average rate of return of 8.5% was used in determining the actuarial present value of accumulated plan benefits.

(Continued)

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

(9) Commitments and Contingencies

Certain litigation challenging the sufficiency of the Nuclear Regulatory Commission's (NRC) regulations on environmental review of portions of the fuel cycle, which has been pending for several years, was favorably resolved by the United States Supreme Court on July 13, 1983. This resulted in dismissal of an individual case challenging the Company's operating license and the termination of further NRC review of remanded aspects of the Company's license amendment for expansion of the fuel rack capacity for storage of spent fuel.

The Company has commitments for nuclear fuel purchases through 1999 approximating $134,900,000. Expenditures for such commitments will be approximately $10,400,000 in 1984 and, approximately $24,300,000, $13,300,000, $13,600,000 and $15,000,000 in the years 1985 through 1988, respectively.

Vermont Yankee has contracted for uranium concentrate to meet substantially all its power production requirements through 1991. It has two long-term contracts for uranium by-product extraction for 20 and 12 years, respectively, each of which was expected to provide up to about 20% of its uranium requirements during these periods. Under the 20 year contract, the Company is committed to make minimum payments, aggregating $5,341,000 plus interest as of December 31, 1983, over a period ending not later than 1993 regardless of the amount of uranium that is actually produced. After prolonged start-up problems, the uranium by-product extraction facility achieved commercial operation in June 1983 and has since been producing near design capacity. In January 1983 the Company and others initiated legal action to determine whether the 12 year contract could be terminated because of the seller's failure to perform properly thereunder.

The Company has announced its decision to replace the plant's recirculation piping during a scheduled outage in late 1985. The duration of the outage and the magnitude of the cost remain uncertain.

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

(Continued)

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

The Price-Anderson Act currently limits public liability from a single accident at a nuclear power plant to $570,000,000. If the total damages resulting from an accident exceed the private pool insurance coverage of $160,000,000, then the Company would be required to pay its share of the excess up to a maximum of $5,000,000 per accident with a maximum of $10,000,000 per year. Under the provisions of the Power Contracts, the Company's share of any such payments would be passed on to the Sponsors.

(10) Unaudited Quarterly Financial Information

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

1983	Quarter ended March	June	September	December
	(Dollars in thousands - except per share amounts)			
Operating revenues	$ 23,845	31,064	23,707	34,454
Operating income	3,409	3,609	3,597	6,442
Net income	1,736	1,740	1,742	1,751
Net income per share of common stock	3.64	3.65	3.65	3.70

1982	Quarter ended March	June	September	December
	(Dollars in thousands - except per share amounts)			
Operating revenues	$ 24,935	25,784	25,883	29,654
Operating income	3,906	3,761	3,482	3,567
Net income	1,745	1,737	1,737	1,694
Net income per share of common stock	3.61	3.59	3.59	3.54

Operating income increased in the fourth quarter of 1983 by $2,608,000 due to a reclassification of interest on disposal costs of spent nuclear fuel from nuclear fuel expense to interest expense.

(Continued)

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

(11) Unaudited Information on the Effects of Changing Prices

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

	Year ended December 31, 1983		
	Conventional historical cost	Adjusted for general inflation	Adjusted for changes in specific prices
Operating revenues	$ 113,070	113,070	113,070
Operating expenses:			
Nuclear fuel expense	18,750	34,340	31,220
Other operating expenses	33,992	33,992	33,992
Maintenance	20,398	20,398	20,398
Depreciation	10,889	24,325	25,703
Decommissioning expense	2,234	2,234	2,234
Taxes on income	5,558	5,558	5,558
Property and other taxes	4,192	4,192	4,192
Total operating expenses	96,013	125,039	123,297
Operating income (loss)	17,057	(11,969)	(10,227)
Other income and deductions, net	31	31	31
Interest expense	(10,119)	(10,119)	(10,119)
Net income (loss) excluding reduction to net recoverable cost	$ 6,969	(22,057) (A)	(20,315)
Gain from decline in purchasing power of net amounts owed		6,645	6,645
Reduction to net recoverable cost		(13,671)	(10,154)
		$ 20,316	16,799
Increase in specific prices (current cost) of property, plant and equipment held during the year(B)			25,674
Effect of increase in general price level			18,082
Excess of increase in specific prices over increase in general price level			$ 7,592

(A) Including the reduction to net recoverable cost, the net loss would have been $35,728.

(B) At December 31, 1983, the current cost of utility plant net of accumulated depreciation and amortization was estimated to be approximately $455,468,000 as compared with net utility plant recoverable through depreciation and amortization of $199,403,000.

(Continued)

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

A five-year comparison of selected supplementary financial data adjusted for the affects of changing prices follows (in thousands of average 1983 dollars except per share amounts):

	1983	1982	1981	1980	1979
Operating revenues	$ 113,070	109,674	96,586	94,718	90,565
Historical cost information adjusted for general inflation:					
Net loss (excluding reduction to net recoverable cost)	22,057	15,302	11,210	6,416	920
Net loss per share of common stock (excluding reduction to net recoverable cost)	57.93	31.72	30.66	21.14	7.27
Net assets at year-end at net recoverable cost	46,857	55,595	61,248	71,990	75,336
Current cost information:					
Net loss (excluding reduction to net recoverable cost)	$ 20,315	12,122	9,524	8,445	5,421
Net loss per share of common stock (excluding reduction to net recoverable cost)	53.57	25.12	26.43	26.23	18.52
Increase in general price level over (under) increase in specific prices	(7,592)	(27,617)	12,627	28,457	15,785
Net assets at year-end at net recoverable cost	46,857	55,595	61,248	71,990	75,336
General information:					
Gain from decline in purchasing power of net amounts owed	$ 6,645	6,676	15,713	22,235	25,037
Cash dividends declared per common share	$ 14.40	14.86	16.43	18.15	20.59
Average consumer price index	298.4	289.1	272.4	246.8	217.4

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

(Continued)

VERMONT YANKEE NUCLEAR POWER CORPORATION

Notes to Financial Statements

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

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

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

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