

**North
Atlantic**

North Atlantic Energy Service Corporation
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The Northeast Utilities System

December 26, 1996

Docket 50-443
NYN-96086

United States Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, DC 20555

Seabrook Station
Guarantees of Payments of Deferred Premiums

Pursuant to 10 CFR 140.21(e), North Atlantic Energy Service Corporation (North Atlantic), on behalf of the licensees named in Facility Operating License NPF-86, provides herewith, the Annual Reports for 1995 listed below to demonstrate the collective ability of the licensees to meet their obligation for payment of deferred premiums.

Annual Reports for 1995 (containing certified financial statements) for the following:

- Northeast Utilities (for North Atlantic Energy Corporation and Connecticut Light and Power)
- The United Illuminating Company
- Massachusetts Municipal Wholesale Electric Company
- New England Power Company
- Commonwealth Energy System (for subsidiary Canal Electric Company)
- Montaup Electric Company
- New Hampshire Electric Cooperative, Inc.
- Taunton Municipal Lighting Plant
- Hudson Light and Power Department
- Great Bay Power Corporation

In addition, the Agreement of Joint Ownership, Construction and Operation of New Hampshire Nuclear Units, dated May 1, 1973 as amended, and specifically the provisions of Paragraph 10.1, as amended by the Eighteenth Amendment, dated March 14, 1986, is incorporated by reference.

The enclosed annual reports are also submitted pursuant to 10 CFR 50.71(b).

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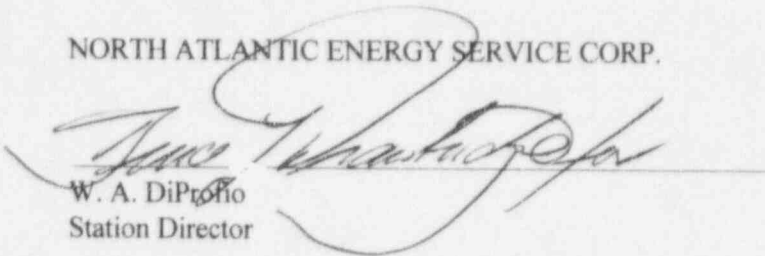
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Should you have any questions regarding this matter, please contact Mr. Anthony M. Callendrello, Licensing Manager, (603) 773-7751.

Very truly yours,

NORTH ATLANTIC ENERGY SERVICE CORP.



W. A. DiPrizio
Station Director

cc without enclosures:

H. J. Miller, Region Administrator
A. W. De Agazio, Sr. Project Manager
J. B. Macdonald, NRC Senior Resident Inspector



The Global Leader

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY

FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

DECEMBER 31, 1995, 1994 AND 1993
WITH INDEPENDENT AUDITORS' REPORT THEREON

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY
FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION
DECEMBER 31, 1995, 1994 AND 1993

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INDEPENDENT AUDITORS' REPORT

The Board of Directors

Massachusetts Municipal Wholesale Electric Company:

We have audited the accompanying statements of financial position of Massachusetts Municipal Wholesale Electric Company (a Massachusetts public corporation) as of December 31, 1995, 1994 and 1993 and the related statements of operations and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massachusetts Municipal Wholesale Electric Company as of December 31, 1995, 1994 and 1993, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles.

March 15, 1996



MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 1995, 1994 AND 1993
(In Thousands)

ASSETS

	1995	1994	1993
Electric Plant			
In Service (Note 4)	\$ 1,234,808	\$ 1,233,829	\$ 1,233,845
Accumulated Depreciation	<u>(327,459)</u>	<u>(285,104)</u>	<u>(243,440)</u>
	907,349	948,725	990,405
Nuclear Fuel - Net of Amortization	<u>13,814</u>	<u>14,731</u>	<u>19,553</u>
Total Electric Plant	<u>921,163</u>	<u>963,456</u>	<u>1,009,958</u>
Special Funds (Notes 2 and 7)	<u>202,096</u>	<u>182,830</u>	<u>191,099</u>
Current Assets			
Cash and Temporary Investments (Note 7)	1,259	989	1,013
Accounts Receivable	8,044	5,027	9,361
Unbilled Revenues	5,561	5,104	7,813
Inventories	13,815	15,597	14,846
Prepaid Expenses	<u>6,018</u>	<u>7,413</u>	<u>7,636</u>
Total Current Assets	<u>34,697</u>	<u>34,130</u>	<u>40,669</u>
Total Special Funds and Current Assets	<u>236,793</u>	<u>216,960</u>	<u>231,768</u>
Deferred Charges			
Amounts Recoverable Under Terms of the Power Sales Agreements (Note 2)	213,572	214,217	189,808
Unamortized Debt Discount and Expenses	32,739	35,817	39,340
Nuclear Decommissioning Trusts (Note 8)	7,763	6,110	4,683
Other	<u>6,167</u>	<u>4,253</u>	<u>2,966</u>
	<u>260,241</u>	<u>260,397</u>	<u>236,797</u>
	<u>\$ 1,418,197</u>	<u>\$ 1,440,813</u>	<u>\$ 1,478,523</u>

LIABILITIES

Long-Term Debt			
Bonds Payable (Note 3 and 8)	<u>\$ 1,303,465</u>	<u>\$ 1,341,215</u>	<u>\$ 1,374,605</u>
Current Liabilities			
Current Maturities of Long-Term Debt (Note 3 and 8)	37,750	36,420	33,175
Notes Payable (Note 3)	-	-	64
Accounts Payable	8,622	8,525	8,332
Accrued Expenses	10,596	10,969	11,734
Member and Participant Advances and Reserves	<u>49,001</u>	<u>36,479</u>	<u>44,786</u>
	<u>105,969</u>	<u>92,393</u>	<u>98,091</u>
Deferred Credits	<u>8,763</u>	<u>7,205</u>	<u>5,827</u>
Commitments and Contingencies (Note 6)			
	<u>\$ 1,418,197</u>	<u>\$ 1,440,813</u>	<u>\$ 1,478,523</u>

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

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993
(In Thousands)

	1995	1994	1993
Revenues (Note 2)	\$ 212,173	\$ 233,910	\$ 248,630
Interest Income	13,780	11,139	11,083
Total Revenues and Interest Income	<u>\$ 225,953</u>	<u>\$ 245,049</u>	<u>\$ 259,713</u>
Operating and Service Expenses:			
Fuel Used in Electric Generation	\$ 24,129	\$ 16,359	\$ 20,062
Purchased Power	40,398	61,940	74,134
Other Operating	28,741	35,500	29,451
Maintenance	9,561	9,746	10,470
Depreciation	44,492	44,366	44,187
Taxes Other Than Income	6,348	5,139	6,076
	<u>153,669</u>	<u>173,050</u>	<u>184,380</u>
Interest Expense:			
Interest Charges	76,732	81,489	89,742
Interest Charged to Projects During Construction (Note 2)	(104)	(36)	(169)
	<u>76,628</u>	<u>81,453</u>	<u>89,573</u>
Total Operating Costs and Interest Expense	<u>230,297</u>	<u>254,503</u>	<u>273,953</u>
Cost of Advance Refunding - Net (Note 3)	-	12,902	43,857
Gain on Cancelled Units - Net (Note 4)	(156)	(6)	(601)
	<u>(156)</u>	<u>12,896</u>	<u>43,256</u>
Increase in Amounts Recoverable Under the Power Sales Agreements due to Excess of Expenses over Revenues (Note 2)	(4,188)	(22,350)	(57,496)
	<u>\$ 225,953</u>	<u>\$ 245,049</u>	<u>\$ 259,713</u>

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

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 1995, 1994 AND 1993
(In Thousands)

	1995	1994	1993
Cash flows from operating activities:			
Total Revenues and Interest Income	\$ 225,953	\$ 245,049	\$ 259,713
Total Costs and Expenses, net	(230,141)	(267,399)	(317,209)
Adjustments to arrive at net cash provided by operating activities:			
Depreciation and Decommissioning	45,677	45,387	45,112
Amortization	10,633	9,922	14,517
Write off of Debt Discount and Expenses	-	10,440	10,288
Change in current assets and liabilities:			
Accounts Receivable	(3,017)	4,334	(3,198)
Unbilled Revenues	(457)	2,709	678
Inventories	1,782	(751)	415
Prepaid Expenses	1,395	223	(984)
Accounts Payable	97	193	(2,749)
Accrued Expenses and Other	(2,246)	(2,024)	4,720
Member and Participant Advances and Reserves	12,522	(8,307)	2,194
Net cash provided by operating activities	<u>62,198</u>	<u>39,776</u>	<u>13,497</u>
Cash flows from investing activities:			
Construction Expenditures and Purchases of Nuclear Fuel	(9,693)	(4,281)	(10,312)
Interest Charged to Projects During Construction	(104)	(36)	(169)
Net (Increase) Decrease in Special Funds	(19,266)	8,269	5,160
Change in net Unrealized Gain (Loss) on Special Funds	4,833	(2,059)	-
Decommissioning Trust Payments, net	(1,654)	(1,427)	(1,259)
Other	384	425	620
Net cash provided by (used for) investing activities	<u>(25,500)</u>	<u>891</u>	<u>(5,960)</u>
Cash flows from financing activities:			
Proceeds from Sale of Bonds	-	432,380	444,290
Payment for Bond Issue Costs	(8)	(10,482)	(13,064)
Payments for Principal of Long-Term Debt	(36,420)	(30,525)	(29,165)
Payment for Defeasance of Bonds	-	(432,000)	(412,155)
Change in Notes Payable	-	(64)	(49)
Net cash used for financing activities	<u>(36,428)</u>	<u>(40,691)</u>	<u>(10,143)</u>
Net increase (decrease) in cash and temporary investments	270	(24)	(2,606)
Cash and Temporary Investments at Beginning of Year	989	1,013	3,619
Cash and Temporary Investments at End of Year	<u>\$ 1,259</u>	<u>\$ 989</u>	<u>\$ 1,013</u>
Cash paid during the year for interest (Net of amount capitalized as shown above)	<u>\$ 73,317</u>	<u>\$ 77,579</u>	<u>\$ 86,035</u>

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

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

(1) Nature of Operations

The Massachusetts Municipal Wholesale Electric Company (MMWEC) is a public corporation and a political subdivision of the Commonwealth of Massachusetts formed to be a joint action agency and develop a bulk power supply for its member Massachusetts municipal electric systems. MMWEC is authorized to construct, own, or purchase ownership interests in, and to issue revenue bonds to finance, electric facilities (Projects) secured by revenues derived from Power Sales Agreements (PSAs) with its members and other utilities. The power supply program consists of power purchase arrangements, power brokering services, planning and financial services, and the PSAs relating to generating facilities built and operated by MMWEC and other regional utilities.

A Massachusetts city or town having a municipal electric department, authorized by majority vote of the city or town, may become a member by applying for admission to MMWEC and agreeing to comply with the terms and conditions of membership as the MMWEC By-Laws may require. As of December 31, 1995, twenty-seven Massachusetts municipal electric departments were members.

(2) Significant Accounting Policies

MMWEC presents its financial statements in accordance with generally accepted accounting principles as promulgated by the Financial Accounting Standards Board which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Interest Charged to Projects During Construction

MMWEC capitalizes interest as an element of the cost of electric plant and nuclear fuel in process. A corresponding amount is reflected as a reduction of interest expense. The amount of interest capitalized is based on the cost of debt, including amortization of debt discount and expenses, related to each Project, net of investment gains and losses and interest income derived from unexpended Project funds.

Nuclear Fuel

Nuclear fuel, net of amortization, includes MMWEC's ownership interest of fuel in use, in stock and in process for Millstone Unit 3 and Seabrook Station. The cost of nuclear fuel is amortized to Fuel Used in Electric Generation based on the relationship of energy produced in the current period to total expected energy production for fuel in the reactor. A provision for fuel disposal costs is included in Fuel Used in Electric Generation based upon disposal contracts with the Department of Energy (DOE). In addition, Fuel Used in Electric Generation includes the annual assessment, under the Energy Policy Act of 1992, for the cost of decontamination and decommissioning

MASSACHUSETTS MUNICIPAL WHOLESALER
ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

(2) Significant Accounting Policies (continued)

Nuclear Fuel (continued)

of uranium enrichment plants operated by the DOE. Billings from the DOE will occur over the next 12 years. At December 31, 1995, MMWEC's share of Millstone Unit 3 and Seabrook Station unbilled assessments was \$453,000 and \$705,000, respectively. The amounts are included in Other Deferred Charges and Deferred Credits on the Statements of Financial Position.

Special Funds

The composition of Special Funds is as follows:

<u>Fund</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
		(In Thousands)	
Bond Fund Interest, Principal and Retirement			
Account to pay principal and interest on bonds	\$ 21,939	\$ 20,741	\$ 19,573
Bond Fund Reserve Account set at the maximum			
annual interest obligation to make up any			
deficiencies in the Bond Fund Interest,			
Principal and Retirement Account	81,331	77,405	88,166
Reserve and Contingency Fund to make up			
deficiencies in the Bond Fund and pay for			
renewals and extraordinary costs	17,787	17,927	17,140
Revenue Fund to receive revenues and disburse			
them to other funds	60,605	50,323	47,461
Working Capital Funds to maintain funds to cover			
operating expenses	20,434	16,434	18,759
Total Special Funds	<u>\$202,096</u>	<u>\$182,830</u>	<u>\$191,099</u>

The Special Funds, other than certain Working Capital Funds, are restricted as to their use by the General Bond Resolution (GBR), which also prescribes investment thereof. Investments are limited to direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by the United States, certificates or receipts representing direct ownership of future interest or principal payments on direct obligations of, or obligations where the principal of, and interest are guaranteed by the United States, certain federal government agency securities, new housing authority bonds issued by public agencies or municipalities, tax-exempt obligations rated in the three highest rating categories or shares of investment companies which solely invest in such obligations, time deposits and certificates of deposits issued by banks insured by the Federal Deposit Insurance Corporation (FDIC) which deposits are either fully insured by the FDIC, collateralized by government securities or are issued by a party whose long-term unsecured debt is rated in one of the three highest

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

(2) Significant Accounting Policies (continued)

Special Funds (continued)

long-term rating categories, and repurchase agreements provided that a specific written repurchase agreement governs the transaction and the security underlying the repurchase agreement is held by an independent third party. Also, included are bonds or other obligations of any state of the United States or any agency or local government unit of a state which have been advance refunded and are not callable, domestic dollar denominator money market mutual funds rated in the two highest rating categories, participation units in the combined investments fund created under Massachusetts laws for the purposes of investment by local governments, and shares of investment companies which are authorized to invest in assets or securities comprised of government securities, agency securities, new housing bonds, tax-exempt bonds, and repurchase agreements noted above. Certain Special Funds held in trust under Power Purchase Agreements, working capital arrangements and agency contracts not governed by the GBR are more restricted as to which of the aforementioned investments can be purchased.

Cash and Temporary Investments

Certain cash and temporary investment amounts used for power purchases and working capital requirements of MMWEC are not governed by the GBR. In addition to the investment securities delineated in the GBR, MMWEC invests in repurchase agreements with banks where MMWEC has established accounts.

Inventories

Fuel oil and spare parts inventory are recorded and accounted for by the average cost method. At December 31, 1995, 1994 and 1993, fuel oil inventory was valued at \$2.9, \$5.1 and \$4.2 million, and spare parts inventory amounted to \$10.9, \$10.5 and \$10.6 million, respectively.

Revenues and Unbilled Revenues

Revenues include electric sales for resale provided from MMWEC's operating units and power purchases and billings for administrative and general services provided to MMWEC's Service Participants. These and additional details of revenues are as follows:

<u>Revenues</u>	<u>1995</u>	<u>1994</u>	<u>1993</u>
		(In Thousands)	
Electric sales for resale	\$208,091	\$229,586	\$243,817
Service	2,082	2,324	2,813
PSNH Settlement	2,000	2,000	2,000
Total Revenues	<u>\$212,173</u>	<u>\$233,910</u>	<u>\$248,630</u>

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

(2) Significant Accounting Policies (continued)

Revenues and Unbilled Revenues (continued)

MMWEC bills its members for costs incurred in providing services and purchased power obtained on their behalf under terms of the Service Agreement and Power Purchase Agreements. Service revenues are recorded as the expenses are incurred. Amounts which are not yet billed are included in Unbilled Revenues on the Statements of Financial Position.

Amounts Recoverable Under Terms of the Power Sales Agreements

Billings to Project Participants are designed to recover costs in accordance with the PSAs. The billings are structured on a Project-by-Project basis to provide for debt service, operating funds and reserve requirements. Expenses are reflected in the Statements of Operations in accordance with generally accepted accounting principles. The timing difference between amounts billed versus expensed is charged or credited to Amounts Recoverable Under Terms of the PSAs. Amounts will be recovered through future billings or an expense will be recognized to offset credit balances. The principal differences include depreciation, fuel amortization, costs associated with canceled Projects, cost of refunding, billing for certain interest, reserves, net unrealized gain or loss on securities available for sale and other costs. An increase in Amounts Recoverable Under Terms of the PSAs is primarily caused by recognition of depreciation expense in excess of bond principal payments related to a Project and the cost of refinancing programs. Individual Projects have a cumulative deferral of costs which total \$217.6, \$220.3 and \$201.4 million and Projects have cumulative billings in excess of costs which total \$4.0, \$6.1 and \$11.6 million at December 31, 1995, 1994 and 1993, respectively. These amounts have been netted in the Statements of Financial Position.

The December 31, 1995 and 1994 balances of \$213.6 and \$214.2 million, respectively, reflects the Statements of Operations net increase of \$4.2 and \$22.4 million for the years then ended and the change in net unrealized gain (loss) on securities available for sale of \$4.8 and (\$2.0) million for 1995 and 1994, respectively.

Nuclear Decommissioning Trusts

MMWEC maintains external trust funds, as promulgated by Nuclear Regulatory Commission and state regulations, to provide for the decommissioning activities of Millstone Unit 3 and Seabrook Station. The December 31, 1995 Millstone Unit 3 and Seabrook Station balances of \$4.2 and \$3.6 million, respectively, are stated at cost and are included as part of the Deferred Charges and Deferred Credits on the Statements of Financial Position. MMWEC's share of the estimated reserve requirement for the prompt dismantling and removal of the Millstone Unit 3 and Seabrook Station, at the expiration of their original operating licenses in 2025 and 2026, is \$23 and \$50 million, respectively.

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

(2) Significant Accounting Policies (continued)

Depreciation

Electric plant in service is depreciated using the straight-line method. The aggregate annual provisions for depreciation for 1995, 1994 and 1993 averaged 4% of the original cost of depreciable property.

Interest Rate Protection Agreement

Premiums paid for purchase of an Interest Rate Protection Agreement are amortized to interest expense over the term of the agreement. Unamortized premiums are included in Other Deferred Charges in the Statements of Financial Position.

(3) Debt

Power Supply System Revenue Bonds

To finance the ownership interests in electric generating facilities under its GBR, MMWEC issued Power Supply System Revenue Bonds (Bonds). The Bonds are secured under the GBR by a pledge of the revenues derived by MMWEC under the terms of the PSAs and from the ownership and operation of the Projects in its power supply system. Pursuant to the PSAs, each Project Participant is obligated to pay its share of the actual costs relating to the generating units planned, under construction or in operation. The Project Participants' obligations are not contingent upon the completion or operational status of the units.

MMWEC financings, other than obligations maturing within one year, require Massachusetts Department of Public Utilities' authorization. In 1994 and 1993, MMWEC issued \$432.4 and \$444.3 million of refunding bonds, respectively. The proceeds of the 1994 Series bonds, when combined with \$9.8 million from the Bond Fund Reserve Account and Bond Retirement Account, were utilized to defease \$432 million of the 1977 Series A and B bonds and portions of the 1992 Series A, 1992 Series B, 1992 Series D, 1992 Series E, 1993 Series A and 1994 Series B bonds. The proceeds of the 1993 Series bonds, when combined with \$14.5 million from the Bond Fund Reserve Account and Bond Fund Principal Account, were utilized to defease \$412.2 million of the 1976 Series A bonds and portions of the 1978 Series A, 1979 Series A and 1987 Series A bonds. The proceeds from the refunding bonds and the available funds have been deposited in irrevocable escrow accounts and used to purchase direct obligations of the United States Government in an amount sufficient to pay the debt service requirements of the refunded bonds through the redemption dates. The aggregate balances of defeased debt at December 31, 1995, 1994 and 1993 was \$285.2, \$285.2 and \$296.1 million, respectively.

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

(3) Debt (continued)

Power Supply System Revenue Bonds (continued)

The net cost of the 1994 and 1993 refundings equaled \$12.9 and \$43.9 million, net of \$2.7 and \$2.8 million of expenses, respectively. MMWEC's 1994 and 1993 refinancing programs in effect reduced the aggregate debt service payments by \$107.9 and \$146.6 million over the remaining life of the bonds and yielded an economic gain (difference between the present values of the old and new debt service payments) of \$45.9 and \$65.5 million, respectively.

Bonds Payable consists of serial, term and variable-rate bonds and are comprised of the following issues.

Issue	Net Interest Cost	December 31.		
		1995	1994	1993
		(In Thousands)		
1977 Series A	6.4%	\$ -	\$ -	\$ 144,240
1977 Series B	6.1%	-	-	74,325
1978 Series A	6.8%	-	-	1,085
1984 Series A	11.0%	-	-	800
1985 Series B	13.5%	-	185	525
1987 Series A	8.9%	9,720	10,250	10,730
1992 Series A	7.0%	98,905	100,875	104,910
1992 Series B	7.0%	196,600	201,410	322,665
1992 Series C	6.9%	59,585	60,345	61,070
1992 Series D	6.3%	85,045	87,190	104,690
1992 Series E	6.0%	108,195	115,745	140,050
1993 Series A	5.3%	379,515	390,275	441,255
1993 Series B	5.9%	370	930	1,435
1994 Series A	5.3%	115,175	115,640	-
1994 Series B	5.1%	190,505	197,190	-
1994 Series C	Variable	97,600	97,600	-
Bonds Payable		1,341,215	1,377,635	1,407,780
Less: Current Maturities		(37,750)	(36,420)	(33,175)
Total Long-Term Debt		<u>\$1,303,465</u>	<u>\$1,341,215</u>	<u>\$1,374,605</u>

The serial and term bonds are generally subject to optional redemption approximately ten years after the issue date, at 103% of the principal amount, descending periodically thereafter to 100%. The aggregate annual principal payments due on the bonds in the next five years are as follows: 1996 - \$37,750,000; 1997 - \$39,415,000; 1998 - \$41,315,000; 1999 - \$44,650,000 and 2000 - \$47,870,000.

The interest rates on the 1994 Series C variable-rate bonds are adjusted from time-to-time. Bondholders may require repurchase of the 1994 Series C bonds at the time of such interest rate adjustment. MMWEC has entered into an agreement to provide for the remarketing of the

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

3) Debt (continued)

Power Supply System Revenue Bonds (continued)

1994 Series C bonds if repurchase is required. In addition, MMWEC and a bank have entered into an agreement that generally provides for the purchase, by the bank, of the 1994 Series C bonds if not remarketed and issuance of bank bonds under a separate letter of credit facility. The debt service on the 1994 Series C bonds is on a parity with the senior lien fixed-rate bonds to the extent that the debt service on the 1994 Series C bonds is equal to or less than the debt service on the bonds refunded by the 1994 Series C bonds in a given bond year.

Debt Service Forward Delivery Agreement

In conjunction with the issuance of the 1994 Series C bonds, MMWEC entered into an investment instrument, known as a Debt Service Forward Delivery Agreement (Forward Agreement) for purposes other than trading. The Forward Agreement improves the return on the investment of monies on a portion of the Bond Fund during the seven year term. MMWEC currently makes monthly deposits to the various accounts within the Bond Fund for the semiannual payment of its debt service on its outstanding bonds. In exchange for the right to dictate the investment of such monies, the counterparty pays a fixed amount to MMWEC on a periodic basis, providing MMWEC a fixed yield that could be earned on a security with a five to seven year maturity purchased at the time the contract was executed, while complying with the maturity limitations for investments in the Bond Fund under the terms of the GBR. The counterparty has the right to sell to MMWEC Government Obligations that mature prior to the relevant debt service payment dates during the term of the Forward Agreement.

MMWEC reserves the right to terminate the Forward Agreement in whole or in part in connection with any purchase, redemption or refunding of fixed-rate bonds, counterparty default or counterparty credit rating deterioration to below investment grade. The Forward Agreement provides for the calculation and payment of liquidated damages to the counterparty reflecting market interest rates at the time of the termination compared to the rate levels in the Forward Agreement.

The cash requirement under the Forward Agreement requires MMWEC to make available to the counterparty an average balance of \$30.3 million over the seven year term of the agreement in exchange for investments in Government Securities, to be held by MMWEC's trustee, that mature prior to MMWEC's debt payment dates.

The Forward Agreement is not recognized in the Statements of Financial Position to the extent that settlement of cash in exchange for financial instruments has not occurred. To the extent cash has been exchanged for Government Securities, the Government Securities are recorded on the Statements of Financial Position as Special Funds.

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

3) Debt (continued)

Interest Rate Protection Agreement

The 1994 Series C bonds provide a hedge against interest rate risk on the net funding cost of approximately \$100 million of short-term floating rate investment assets. MMWEC purchased a \$41 million Interest Rate Protection Agreement (Cap Agreement), comprised of an \$11 million tranche with a protection rate of 6.85% expiring on June 30, 2000, and a \$30 million tranche with a protection rate of 7.25% expiring on June 30, 2002, to limit the interest rate exposure on a portion of the 1994 Series C variable-rate debt to the extent that the variable debt costs exceed the fixed-rate received on the Forward Agreement described above.

MMWEC purchased the right to receive annually an amount by which an index-based interest rate, which approximates the interest rate on the 1994 Series C bonds, exceeds the protection rate in the Cap Agreement. MMWEC has the right to terminate the Cap Agreement if the provider or its guarantor's credit rating falls below a double A and receive payment of liquidation damages designed to enable MMWEC to enter into an equivalent agreement. The cost of the Cap Agreement was paid up front and is included in Other Deferred Charges on the Statements of Financial Position. There are no future MMWEC cash requirements under the terms of the Cap Agreement. The Cap Agreement was purchased for purposes other than trading.

Net Revenue Available for Debt Service

In accordance with the provisions of MMWEC's GBR, MMWEC covenants that it shall fix, revise and collect rates, tolls, rents and other fees and charges, sufficient to produce revenues to pay all operating and maintenance expenses and principal of, premium, if any, and the interest on the Bonds and to pay all other obligations against its revenue. Revenues, which include applicable interest earnings from investments, are required to equal 1.10 times the annual debt service for each contract year ending June 30, after deduction of certain operating and maintenance expenses and exclusive of depreciation. For the contract years ended June 30, 1995, 1994, 1993 and prior years, MMWEC met the GBR debt service coverage requirements for the applicable MMWEC Projects.

	<u>Contract Year Ended June 30,</u>		
	<u>1995</u>	<u>1994</u>	<u>1993</u>
Debt Service Coverage:		(In Thousands)	
Revenues	\$163,777	\$162,980	\$168,531
Other Billings	577	588	661
Reserve and Contingency Fund Billings	<u>11,085</u>	<u>11,549</u>	<u>12,444</u>
Total	175,439	175,117	181,636
Less: Operating & Maintenance Expenses	<u>(53,508)</u>	<u>(48,078)</u>	<u>(44,747)</u>
Available Revenues Net of Expenses	<u>\$121,931</u>	<u>\$127,039</u>	<u>\$136,889</u>
Debt Service Requirement	<u>\$110,846</u>	<u>\$115,490</u>	<u>\$124,444</u>
Coverage (110% Required)	<u>110%</u>	<u>110%</u>	<u>110%</u>

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

(3) Debt (continued)

Notes Payable

MMWEC maintains a \$5 million revolving line of credit to finance temporarily certain power purchases made by MMWEC for resale under power purchase contracts. The balances outstanding were \$0, \$0 and \$64,000 as of December 31, 1995, 1994 and 1993, respectively, with a maximum outstanding balance of \$216,000, \$197,000 and \$641,000 during 1995, 1994 and 1993, respectively. Interest charged on borrowings under the line of credit is at the bank's prime rate. In addition, a commitment fee of one quarter of 1% per annum is charged on the unused portion of the line based on the average daily principal amount of the loan outstanding.

(4) Electric Generation Facilities and Financing

MMWEC's power supply capacity includes interests in the Stony Brook Peaking and Intermediate units which it operates. MMWEC is a nonoperating joint owner in the W.F. Wyman No. 4, Millstone Unit 3 and Seabrook Station units. Electric Plant In Service also includes MMWEC's Service Operations which totalled \$2.5, \$2.4 and \$2.3 million in 1995, 1994 and 1993, respectively.

Projects	Facility and MMWEC Share of Capability (MW)		Amounts as of December 31		
			1995	1994	1993
			(In Thousands)		
Peaking Project	Stony Brook	170.0	\$ 56,255	\$ 56,242	\$ 56,330
Intermediate Project	Stony Brook	311.3	150,658	150,579	150,322
Wyman Project	W.F.Wyman No. 4	22.7	7,376	7,372	7,357
Nuclear Project No. 3	Millstone Unit 3	36.8	129,145	129,079	128,651
Nuclear Mix No. 1	Millstone Unit 3	18.4	51,064	51,031	50,816
Nuclear Mix No. 1	Seabrook Station	1.9	8,572	8,562	8,575
Nuclear Project No. 4	Seabrook Station	49.8	258,467	258,202	258,545
Nuclear Project No. 5	Seabrook Station	12.6	70,744	70,676	70,764
Project No. 6	Seabrook Station	69.0	500,077	499,711	500,186
			<u>\$1,232,358</u>	<u>\$1,231,454</u>	<u>\$1,231,546</u>

MMWEC's investment in Seabrook Station represents a substantial portion of its plant investment and financing. In January 1988, Public Service of New Hampshire (PSNH), then the lead owner of Seabrook Station, filed for protection from its creditors under Chapter 11 of the Federal Bankruptcy Code. In June 1992, in accordance with a court-approved plan of reorganization, Northeast Utilities acquired PSNH and placed Seabrook Station in a separate single asset subsidiary corporation.

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

(4) Electric Generation Facilities and Financing (continued)

In June 1988, MMWEC's Board of Directors adopted a strategic plan of action relating to its Seabrook Station joint ownership interests. MMWEC and PSNH subsequently entered into a Memorandum of Understanding whereby PSNH paid MMWEC's capital costs up to \$30 million, MMWEC maintained its full ownership in Seabrook Station and agreed to a Comprehensive Settlement Agreement which was approved by the bankruptcy court. The Agreement provided for amendments to the Seabrook Joint Ownership Agreement, notices of default being rescinded, certain covenants not to sue, PSNH to pay MMWEC \$2 million per year for eight years upon commercial operation of Seabrook, joint termination of the Sellback Agreement between MMWEC and PSNH and certain other considerations.

MMWEC's net costs, including capitalized interest expenses and \$126.5 million incurred for the cancelled Seabrook Unit 2, have been deferred and are being recovered under the terms of the PSAs.

(5) Benefit Plans

MMWEC has two non-contributory defined benefit pension plans covering substantially all full-time active employees. One plan covers union employees (union plan) and the other plan covers non-union employees (non-union plan). The amount shown below as the Pension Benefit Obligation for MMWEC is a standardized disclosure measure of the present value of pension benefits, adjusted for the effect of projected salary increases, estimated to be payable in the future as a result of employee service to date. The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the plans.

The Pension Benefit Obligation was computed as part of an actuarial valuation performed as of January 1, 1995. Significant actuarial assumptions used in the valuation include a weighted-average discount rate of 7.5% a year compounded annually, and projected salary increases of 5.5% a year compounded annually. The Pension Benefit Obligation for both plans is as follows:

	<u>Amounts as of January 1,</u>		
	<u>1995</u>	<u>1994</u>	<u>1993</u>
	(In Thousands)		
Retirees currently receiving benefits and terminated employees not yet receiving benefits	\$ 324	\$ 282	\$ 137
Current Employees:			
Vested	2,391	1,710	1,423
Non-vested	<u>2,110</u>	<u>2,015</u>	<u>1,447</u>
Total Pension Benefit Obligation	4,825	4,007	3,007
Net assets available for benefits, at market	<u>3,598</u>	<u>3,025</u>	<u>2,395</u>
Unfunded Pension Benefit Obligation	<u>\$ 1,227</u>	<u>\$ 982</u>	<u>\$ 612</u>

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

5) Benefit Plans (continued)

Net assets available for benefits, at market, as a percentage of the Pension Benefit obligation, were 74.6%, 75.5% and 79.6%, as of January 1, 1995, 1994 and 1993, respectively. The unfunded Pension Benefit Obligation as a percentage of covered payroll was 20.6%, 17.8% and 11.4% for the years ended January 1, 1995, 1994 and 1993, respectively.

MMWEC makes annual contributions to the pension plans equal to the amounts recorded as pension expense, which were \$887,000, \$471,000 and \$489,000, for the years ended December 31, 1995, 1994 and 1993, respectively. Contributions as a percentage of MMWEC's covered payroll were 14.6%, 7.9% and 8.9% for the years ended December 31, 1995, 1994 and 1993, respectively. The union plan uses the aggregate actuarial cost method and the non-union plan uses the frozen initial liability actuarial cost method in determining pension expense. In addition to the actuarial assumptions outlined above, the assumed long-term rate of return used in determining pension expense was 8.5%. Pension costs applicable to prior years' service are amortized over thirty years. A ten-year historical trend and other information which is required to be disclosed in accordance with Governmental Accounting Standards Statement No. 5 is not considered material and therefore is not presented.

MMWEC contributes to an employee savings plan administered by an insurance company. All full-time employees meeting the service requirements are eligible to participate in this defined contribution plan. Under the provisions of the plan, MMWEC's contributions vest immediately. MMWEC contributed \$105,000, \$104,000 and \$105,000 while the employees contributed \$169,000, \$167,000 and \$170,000 during the years ended December 31, 1995, 1994 and 1993, respectively.

(6) Commitments and Contingencies

Power Purchases

MMWEC entered into agreements for participation in the transmission interconnection between New England utilities and the Hydro-Quebec electric system near Sherbrooke, Quebec (Phase I), which began commercial operation in October 1986. The New England portion of the interconnection was constructed at a total cost of about \$140 million, of which 3.65% or \$5 million is MMWEC's share to support. MMWEC also entered into similar agreements for participation in the interconnection between New England utilities and the Hydro-Quebec electric system for the expansion of the Hydro-Quebec interconnection (Phase II) which went into commercial operation in November 1990. MMWEC's Phase II equity investment approximates 0.6% or \$3.3 million. MMWEC has corresponding agreements with certain of its members and another utility to recover MMWEC's share of the costs associated with the interconnection.

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

(6) Commitments and Contingencies (continued)

Power Sales Agreements

MMWEC sells the Project Capability of each of its Projects to its members and other utilities (Project Participants) under PSAs.

In 1988, the Vermont Supreme Court ruled that the Project No. 6 PSAs between MMWEC and the Vermont Project Participants were void since inception. Consequently, pursuant to the PSAs, MMWEC increased the remaining Project No. 6 Participants pro rata shares of Project Capability to cover the shortfall (step-up), which action was challenged by certain Massachusetts Participants. The Supreme Judicial Court for the Commonwealth of Massachusetts in MMWEC et. al. v. Town of Danvers et. al. noted that "the Project 6 PSAs executed by the defendants are valid and that the step-up provisions therein have been properly invoked".

Inasmuch as the Stony Brook Intermediate Project has approximately 8.2% of its Project Capability under PSAs with Vermont entities, which PSAs are virtually identical to the Project No. 6 PSA, MMWEC sought a declaratory judgment and received a Vermont Supreme Court opinion which upheld the validity of the Vermont Participants' Intermediate Unit Project PSAs.

The former Vermont Project No. 6 Participants, through various court actions, sought restitution of \$6.1 million paid to MMWEC prior to their PSAs being declared void. MMWEC paid the \$6.1 million to the former Vermont Project No. 6 Participants through satisfaction of a Vermont Superior Court judgment against MMWEC and settlement of a Vermont Federal Court action. MMWEC subsequently billed said amount to the Project No. 6 Participants. Two of the Project Participants withheld payment of their respective shares which total \$2.1 million. Litigation is currently pending in the Massachusetts courts in which MMWEC is pursuing enforcement of the PSA and collection of the withheld funds.

Based on bond counsels' opinions regarding the validity of the PSAs and general counsel representations regarding the litigation, discussions with such counsel, and other considerations, management believes that the ultimate resolution of the actions described above will not have a material, adverse effect on the financial position of MMWEC.

Other Issues

The Price-Anderson Act (the Act), a federal statute amended in 1988 to extend to the year 2002, mandates an industry-wide program of liability insurance for nuclear facilities. The Act now provides approximately \$8.9 billion for public liability claims from a single incident at a nuclear facility. The \$200 million primary layer of insurance for the liability has been purchased in the commercial market. Secondary coverage of \$8.3 billion is to be provided through a \$75.5 million per

MASSACHUSETTS MUNICIPAL WHOLESALE

ELECTRIC COMPANY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1995, 1994 AND 1993

(6) Commitments and Contingencies (continued)

Other Issues (continued)

incident assessment of each of the currently licensed nuclear units in the United States. The maximum assessment is \$10 million per incident per unit in any year. If the sum of the liability claims and costs from an incident exceed the maximum amount of financial protection, each reactor owner is subject to an additional \$3.8 million assessment. The maximum assessment is subject to adjustment for inflation every five years. MMWEC's interest in Millstone Unit 3 and Seabrook Station could result in a maximum assessment of \$3.8 and \$9.2 million, respectively.

Insurance has been purchased from Nuclear Electric Insurance Limited (NEIL) to cover the cost of repair, replacement, decontamination or premature decommissioning of utility property resulting from insured occurrences at Millstone Unit 3 and Seabrook Station. In addition, insurance was purchased from Nuclear Mutual Limited (NML) to cover the primary cost of repair, replacement or decontamination of utility property resulting from insured occurrences with respect to MMWEC's ownership interest in Millstone Unit 3. MMWEC is subject to a \$1.0 and \$2.6 million assessment for its participation in Millstone Unit 3 and Seabrook Station, respectively, for excess property damage, decontamination and decommissioning, as well as retroactive assessments if losses exceed the financial resources available to NEIL and NML.

MMWEC is not currently covered under gradual pollution liability insurance related to MMWEC's Stony Brook power plant. Nothing has come to management's attention concerning any material pollution liability claims made during 1995 or outstanding as of December 31, 1995.

MMWEC has established a trust fund to enhance its Directors' and Officers' liability coverage. The purpose of the fund is to make available funds for the purchase of Directors' and Officers' liability insurance or indemnification of the Directors or Officers.

(7) Investments and Deposits

All bank deposits, which amounted to \$918,000 at December 31, 1995, are maintained at one financial institution. The Federal Deposit Insurance Corporation currently insures up to \$100,000 per depositor. MMWEC's uninsured deposits ranged from zero to \$3.0 million during 1995 due to seasonal cash flows, and the timing of daily cash receipts. At December 31, 1995 and 1994 investments are classified as available for sale and reported at fair value with unrealized gains of \$2.8 million and \$208,000, respectively, and unrealized losses of \$44,000 and \$2.3 million excluded from earnings and reported as a component of Amounts Recoverable Under the Terms of the Power Sales Agreement on the Statements of Financial Position. At December 31, 1993, investments are stated at cost adjusted for accretion (amortization) of the discount (premium). At December 31, 1995, all securities underlying repurchase agreements, and all other investments, were held in MMWEC's name by custodians consisting of the Construction Fund Trustees, Bond Fund Trustee or MMWEC's

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

(7) Investments and Deposits (continued)

depository bank. Investments, representing the Special Funds and Cash and Temporary Investments, as well as certain additional amounts disbursed but available for investment, and accrued interest, are presented below:

<u>Type of Investment</u>	<u>1995</u>		<u>1994</u>		<u>1993</u>	
	<u>Amortized Cost Basis</u>	<u>Market Value</u>	<u>Amortized Cost Basis</u>	<u>Market Value</u>	<u>Amortized Cost Basis</u>	<u>Market Value</u>
	(In Thousands)					
Repurchase Agreements	\$ 278	\$ 285	\$ 5,826	\$ 5,896	\$ 2,735	\$ 2,893
Other Investments:						
U.S. Treasury bills	17,626	18,044	2,775	2,878	15	15
U.S. Treasury notes	68,811	70,743	77,250	75,090	97,283	101,090
U.S. Agency bonds	6,707	6,797	9,311	9,277	16,314	16,958
Municipal bonds	7,346	7,672	-	-	-	-
U.S. Agency discount notes	100,671	100,671	92,029	91,990	76,824	76,832
Investment in Government Mutual Funds	-	-	-	-	42	42
Total Other Investments	<u>201,161</u>	<u>203,927</u>	<u>181,365</u>	<u>179,235</u>	<u>190,478</u>	<u>194,937</u>
Total Investments	<u>\$201,439</u>	<u>\$204,212</u>	<u>\$187,191</u>	<u>\$185,131</u>	<u>\$193,213</u>	<u>\$197,830</u>

During 1995 and 1994, the proceeds from the sale of available for sale securities were \$2.0 and \$10.1 million resulting in gross realized gains of \$0 and \$273,000 and gross realized losses of \$84 and \$2,000, respectively. The basis on which cost was determined in computing realized gain or loss was specific identification. Including repurchase agreements, the average contractual maturity of the investments in debt securities at December 31, 1995 and 1994 were 433 and 545 days, respectively.

Temporary investments, made up of funds available from amounts for which the expense has been recognized but not cleared by the bank, approximate \$3.5, \$1.8 and \$.8 million in 1995, 1994 and 1993, respectively, and are included in the total investments noted above.

Due to seasonal cash flows during 1995, 1994 and 1993, MMWEC, from time to time, invested in repurchase agreements with its depository bank that were collateralized by securities in MMWEC's name held by the depository bank. MMWEC's practice is to monitor the market value of the underlying securities to ensure that the market value equals or exceeds the amount invested. Management estimated market values of the securities based on independent quoted market prices.

MASSACHUSETTS MUNICIPAL WHOLESALE
ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 1995, 1994 AND 1993

(8) Fair Values of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value:

Investments and Decommissioning Trusts - The fair values estimated are based on quoted market prices for those or similar investments.

Long-Term Debt - The fair value is estimated based on quoted market prices for the same or similar issues.

Interest Rate Protection Agreement - The fair value is based on average quoted market prices of agreements with similar duration and strike prices.

Debt Service Forward Delivery Agreement - The fair value generally reflects the estimated amounts that MMWEC would receive or pay to terminate the contracts at the reporting date, thereby taking into account the current unrealized gains or losses of open contracts.

The estimated fair values of MMWEC's financial instruments are as follows:

	<u>1995</u>		<u>1994</u>		<u>1993</u>	
	<u>Carrying Value</u>	<u>Estimated Fair Value</u>	<u>Carrying Value</u>	<u>Estimated Fair Value</u>	<u>Carrying Value</u>	<u>Estimated Fair Value</u>
	(In Thousands)					
Financial Assets:						
Investments	\$ 204,212	\$ 204,212	\$ 185,131	\$ 185,131	\$ 193,213	\$ 197,830
Decommissioning Trusts	7,763	7,960	6,110	5,609	4,683	4,682
Interest Rate Protection Agreement	597	418	709	581	-	-
Financial Liabilities:						
Long-Term Debt	1,303,465	1,335,963	1,341,215	1,235,800	1,374,605	1,436,100
Unrecognized Financial Instruments:						
Debt Service Forward Delivery Agreement	-	3,969	-	270	-	-

The carrying amounts for Cash, Accounts Receivable, Notes Payable, Accounts Payable and Accrued Expenses approximate their fair value due to the short-term nature of these instruments.



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INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

The Board of Directors

Massachusetts Municipal Wholesale Electric Company:

We have audited and reported separately herein on the financial statements of Massachusetts Municipal Wholesale Electric Company as of and for the years ended December 31, 1995, 1994 and 1993.

Our audits were made for the purpose of forming an opinion on the basic financial statements of the Massachusetts Municipal Wholesale Electric Company taken as a whole. The supplementary information included in Schedules I through III is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

John Peat Marwick LLP

March 15, 1996



MASSACHUSETTS MUNICIPAL WHOLESAL ELEC TRIC COMPANY
PROJECT STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 1995
(In Thousands)

ASSETS	SERVICE	NUCLEAR MIX 1	NUCLEAR PROJ. 3	NUCLEAR PROJ. 4	NUCLEAR PROJ. 5	PROJECT NO. 6	PEAKING	INTERMEDIATE	WYMAN	HYDRO QUEBEC PHASE II	TOTAL
Electric Plant											
In Service	\$ 2,450	\$ 59,636	\$ 129,145	\$ 258,467	\$ 70,744	\$ 500,077	\$ 56,255	\$ 150,658	\$ 7,376	\$ -	\$ 1,234,808
Accumulated Depreciation	(2,162)	(16,094)	(37,117)	(48,587)	(13,343)	(95,206)	(29,232)	(82,048)	(3,670)	-	(327,459)
	288	43,542	92,028	209,880	57,401	404,871	27,023	68,610	3,706	-	907,349
Nuclear Fuel-Net of Amortization	-	1,054	1,819	3,915	1,011	6,015	-	-	-	-	13,814
Total Electric Plant	288	44,596	93,847	213,795	58,412	410,886	27,023	68,610	3,706	-	921,163
Special Funds											
Bond Fund											
Interest, Principal and Retirement Account	-	2,691	2,043	2,660	835	7,066	1,841	4,553	250	-	21,939
Reserve Account	-	7,136	11,758	14,640	4,567	33,971	2,506	6,455	298	-	81,331
Reserve and Contingency Fund	-	3,588	2,492	3,135	957	4,391	878	2,036	310	-	17,787
Revenue Fund	-	2,209	5,883	6,856	1,827	14,803	8,107	19,607	1,313	-	60,605
Working Capital Funds	20,440	-	-	-	-	-	-	-	-	(6)	20,434
	20,440	15,624	22,176	27,291	8,186	50,231	13,332	32,651	2,171	(6)	202,096
Current Assets											
Cash and Temporary Investments	1,260	-	-	1	-	1	-	-	-	(3)	1,259
Accounts Receivable	6,329	26	77	55	14	1,242	46	72	40	143	8,044
Unbilled Revenues	5,561	-	-	-	-	-	-	-	-	-	5,561
Inventories	-	63	-	1,690	428	2,341	1,455	7,654	184	-	13,815
Advances to (from) Projects	442	(17)	(27)	3	(1)	(114)	122	(398)	(10)	-	-
Prepaid Expenses	368	662	1,213	1,412	357	1,956	6	12	32	-	6,018
Total Current Assets	13,960	734	1,263	3,161	798	5,426	1,629	7,340	246	140	34,697
Total Special Funds and Current Assets	34,400	16,358	23,439	30,452	8,984	65,657	14,961	39,991	2,417	134	236,793
Deferred Charges											
Amounts Recoverable (Payable)											
Under Terms of the Power Sales Agreements	(7)	74,743	90,793	(2,655)	4,610	31,454	(488)	16,003	(254)	(627)	213,572
Unamortized Debt Discount and Expenses	-	2,805	4,371	6,644	2,572	13,910	381	2,049	7	-	32,739
Nuclear Decommissioning Trusts	-	1,455	2,802	1,329	336	1,841	-	-	-	-	7,763
Other	265	256	401	713	186	3,149	93	459	50	505	6,167
	258	79,259	98,367	6,031	7,704	50,354	(14)	18,511	(197)	(32)	260,241
	\$ 34,946	\$ 140,213	\$ 215,653	\$ 250,278	\$ 75,100	\$ 526,897	\$ 41,970	\$ 127,112	\$ 5,926	\$ 102	\$ 1,418,197
LIABILITIES											
Long-Term Debt											
Bonds Payable	\$ -	\$ 132,445	\$ 205,340	\$ 237,765	\$ 71,780	\$ 501,220	\$ 36,825	\$ 112,895	\$ 5,195	\$ -	\$ 1,303,465
Current Liabilities											
Current Maturities of Long-Term Debt	-	5,025	3,825	5,640	1,570	11,205	3,045	7,125	315	-	37,750
Accounts Payable	4,374	107	100	1,376	349	1,918	52	267	76	3	8,622
Accrued Expenses	5,526	210	130	1,500	364	2,074	41	700	51	-	10,596
Member and Participant Advances and Reserves	25,046	842	3,218	2,428	640	8,307	2,007	6,125	289	99	49,001
	34,946	6,184	7,273	10,944	2,923	23,504	5,145	14,217	731	102	105,969
Deferred Credits	-	1,584	3,040	1,569	397	2,173	-	-	-	-	8,763
	\$ 34,946	\$ 140,213	\$ 215,653	\$ 250,278	\$ 75,100	\$ 526,897	\$ 41,970	\$ 127,112	\$ 5,926	\$ 102	\$ 1,418,197

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

PROJECT STATEMENTS OF OPERATIONS

YEAR ENDED DECEMBER 31, 1995

(In Thousands)

	SERVICE	NUCLEAR MIX 1	NUCLEAR PROJ. 3	NUCLEAR PROJ. 4	NUCLEAR PROJ. 5	PROJECT NO. 6	PEAKING	INTERMEDIATE	WYMAN	HYDRO QUEBEC PHASE II	TOTAL
Revenue	\$ 40,681	\$ 15,188	\$ 21,537	\$ 28,016	\$ 7,926	\$ 56,466	\$ 7,743	\$ 32,307	\$ 1,727	\$ 582	\$ 212,173
Interest Income	1,349	983	1,485	1,976	605	4,214	865	2,022	130	151	13,780
Total Revenues and Interest Income	\$ 42,030	\$ 16,171	\$ 23,022	\$ 29,992	\$ 8,531	\$ 60,680	\$ 8,608	\$ 34,329	\$ 1,857	\$ 733	\$ 225,953
Operating and Service Expenses:											
Fuel Used in Electric Generation	\$ -	\$ 746	\$ 1,292	\$ 2,405	\$ 627	\$ 3,900	\$ 1,249	\$ 13,293	\$ 617	\$ -	\$ 24,129
Purchased Power	39,800	-	-	-	-	-	-	-	-	598	40,398
Other Operating	2,153	2,149	3,809	5,221	1,352	7,837	1,179	4,664	377	-	28,741
Maintenance	29	1,010	1,886	1,692	428	2,343	564	1,547	62	-	9,561
Depreciation	39	1,923	4,070	9,280	2,539	17,928	2,256	6,228	229	-	44,492
Taxes Other Than Income	6	472	845	1,290	327	1,787	390	1,078	153	-	6,348
	42,027	6,300	11,902	19,888	5,273	33,795	5,638	26,810	1,438	598	153,669
Interest Expense:											
Interest Charges	3	6,817	11,176	13,774	4,303	32,041	2,248	6,115	255	-	76,732
Interest Charged to Projects During Construction	-	(14)	(41)	(16)	(5)	(28)	-	-	-	-	(104)
	3	6,803	11,135	13,758	4,298	32,013	2,248	6,115	255	-	76,628
Total Operating Costs and Interest Expense	42,030	13,103	23,037	33,646	9,571	65,808	7,886	32,925	1,693	598	230,297
Gain on Cancelled Units - Net	-	(133)	-	(9)	(2)	(12)	-	-	-	-	(156)
	-	(133)	-	(9)	(2)	(12)	-	-	-	-	(156)
Decrease (Increase) in Amounts Recoverable Under the Power Sales Agreements due to excess of Expenses (Revenues) over Revenues (Expenses)	-	3,201	(15)	(3,645)	(1,035)	(5,116)	722	1,404	164	135	(4,188)
	\$ 42,030	\$ 16,171	\$ 23,022	\$ 29,992	\$ 8,531	\$ 60,680	\$ 8,608	\$ 34,329	\$ 1,857	\$ 733	\$ 225,953

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY
PROJECT STATEMENTS OF CASH FLOWS
YEAR ENDED DECEMBER 31, 1995
(In Thousands)

	SERVICE	NUCLEAR MIX 1	NUCLEAR PROJ. 3	NUCLEAR PROJ. 4	NUCLEAR PROJ. 5	PROJECT NO. 6	PEAKING	INTERMEDIATE	WYMAN	HYDRO QUEJEC PHASE II	TOTAL
Cash flows from operating activities:											
Total Revenues and Interest Income	\$ 42,030	\$ 16,171	\$ 23,022	\$ 29,992	\$ 8,531	\$ 60,680	\$ 8,608	\$ 34,329	\$ 1,857	\$ 733	\$ 225,953
Total Costs and Expenses, net	(42,030)	(12,970)	(23,037)	(33,637)	(9,569)	(65,796)	(7,886)	(32,925)	(1,693)	(598)	(230,141)
Adjustments to arrive at net cash provided by operating activities:											
Depreciation and Decommissioning	39	2,124	4,451	9,530	2,604	18,281	2,244	6,170	229	-	45,677
Amortization	-	915	1,438	2,600	738	4,475	90	369	8	-	10,633
Change in current assets and liabilities:											
Accounts Receivable	(2,351)	131	(14)	96	22	(924)	(46)	123	(40)	(15)	(3,017)
Unbilled Revenues	(457)	-	-	-	-	-	-	-	-	-	(457)
Inventories	-	2	-	41	10	56	(213)	1,856	30	-	1,782
Prepaid Expenses	(104)	405	798	125	32	172	(3)	2	(32)	-	1,395
Accounts Payable	716	(66)	(96)	(53)	(19)	(163)	(174)	(56)	30	(22)	97
Accrued Expenses and Other	1,752	93	58	456	103	(4,227)	(59)	(435)	27	(14)	(2,246)
Member and Participant Advances and Reserves	4,730	(615)	103	(566)	(154)	7,674	(124)	1,560	(23)	(63)	12,522
Net cash provided by operating activities	4,325	6,190	6,723	8,589	2,299	20,228	2,437	10,993	393	21	62,198
Cash flows from investing activities:											
Construction Expenditures and											
Purchases of Nuclear Fuel	(86)	(843)	(1,478)	(2,724)	(689)	(3,771)	(12)	(85)	(5)	-	(9,693)
Interest Charged to Projects											
During Construction	-	(14)	(41)	(16)	(5)	(28)	-	-	-	-	(104)
Net (Increase) Decrease in Special Funds	(3,980)	(923)	(1,898)	(909)	(280)	(7,019)	324	(4,445)	(117)	(20)	(19,266)
Change in net Unrealized Gain on Special Funds	13	653	768	736	244	1,802	172	411	34	-	4,833
Decommissioning Trust Payments	-	(276)	(525)	(323)	(82)	(448)	-	-	-	-	(1,654)
Other	(3)	69	132	68	18	94	-	6	-	-	384
Net cash provided by (used for) investing activities	(4,056)	(1,334)	(3,042)	(3,168)	(794)	(9,370)	484	(4,112)	(88)	(20)	(25,500)
Cash flows from financing activities:											
Payments for Bond Issue Costs	-	(1)	(1)	(1)	-	(3)	(1)	(1)	-	-	(8)
Payments for Principal of Long-Term Debt	-	(4,855)	(3,680)	(5,420)	(1,505)	(10,855)	(2,920)	(6,880)	(305)	-	(36,420)
Net cash used for financing activities	-	(4,856)	(3,681)	(5,421)	(1,505)	(10,858)	(2,921)	(6,881)	(305)	-	(36,428)
Net increase in cash and temporary investments	269	-	-	-	-	-	-	-	-	1	270
Cash and Temporary Investments at Beginning of Year	991	-	-	1	-	1	-	-	-	(4)	989
Cash and Temporary Investments at End of Year	\$ 1,260	\$ -	\$ -	\$ 1	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ (3)	\$ 1,259
Cash paid during the year for interest (Net of amount capitalized as shown above)	\$ 3	\$ 6,457	\$ 10,706	\$ 13,148	\$ 4,081	\$ 30,840	\$ 2,128	\$ 5,710	\$ 244	\$ -	\$ 73,317

