

May 8, 1981

United States Nuclear
Regulatory Commission
Directorate of Licensing
Office of Regulation
Washington, D. C. 20045

Attention: Director

Re: Amendment 42 to License Application Dated
March 30, 1973 (Docket Nos. 50-443 & 50-444)
and Request for Partial Transfer of Construc-
tion Permits Nos. CPPR-135 and CPPR-136

Gentlemen:

Pursuant to the Atomic Energy Act of 1954, as amended, and the Commission's Rules and Regulations thereunder, Public Service Company of New Hampshire ("PSCo"), on behalf of itself and the other licensees named in the above Construction Permits, hereby amends the License Application filed on March 30, 1973, as heretofore amended and supplemented, and, pursuant to 10 CFR § 50.80, requests Commission approval of the partial transfer described below of the above Construction Permits as heretofore amended. In support hereof, the Applicants supply the following information:

A. Requested Modifications of Construction Permits

1. The transfer by Commonwealth Electric Company, formerly named New Bedford Gas and Edison Light Company ("Commonwealth") of its entire Ownership Share (3.52317%) to

8105190275

Canal Electric Company ("Canal") which is a new participant.

B. Supporting Material

In support of this request for partial transfer, the Applicants submit that the Agreement for Joint Ownership, Construction and Operation of New Hampshire Units, dated May 1, 1973 (initially filed in License Application, Amendment 14--the "Joint Ownership Agreement"), provides in Paragraph 23 that "any Participant may at any time sell all or any portion of its Ownership Share" upon certain conditions.

Commonwealth and Canal are Massachusetts public service corporations authorized to generate, transmit, purchase and sell electricity and are both subsidiary corporations of the New England Gas and Electric Association.

Canal owns and operates a 572 MW fossil fuel electric generating unit known as Canal Unit No. 1, located at Sandwich, Massachusetts, and owns a 50% interest in, and operates, a 584 MW fossil fuel electric generating unit known as Canal Unit No. 2, located on the same site. Canal is a primary supplier of wholesale electricity to Commonwealth and to Cambridge Electric Light Company ("Cambridge"). (Cambridge is likewise a subsidiary of NEGEA.) The principal business of Canal is the generation and sale at wholesale of electric power to Commonwealth and Cambridge and to other electric companies.

Commonweal is a party to an Agreement for Joint Ownership, Construction and Operation of New Hampshire Nuclear Units, dated May 1, 1973, as amended (the "Seabrook Agreement"), which relates

to the ownership, construction and operation of two nuclear generating units known as Seabrook Units Nos. 1 and 2 (the "Seabrook Units") which are under construction in Seabrook, New Hampshire. Under the Seabrook Agreement, Commonwealth is presently a joint owner of a 1.34927% Ownership Share in the Seabrook Units. In addition, Commonwealth has agreed, under the terms of the Seventh and Thirteenth Amendments to the Seabrook Agreement, to acquire an additional 2.17390% Ownership Share in the Seabrook Units from the lead participant, PSCo. Said acquisition was approved by the Massachusetts Department of Public Utilities by Order dated October 30, 1980 and by the Commission in Amendments Nos. 3 to the above Construction Permits. The background for this acquisition is set forth in Amendment No. 40 to the above License Application. Pursuant to said Thirteenth Amendment, the Adjustment Period relating to this acquisition began on March 1, 1981.

Commonwealth and Canal further represent that the transfer of this Ownership Share to Canal will be in the best interest of both companies. See Testimony of Earl G. Cheney before the Massachusetts Department of Public Utilities (Exhibit IX hereto).

In addition to Commission approval, this transfer requires the approval of the Massachusetts Department of Public Utilities (MDPU) and the New Hampshire Public Utilities Commission. The requisite petitions have been filed with both agencies, proceedings have been completed before the MDPU and favorable orders are expected soon from both agencies.

In further support of the request for partial transfer, the following information is supplied herewith:

1. Twenty-five copies of additional financial information with respect to Canal, demonstrating its financial qualifications to assume this Ownership Share in the Units (note that certain information with respect to Canal was previously filed as part of Supplement No. 5 to Amendment 40 to the License Application when the intent to make this proposed transfer was first disclosed to the Commission):

- (i) Source of Funds schedule (with underlying assumptions).
- (ii) Accountants' Certificate and Officers' Certificate, dated September 16, 1976, as to funded indebtedness and net earnings.
- (iii) No current prospectus outstanding.
- (iv) 1980 Annual Report on Form 10-K.
- (v) Restrictions applicable to issuance of additional series of bonds from Canal's First and General Mortgage Indenture dated as of September 1, 1976.
- (vi) Rate Matters. See discussion under "Regulation" on page 3 of the 1980

Annual Report on Form 10-K. No rate proceedings are currently pending.

(vii) Schedule of Plant Construction Projects.

(viii) Financial Statistics.

(ix) Direct Testimony of Earl G. Cheney.

Inasmuch as Canal is an "affiliate" of, and "under common ownership" with, Commonwealth within the meaning of 10 CFR Part 50, Appendix L, the Applicants submit that no further anti-trust review is required in connection with the proposed transfer and that the prior clearance issued with respect to Commonwealth encompasses Canal.

C. General

This amendment and request (three signed originals, under oath, and twenty-two copies) is being submitted by PSCo on behalf of all the current participants in the project. Copies of the Appointment of Agent form authorizing PSCo to act on behalf of Canal are filed herewith.

The transfer herein requested will in no way affect the provisions of the Joint Ownership Agreement, which vest responsibility for the operation and control of the project in PSCo, the lead participant, nor in any way affect the design of the facility. Accordingly, the transfer does not raise any issues with respect to safeguards against hazards from radioactive materials (10 CFR 50.80(b)) or any alteration of a licensed facility or significant hazards consideration (10 CFR § 50.91).

Pursuant to 10 CFR § 50.80(b), the Applicants confirm their agreement that they will not permit any individual to have access to any Restricted Data until the Civil Service Commission shall have made an investigation and reported to the Nuclear Regulatory Commission on the character, associations and loyalty of such individual and the Nuclear Regulatory Commission shall have determined that permitting such individual to have access to Restricted Data will not endanger the common defense and security.

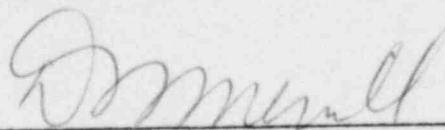
Pursuant to 10 CFR § 170.22 and in accordance with the determination made with respect to Amendment No. 39 in the above dockets, Applicants propose that this Amendment constitutes a Class III amendment involving a single issue and, accordingly, a check for \$1,000 is enclosed herewith to cover the filing fee.

The Applicants submit that Canal is qualified to be the holder of a 3.52317% Ownership Share in the Seabrook Project under the Construction Permits and that the transfer would be consistent with applicable provisions of law, regulations and orders of the Commission.

Respectfully submitted,

PUBLIC SERVICE COMPANY OF NEW
HAMPSHIRE

By



D. N. Merrill
Executive Vice President

STATE OF NEW HAMPSHIRE
COUNTY OF HILLSBOROUGH

Personally appeared before me this 8th day of May,
1981, D. N. Merrill, who, being duly sworn, did state that he
is Executive Vice President of Public Service Company of New
Hampshire, an applicant herein, that he is duly authorized to
execute and file the foregoing amendment and request in the
name and on behalf of Public Service Company of New Hampshire,
and that the statements in said amendment and request are true
to the best of his knowledge and belief.

F. J. Coolbroth

Notary Public

My Commission Expires

10/13/81

Information Request: Item 1 (i)

CANAL ELECTRIC COMPANY

Pro-Forma Sources of Funds for Construction of
Subject Nuclear Power Plant-Assuming Transfer of Subject
Nuclear Project from Commonwealth Electric to Canal Electric Company
January 1982

(Millions of Dollars)

Request #2(i)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>External Financing</u>						
Common Stock	\$	\$ 20.0	\$	\$	\$ 20.0	\$
Long-Term Debt		25.0			30.0	
Notes Payable, Net			31.0	7.0	(37.0)	1.0
Total External Funds		45.0	31.0	7.0	13.0	1.0
<u>Internally Generated Cash</u>						
Net Income	6.3	6.8	9.4	13.3	14.0	16.6
Less:						
Common Dividends	6.3	4.8	6.6	9.3	9.8	11.6
Retained Earnings		2.0	2.8	4.0	4.2	5.0
Deferred Income Taxes	1.1	5.0	6.4	6.1	6.3	6.6
Investment Tax Credit, Net		1.5	1.7	.7	1.0	.6
Depreciation and Amortization	4.8	4.9	4.9	7.7	8.0	10.7
Change in Working Capital	(3.5)	29.6	(.3)	.7	.6	1.1
Less:						
AFUDC		(2.0)	(2.9)	(1.9)	(2.3)	(1.6)
Total Internal Funds	2.4	41.0	12.6	17.3	17.8	22.4
Total Funds	2.4	86.0	43.6	24.3	30.8	23.4
<u>Construction Expenditures</u>						
Nuclear Power Plants		84.0	38.9	20.0	20.4	9.5
Other	1.6	1.2	3.9	3.5	9.6	13.1
Total Construction Expenditures	1.6	85.2	42.8	23.5	30.0	22.6
<u>Other Capital Requirements</u>						
Acquisition of Bonds for Sinking Funds	.8	.8	.8	.8	.8	.8
Total Capital Requirements	\$ 2.4	\$ 86.0	\$ 43.6	\$ 24.3	\$ 30.8	\$ 23.4
Subject Nuclear Power included in Nuclear Power Plant Expenditures (Above)	\$	\$ 84.0	\$ 24.7	\$ 14.7	\$ 14.3	\$ 2.1
<u>Capital Structure</u>						
Long-Term Debt	\$ 49.1 48%	\$ 73.1 49%	\$ 72.3 48%	\$ 71.5 47%	\$100.7 49%	\$ 99.9 47%
Common Equity	53.6 52	75.6 51	78.4 52	82.4 53	106.6 51	111.6 53
Total	\$102.7 100%	\$148.7 100%	\$150.7 100%	\$153.9 100%	\$207.3 100%	\$211.5 100%

CANAL ELECTRIC COMPANY

Sources of Funds Assumptions

(a) Return on Average Common Equity	14%		
(b) Preferred Stock Dividend Rate -	Not Applicable		
(c) Long-term Interest Rate	12%		
Short-term Interest Rate	13%		
(d) Common Stock Sold at Book Value			
(e) Common Stock Dividend Payout Ratio	70%		
(f) 50/50 Long-term Debt, Common Stocks			
(g) Interest Coverage	<u>Indenture</u>	<u>SEC</u>	
	<u>Basis</u>	<u>Basis</u>	
1981	3.97X	4.10X	
1982	3.74	3.74	
1983	3.73	3.73	
1984	4.84	4.84	
1985	3.86	3.86	
1986	3.90	3.90	
(h) Annual Growth Rate in KWH Sales	1% Decrease		
Annual Increase in Price per KWH	15%		

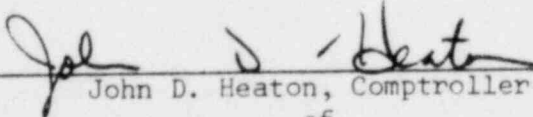
Information Request: Item 1 (ii)

Accountants' Certificate re Bondable Property

The undersigned, an accountant as defined in the First and General Mortgage Indenture dated as of September 1, 1976 between Canal Electric Company (the "Company") and Citibank, N.A., of New York, New York, Trustee (the "Indenture"), hereby certifies that he has examined Officers' Certificate No. 1 dated September 16, 1976 pursuant to Sections 3.02(a) and 3.01(a) of the Indenture, and hereby verifies paragraphs 2 and 5 as to the Cost of the Bondable Property described in Schedule A to such Officers' Certificate and paragraph 3 and such portions of paragraphs 1, 3 and 4 as are susceptible to verification by an accountant.

The undersigned hereby states that the terms used in this certificate which are defined in the Indenture are used as therein defined; that he has read the covenants and conditions in the Indenture relating to the evidencing of Bondable Property and the other matters certified herein, and the definitions contained in the Indenture relative thereto; that he is familiar with the matters herein certified by him by reason of his office as Comptroller of the Company (the Comptroller being the chief accounting officer of the Company), his familiarity with and knowledge of its business and affairs, and an examination of its records and accounts; that in his opinion he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenants and conditions have been complied with; and that in his opinion such covenants and conditions have been complied with."

Dated: September 16, 1976



John D. Heaton, Comptroller
of
Canal Electric Company

Officers' Certificate No. 1 Evidencing
Bondable Property

The undersigned President and Assistant Treasurer of Canal Electric Company (the "Company"), pursuant to Sections 3.02(a) and 4.01(a) of the First and General Mortgage Indenture dated as of September 1, 1976 between the Company and Citibank, N. A., of New York, New York, Trustee (the "Indenture"), hereby certify that there has been acquired or constructed and added by the Company to the mortgaged and pledged property during the period from November 1, 1968 through August 31, 1976, inclusive, the property described in the attached Schedule A, which is incorporated herein and made a part hereof, and further certify that:

1. Such property complies with the definition of Bondable Property;
2. The Cost of such Bondable Property as of the date of this certificate is shown on the said Schedule A; the Current Fair Value of such Bondable Property is not less than the Cost as set forth in said Schedule A;
3. Such Bondable Property has not previously been evidenced to the Trustee;
4. No part of such Bondable Property was, at and immediately prior to the time of its acquisition, subject to an Underlying Mortgage;
5. The Amount of Bondable Property evidenced by this Officers' Certificate is \$ 71,922,000 ;
6. The Net Amount of Bondable Property after evidencing such Bondable Property is \$ 71,740,000 and a computation thereof is shown in said Schedule A; and

7. The terms used in this certificate which are defined in the Indenture are used as therein defined.

The undersigned hereby state that they have read the covenants and conditions in the Indenture relating to the evidencing of Bondable Property and the other matters certified herein, and the definitions contained in the Indenture relative thereto; that they have become familiar with the matters herein certified by them by reason of their respective offices in the Company, their familiarity with and knowledge of its business and affairs, and an examination of its records and accounts; that in their opinion they have made such examination or investigation as is necessary to enable them to express an informed opinion as to whether or not such covenants and conditions have been complied with; and that in their opinion such covenants and conditions have been complied with.

G. H. Gowdy, President
of Canal Electric Company

Ronald L. Petrin, Assistant Treasurer
of Canal Electric Company

Dated: September 16, 1976

CANAL ELECTRIC COMPANY

Schedule of Bondable Property and
 Net Amount of Bondable Property At Cost
 Under First and General Mortgage Indenture
 Dated as of September 1, 1976
For the Period November 1, 1968 to August 31, 1976

<u>Account No.</u>	<u>Description</u>	<u>Amount</u>
	Production Plant	\$ 99 000
310	Land	8 130 000
311	Structures	37 912 000
312	Boiler Plant Equipment	16 165 000
314	Turbogenerator Units	4 966 000
315	Accessory Electric Equipment	676 000
316	Miscellaneous Power Plant Equipment	13 000
346	Accessory Electric Equipment	
	Transmission Plant	57 000
352	Structures	2 344 000
353	Station Equipment	
	General Plant	2 000
390	Structures	20 000
391	Office Furniture and Equipment	
392	Transportation Equipment (excluded from Bondable Property)	5 000
393	Stores Equipment	70 000
394	Tools, Shop Equipment	44 000
395	Laboratory Equipment	39 000
396	Power Operated Equipment	15 000
398	Miscellaneous Equipment	
	Total Plant in Service	70 557 000
		136 000
105	Property Held for Future Use	1 229 000
107	Construction Work in Progress	
	Cost of Bondable Property	71 922 000
Deductions from Bondable Property		
	Bondable Property constructed from proceeds of insurance	\$ - 0 -
	Bondable Property constructed from the proceeds from the disposition of Bondable Property	- 0 -
	Bondable Property allocated in satisfaction of renewal and replacement fund or sinking fund requirements	- 0 -
	Retirements of Bondable Property	182 000
	Net Amount of Bondable Property	<u>\$ 71 740 000</u>

CANAL ELECTRIC COMPANY

Determination of "Net Earnings" as Prescribed
in Article I Section 1.01

Twelve Months Ended December 31, 1980
(Dollars in Thousands)

Gross Income		
Operating Revenues		\$197 256
Other Income		<u>2 802</u>
Aggregate Gross Income		200 058
Deduct		
Fuel oil used in production	\$161 722	
Operating Expenses	6 832	
Maintenance	7 705	
Provision for Depreciation	4 617	
Provision for Taxes Other Than Federal Income Taxes	<u>2 013</u>	<u>182 939</u>
Net Earnings		<u>\$ 17 119</u>
Interest on Long-Term Debt		<u>\$ 4 174</u>
Times Long-Term Debt Interest Earned*		<u>4.10</u>

* Indenture Coverage Required - 2.0 Times

Assuming an interest rate of 17.5% the Company could issue an additional \$25,062,000 of long-term debt under the net earnings test as defined in the indenture. Under the current capitalization test, the Company could issue an additional \$4,485,000 of long-term debt and still meet the required debt/capitalization ratio (50/50). Additional long-term debt can be issued in conjunction with issues of common stock as long as this capitalization test is met.

Information Request: Item 1 (iv) and 2 (vi)

SECURITIES AND EXCHANGE COMMISSION

Washington D. C. 20549

FORM 10-K

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

For the fiscal year ended December 31, 1980

Commission file number 2-30057

CANAL ELECTRIC COMPANY
(Exact name of registrant as specified in its charter)

Massachusetts
(State or other jurisdiction of
incorporation or organization)

04-1733577
(I.R.S. Employer
Identification No.)

675 Massachusetts Avenue, Cambridge, Massachusetts
(Address of principal executive offices)

02139
(Zip Code)

Registrant's telephone number, including area code

617 - 864 - 3100

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

Title of each class

Name of each exchange on
which registered

None

None

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

None
(Title of Class)

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

Shares of common stock outstanding at March 16, 1981

1,523,200

The Company meets the conditions set forth in General Instruction I(1)(a) and (b) of Form 10-K as a wholly-owned subsidiary and is filing this Form with the reduced disclosure format.

Documents incorporated herein by reference - None

Exhibit index begins on page 27 of this report.

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

PART I.

Item 1. Business

Canal Electric Company ("Company"), a wholly-owned subsidiary of New England Gas and Electric Association ("Association"), is a wholesale electric generating company organized in 1902 under the laws of the Commonwealth of Massachusetts. The Company assumed its present corporate name in 1966 after the sale to an affiliated company of its electric distribution and transmission properties together with the right to do business in the territories served.

The Company's generating station is located in Sandwich, Massachusetts at the eastern end of the Cape Cod Canal. The station consists of two oil-fired steam electric generating units: Canal Unit No. 1, with a rated capacity of 572 MW, is wholly-owned by Canal; and Canal Unit No. 2, with a rated capacity of 584 MW, is jointly-owned by Canal and Montaup Electric Company (a non-affiliated company). Canal Unit No. 2 is operated under an agreement with Montaup which provides for the equal sharing of output, costs and operating expenses.

Construction of Unit No. 1 was completed in 1968 and Unit No. 2 commenced commercial operation February 1, 1976. The Company expects to participate as a joint-owner of other generating units to be constructed by itself and other New England utilities.

By virtue of its charter which is unlimited in time, the Company generates and sells electricity at wholesale to other utilities without direct competition in kind from any privately or municipally-owned utility.

Power Contracts

The Company has entered into substantially identical life-of-the-unit power contracts with Boston Edison Company, Montaup Electric Company and New England Power Company (neighboring utilities), under each of which the customer is severally obligated to purchase one quarter of the capacity and energy of Unit No. 1, and with Commonwealth Electric Company ("Commonwealth Electric") and Cambridge Electric Light Company ("Cambridge Electric"), both distribution subsidiaries of the Association, under which the two are jointly obligated to purchase the remaining one quarter of the unit's capacity and energy.

A similar contract is in effect between the Company and Commonwealth Electric and Cambridge Electric, under which those companies are jointly obligated to purchase the Company's entire one-half share of the net capability of Unit No. 2.

The price of power under the power contracts is based on a two-part rate consisting of a demand rate and an energy rate. The demand rate covers all expenses except fuel costs and provides for a return on investment as well as recovery of investment over the economic lives of the units. The

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

Item 1. Business (Continued)

Power Contracts (Continued)

energy rate is based on the cost of fuel and is billed to each purchaser in proportion to its consumption of power. Purchasers are billed monthly. The power contracts are on file with the Federal Energy Regulatory Commission (FERC).

New England Power Pool

The Company is a member of the New England Power Pool (NEPOOL), whose central dispatching facility (NEPEX) coordinates the operation of essentially all of the generation and transmission facilities in New England. Under its long-range program, NEPOOL will enable member utilities to install fewer but larger, more efficient generating units and higher voltage transmission lines for the purpose of obtaining lower cost power and increased reliability.

Under NEPEX the most economically available generating units of member companies are operated to fill the demand for power in the entire region. In the past, this has required that Unit No. 1 operate whenever possible since it is one of the most efficient oil-fired units in the country. Unit No. 2 is designed for cycling operation which provides for economic changes in unit load. This design permits reduced generation during nights and weekends when demand in the region is lowest and it has performed as one of New England's most efficient units in this type of service.

The Company and the Association's other electric subsidiaries are also members of the Northeast Power Coordinating Council (NPCC), an advisory organization which establishes criteria and standards for reliability and serves as a vehicle for coordination in the planning and operations of these systems to enhance reliability.

Regulation

The Company is subject to regulation by the Massachusetts Department of Public Utilities (DPU) as to issue of securities, accounting, and other matters. The Company is a "public utility" within the meaning of Part II of the Federal Power Act and is subject to regulation thereunder by the FERC as to rates, accounting and other matters and has filed its power contracts with the FERC as rate schedules.

During 1979 the Department of Energy (DOE) began to survey existing electric generating stations which use oil as fuel in their boilers, as required under the Fuel Use section of the 1978 National Energy Act. The objective of this portion of the Act is to reduce the nation's overall dependence on oil by requiring conversion of existing units to alternative types of fuel. The DOE plan would prohibit the use of oil by those facilities which are deemed capable of converting to coal or an alternate fuel. In 1979, the Company's Unit No. 1 was initially surveyed by the DOE and during 1980 the DOE issued a proposed

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

Item 1. Business (Continued)

Regulation (Continued)

prohibition order barring the burning of oil in Unit No. 1. The possible requirement to convert Canal Unit No. 1 to a coal facility has been the subject of intensive study by Company personnel, who have determined that such a conversion would cost in the range of \$200 million to \$300 million in today's dollars and would take up to seven years to complete. The financial, technical, operational and environmental difficulties were the subject of an extensive study which was presented to the DOE in October 1980, in opposition to the proposed order.

The Company has countered the DOE's plan with a proposal to construct a new coal-fired facility.

At this time the Company has yet to receive a response from the DOE regarding either the study or the proposed new facility.

Fuel Supply

The Company is in the final stages of negotiation of a new long-term contract with Charter Oil (Massachusetts), Inc., for the purchase of the total estimated requirements of residual fuel oil for Unit No. 1 and Unit No. 2. During 1980 the Company has maintained an average daily inventory of approximately 485,000 barrels of fuel oil which represents 16 days of normal operation of the two units. This supply is maintained by tanker deliveries approximately every five to ten days.

Future Generating Plant Commitments

The Company or Commonwealth Electric has made commitments to participate as a joint-owner in three nuclear units which are planned or under construction by members of NEPOOL. The Company plans to purchase Commonwealth Electric's interest in such units after both companies have obtained required regulatory approvals.

The total planned capacity for these units is approximately 3,450 MW. The Company's ultimate entitlement is 98 MW and is no greater than 5% with respect to any single unit, as shown in the table below.

<u>Unit (b)</u>	<u>Plant Capacity (MW)</u>	<u>System Entitle- ment (MW)</u>	<u>Location</u>	<u>Scheduled Comple- tion Date</u>	<u>Esti- mated Cost of Entitle- ment</u>	<u>Expendi- tures through December 31, 1980</u> (In Thousands)	<u>Esti- mated Cost Per (MW)</u>
Seabrook Nos. 1 and 2	2 300	80(a)	Seabrook, NH	1983-1985	\$109 604	\$18 478	\$1 370
Pilgrim No. 2	1 150	18(a)	Plymouth, MA	Not Determined	\$ 6 661	\$ -	

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

Item 1. Business (Continued)

Future Generating Plant Commitments (Continued)

- (a) Commitment of Commonwealth Electric to be acquired by the Company.
- (b) The lead participants for the nuclear units described above are Public Service Co. of New Hampshire and Boston Edison Company, respectively.

The Company expects to construct or acquire additional generating capacity in the future in order to meet the load requirements of the distribution subsidiaries of the Association.

Construction and Financing

The Company has made substantial commitments in connection with its construction program. Estimated construction expenditures for the five-year period ending in 1985 are \$157,300,000. Included in this amount is \$25,100,000 representing Commonwealth Electric's cost as of December 31, 1980 of its investment in jointly-owned generating facilities which the Company proposes to purchase and approximately \$114,000,000 representing amounts presently committed by Commonwealth Electric applicable to such facilities for the five-year period. The Company will also assume additional commitments for construction costs, related to participation in the jointly-owned plants, for years beyond 1985. These amounts are estimated at \$8,800,000.

The estimated construction costs and completion dates for these projects have changed as a result of regulatory, financing, legal and other problems associated with construction of nuclear and other generating facilities. The Company is unable to predict what effect present or future construction difficulties related to these projects will have on its present construction estimates and the estimated completion dates.

The Company's construction program is subject to periodic review, and actual expenditures may vary from the above estimates because of factors such as changes in business conditions, rates of growth, effects of inflation, equipment delivery schedules, licensing delays, availability and cost of capital, and environmental factors.

During the construction period for the jointly-owned generating units each of the participating utility companies finances its own share of the individual units. When these units become operational, the lead participant acts as the operator and bills the participants for their proportionate share of the operating expenses and other costs associated with the unit. Estimated construction expenditures relating to the jointly-owned generating units are based upon the most recent information furnished by the utility responsible for the construction of each unit.

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

Item 1. Business (Continued)

Construction and Financing (Continued)

During the five-year period ending December 31, 1985, it is estimated that internally-generated funds will provide approximately \$94,000,000 to be used for construction. The balance of the funds required will be provided on an interim basis by short-term borrowings which are expected to be replaced by long-term debt and equity securities.

Financings presently planned for the period ending December 31, 1985 consist of long-term debt issues totaling \$40,000,000 and \$25,000,000 from the sale of equity securities to the Association. The exact type, timing and amount of future long-term debt and equity financings are subject to change because of market conditions and other factors.

Environmental Matters

The Company's generating facilities are subject to Federal, state and local environmental quality control regulations. With respect to Unit No. 1 and Unit No. 2, these regulations have required capital expenditures by the Company of approximately \$16,256,000. Environmental regulations also require the burning of 1.0% sulphur content oil. However, the Company received an exemption from these regulations during 1979 and is burning 2.2% sulphur content oil. The exemption is subject to periodic review the first of which is scheduled for no later than July 1, 1982.

Future compliance with existing regulations will require capital expenditures by the Company through 1985 of an estimated \$20,600,000 including approximately \$19,600,000 for the Company's proportionate share of such costs to be incurred in connection with construction of jointly-owned generating plants. These amounts have been included in the construction estimates discussed under "Construction and Financing".

Environmental regulations governing site selection for new electric generating facilities and imposing air and water pollution standards requiring the installation of costly pollution control facilities have had and may continue to have an effect upon the capital costs and construction schedules of NEPOOL generating facilities. The increases in cost cannot be predicted, since the standards and the technology required to meet them are in a state of rapid change. There has been particular public controversy concerning development of nuclear energy. Despite the safety record of the nation's nuclear power plants, these plants have become the target of certain groups claiming, through litigation or intervention in regulatory proceedings, that the present state of nuclear technology presents unacceptable risks to public health and safety and the environment. These claims may cause delays in, or interfere with, scheduled construction of new nuclear plants.

Although the Company is not aware of any existing or proposed environmental regulations having a significant effect upon its electric business,

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

Item 1. Business (Continued)

Environmental Matters (Continued)

it is unable to predict the possible effect on capital expenditures or earnings resulting from regulations which may be adopted in the future.

Employees

The Company has approximately 100 regular employees, of whom 68 were represented by the Utility Workers' Union of America, A.F.L.-C.I.O. The existing collective bargaining agreement expires May 31, 1983. Employee relations have generally been satisfactory.

Item 2. Properties

The Company operates a generating station located at the eastern end of the Cape Cod Canal in Sandwich, Massachusetts. The station consists of two oil-fired steam electric generating units: Canal Unit No. 1 with a rated capacity of 572 MW, which is wholly-owned by Canal; and Canal Unit No. 2, with a rated capacity of 584 MW, which is jointly-owned by Canal and Montaup Electric Company.

Item 3. Legal Proceedings

None

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

PART II.

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

(a) Principal Market

Not applicable. The Company is a wholly-owned subsidiary of New England Gas and Electric Association.

(b) Approximate Number of Shareholders at December 31, 1980

One

(c) Frequency and Amount of Dividends Paid in 1980 and 1979

(Dollars in Thousands)

1980		1979	
<u>Payment Date</u>	<u>Amount</u>	<u>Payment Date</u>	<u>Amount</u>
April 29, 1980	\$1 904	May 1, 1979	\$1 447
July 29, 1980	1 447	July 31, 1979	1 523
October 27, 1980	1 523	October 19, 1979	1 523
December 26, 1980	1 523	December 27, 1979	1 143
	<u>\$6 397</u>		<u>\$5 636</u>

- (d) Future dividends may vary depending upon the Company's earnings and capital requirements as well as financial and other conditions existing at that time.

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

Item 7. Management's Discussion and Analysis of the Results of Operations

	Results of Operations	
	For the Years Ended December 31,	
	1980	1979
	(Dollars in Thousands)	
Electric operating revenues	\$197 256	\$141 970
Costs and Expenses:		
Fuel oil used in production	161 722	110 832
Property taxes	1 791	1 623
Interest	4 299	4 178
Depreciation	4 617	4 596
Income taxes	6 459	5 653
All other, net	12 007	9 175
Total	<u>190 895</u>	<u>136 057</u>
Net income	<u>\$ 6 361</u>	<u>\$ 5 919</u>
Cash dividends declared on common stock paid to New England Gas and Electric Association (Parent Company)	<u>\$ 6 397</u>	<u>\$ 5 636</u>
Number of common shares outstanding	<u>1 523 200</u>	

1980 Compared With 1979

Operating revenues increased by \$55.3 million or approximately 38.9% over 1979. The power contracts for the sale of the capacity of the Canal units provide for the recovery of all operating expenses and fixed charges (including a return on equity) whether or not the unit is operating. Variations in revenue result from changes in operating expenses, primarily the cost of fuel oil and to a lesser degree from changes in the length of outages for scheduled maintenance. Such variations have no effect on net income. Fuel expense is the Company's single most significant operating cost, representing over 82% of the total revenue dollar. The average annual cost of fuel oil per barrel increased during 1980 to approximately \$23.00, up from \$16.00 in the prior year. Local property taxes increased by 10.4% due to a higher rate in effect and increased amounts of property. Income taxes increased as a result of higher pre-tax income. Other expenses of operations and maintenance increased by 27.8%. These higher costs reflect inflationary increases in material and labor costs and significantly higher maintenance costs for the Company's generating units. This added maintenance was due in part to the use of higher sulphur content fuel which, although it is lower priced and reduces fuel cost, causes added maintenance. In addition, a major dredging operation in the Cape Cod Canal contributed to this increase.

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

Item 8. Financial Statements and Supplementary Data

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Canal Electric Company:

We have examined the balance sheets of CANAL ELECTRIC COMPANY (a Massachusetts corporation and wholly-owned subsidiary of New England Gas and Electric Association) as of December 31, 1980 and 1979, and the related statements of income, retained earnings and sources of funds used for construction for each of the three years in the period ended December 31, 1980, and the supporting schedule 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 referred to above present fairly the financial position of Canal Electric Company as of December 31, 1980 and 1979, and the results of its operations and its sources of funds used for construction for each of the three years in the period ended December 31, 1980, and the supporting schedule present fairly the information required to be set forth therein, all in conformity with generally accepted accounting principles applied on a consistent basis.

ARTHUR ANDERSEN & CO.

Boston, Massachusetts,
February 17, 1981.

CANAL ELECTRIC COMPANY
INDEX TO FINANCIAL STATEMENTS AND SCHEDULES

PART II.

FINANCIAL STATEMENTS

Balance Sheets at December 31, 1980 and 1979

Statements of Income for the Years Ended December 31, 1980, 1979 and 1978

Statements of Retained Earnings for the years ended December 31, 1980, 1979 and 1978

Statements of Sources of Funds Used for Construction for the years ended December 31, 1980, 1979 and 1978

Notes to Financial Statements

PART IV.

SCHEDULE

IX Short-term borrowings for the years ended December 31, 1980, 1979 and 1978

SCHEDULES OMITTED

All other schedules are not submitted because they are not applicable or required or because the required information is included in the financial statements or notes thereto.

BALANCE SHEETS

CANAL ELECTRIC COMPANY

BALANCE SHEETS

DECEMBER 31, 1980 AND 1979

ASSETS

	<u>1980</u>	<u>1979</u>
	(Dollars in Thousands)	
PROPERTY, PLANT AND EQUIPMENT, at original cost:	\$129 642	\$128 854
Less - Accumulated depreciation	37 673	33 136
	<u>91 969</u>	<u>95 718</u>
Add - Construction work in progress	595	93
	<u>92 564</u>	<u>95 811</u>
CURRENT ASSETS:		
Cash	965	332
Temporary cash investments	25 900	5 400
Accounts receivable -		
Affiliated companies	13 437	9 217
Other	18 322	9 626
Prepaid taxes -		
Property	983	816
Income	-	139
Electric production fuel oil, at average cost	2 895	12 391
Other	357	237
	<u>62 859</u>	<u>38 158</u>
DEFERRED CHARGES (Note 7)	<u>2 512</u>	<u>2 348</u>
	<u>\$157 935</u>	<u>\$136 317</u>

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

BALANCE SHEETS
(Continued)

CANAL ELECTRIC COMPANY
BALANCE SHEETS
DECEMBER 31, 1980 AND 1979
CAPITALIZATION AND LIABILITIES

	<u>1980</u>	<u>1979</u>
	(Dollars in Thousands)	
CAPITALIZATION:		
Common Equity -		
Common Stock, \$25 par value -		
Authorized and outstanding -		
1,523,200 shares, wholly-owned by New		
England Gas and Electric Association (Parent)	\$ 38 080	\$ 38 080
Amounts paid in excess of par value	8 321	8 321
Retained earnings	7 214	7 250
	<u>53 615</u>	<u>53 651</u>
Long-term debt, including premiums, less current		
sinking fund requirements	49 130	49 893
	<u>102 745</u>	<u>103 544</u>
CURRENT LIABILITIES:		
Notes Payable to Banks (Schedule IX)	-	1 300
Other Current Liabilities -		
Current sinking fund requirements	890	686
Accounts payable -		
Affiliated companies	220	183
Other	29 657	9 450
Accrued taxes -		
Local property and other	983	817
Income	3 482	418
Deferred income	500	807
Accrued interest and other	1 352	1 346
	<u>37 084</u>	<u>13 707</u>
	<u>37 084</u>	<u>15 007</u>
DEFERRED CREDITS:		
Accumulated deferred income taxes	14 251	13 801
Unamortized investment tax credits	3 855	3 965
	<u>18 106</u>	<u>17 766</u>
COMMITMENTS (Note 7)		
	<u>\$157 935</u>	<u>\$136 317</u>

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

STATEMENTS OF INCOME

CANAL ELECTRIC COMPANY

STATEMENTS OF INCOME

FOR THE YEARS ENDED DECEMBER 31, 1980, 1979 AND 1978

	<u>1980</u>	<u>1979</u>	<u>1978</u>
	<u>(Dollars in Thousands)</u>		
ELECTRIC OPERATING REVENUES	<u>\$197 256</u>	<u>\$141 976</u>	<u>\$110 769</u>
OPERATING EXPENSES:			
Fuel oil used in production	161 722	110 832	78 652
Other operation	6 882	6 301	6 269
Maintenance	7 705	4 107	4 225
Depreciation	4 617	4 596	4 568
Taxes -			
Income (Note 2)	6 459	5 653	6 455
Local property	1 791	1 623	1 552
Payroll and other	222	197	152
	<u>189 396</u>	<u>133 709</u>	<u>101 873</u>
OPERATING INCOME	<u>7 858</u>	<u>8 267</u>	<u>8 896</u>
OTHER INCOME:			
Allowance for equity funds used during construction	-	79	88
Other, net	2 802	1 351	1 217
	<u>2 802</u>	<u>1 430</u>	<u>1 305</u>
INCOME BEFORE INTEREST CHARGES	<u>10 660</u>	<u>10 097</u>	<u>10 201</u>
INTEREST CHARGES:			
Long-term debt	4 174	4 211	4 228
Other interest charges	161	43	-
Allowance for borrowed funds used during construction	(36)	(76)	(54)
	<u>4 299</u>	<u>4 178</u>	<u>4 174</u>
NET INCOME	<u>\$ 6 361</u>	<u>\$ 5 919</u>	<u>\$ 6 027</u>

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

STATEMENTS OF
RETAINED EARNINGS

CANAL ELECTRIC COMPANY

STATEMENTS OF RETAINED EARNINGS

FOR THE YEARS ENDED DECEMBER 31, 1980, 1979 AND 1978

	<u>1980</u>	<u>1979</u>	<u>1978</u>
	(Dollars in Thousands)		
Balance at beginning of year	\$ 7 250	\$ 6 967	\$ 6 805
Add (Deduct):			
Net income	6 361	5 919	6 027
Cash dividends on common stock	<u>(6 397)</u>	<u>(5 636)</u>	<u>(5 865)</u>
Balance at end of year	<u>\$ 7 214</u>	<u>\$ 7 250</u>	<u>\$ 6 967</u>

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

STATEMENTS OF SOURCES OF FUNDS USED
FOR CONSTRUCTION

CANAL ELECTRIC COMPANY

STATEMENTS OF SOURCES OF FUNDS USED FOR CONSTRUCTION

FOR THE YEARS ENDED DECEMBER 31, 1980, 1979 AND 1978

	<u>1980</u>	<u>1979</u>	<u>1978</u>
	(Dollars in Thousands)		
SOURCES OF FUNDS -			
Internal Sources			
From Operations -			
Net income	\$ 6 361	\$ 5 919	\$ 6 027
Items not requiring or (providing) funds:			
Depreciation	4 617	4 596	4 568
Deferred income taxes - long-term	451	1 997	1 352
Investment tax credits, net	(110)	(154)	(124)
Allowance for equity funds used during construction	-	(79)	(88)
	<u>11 319</u>	<u>12 279</u>	<u>11 735</u>
Less -			
Payment of dividends	6 397	5 636	5 865
Retirement of long-term debt through sinking funds	763	669	779
Other	114	36	(56)
	<u>7 274</u>	<u>6 341</u>	<u>6 588</u>
Changes in net current assets:			
Cash and temporary cash investments	(21 133)	8 334	3 484
Accounts receivable and unbilled revenue	(13 171)	(7 304)	2 595
Income taxes, net	2 896	693	(3 205)
Electric production fuel oil	9 496	(10 705)	(1 127)
Accounts payable and other	20 588	2 354	(5 802)
	<u>(1 324)</u>	<u>(6 628)</u>	<u>(4 055)</u>
Net available from internal sources	<u>2 721</u>	<u>(690)</u>	<u>1 092</u>
Increase (Decrease) in Interim Financing	<u>(1 300)</u>	<u>1 300</u>	<u>-</u>
	<u>\$ 1 421</u>	<u>\$ 610</u>	<u>\$ 1 092</u>
FUNDS USED FOR CONSTRUCTION -			
Canal Unit No. 1	\$ 1 241	\$ 121	\$ 521
Canal Unit No. 2	180	183	323
Jointly-Owned Project	-	385	336
	<u>1 421</u>	<u>689</u>	<u>1 180</u>
Less - Allowance for equity funds used during construction	<u>-</u>	<u>79</u>	<u>88</u>
	<u>\$ 1 421</u>	<u>\$ 610</u>	<u>\$ 1 092</u>

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

NOTES TO
FINANCIAL STATEMENTS

CANAL ELECTRIC COMPANY
NOTES TO FINANCIAL STATEMENTS

(1) Accounting Policies

Transactions with Affiliates

The Company is a wholly-owned subsidiary of New England Gas and Electric Association. The Association is an exempt holding company under the provisions of the Public Utility Holding Company Act of 1935 and, in addition to its investment in the Company, has interests in other utility companies and several non-regulated companies.

Transactions between the Company and other system companies include purchase and sale of electricity and payment for management, accounting, data processing and other services. Transactions with other system companies are subject to review by the Federal Energy Regulatory Commission and the Massachusetts Department of Public Utilities.

Operating revenues include sales of electricity to affiliated companies of \$105,279,000 in 1980, \$75,870,000 in 1979 and \$55,595,000 in 1978.

Other Major Customers

The Company is a wholesale electric generating company which sells power under life-of-the-unit power contracts to several utility companies in the New England area. Information regarding the customers and their participation in these contracts may be found in the "Business" section of this report.

Depreciation

Depreciation is provided using the straight-line method at rates intended to amortize the original cost of properties over their estimated economic lives. The Company's composite depreciation rate, based on average depreciable property in service, was 3.6% in 1980, 1979 and 1978.

Maintenance

Expenditures for repairs of property and replacement and renewal of items determined to be less than units of property are charged to maintenance expense. Additions, replacements and renewals of property considered to be units of property, are charged to the appropriate plant accounts. Upon retirement, accumulated depreciation is charged with the original cost of property units and the cost of removal net of salvage.

CANAL ELECTRIC COMPANY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(1) Accounting Policies (Continued)

Allowance for Funds Used During Construction

The Company includes as an element of the cost of construction of depreciable property an allowance for funds employed during periods when property is under construction. An amount equal to the allowance capitalized in the current period is reflected in the statements of income. Under applicable rate-making practices, property under construction is not included in rate base on which the Company is permitted to earn a return. Amounts so capitalized, while not currently providing funds, are included in rate base when property is placed in service, and these amounts are recoverable in revenues over the service life of the constructed property.

The Company develops rates based upon its current cost of capital and used a rate of 19% in 1980, 11 1/2% in 1979 and 11% in 1978.

(2) Income Taxes

For financial reporting purposes, the Company provides taxes on a separate return basis. However, for Federal income tax purposes, the Company's taxable income and deductions are included in the consolidated income tax return of its Parent and it makes tax payments or receives refunds on the basis of its tax attributes in the consolidated income tax return in accordance with applicable Federal income tax regulations.

The following is a summary of the provision for income taxes for the years ended December 31, 1980, 1979 and 1978:

	1980			1979			1978		
	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>	<u>Total</u>	<u>Federal</u>	<u>State</u>
	(Dollars in Thousands)								
Currently payable	\$6 436	\$5 585	\$851	\$4 078	\$3 537	\$541	\$5 183	\$4 511	\$672
Currently deferred	(318)	(275)	(43)	(268)	(270)	2	44	48	(4)
Long-term deferred	451	392	59	1 997	1 735	262	1 352	1 181	171
Investment tax credits	33	33	-	33	33	-	61	61	-
	<u>6 602</u>	<u>5 735</u>	<u>867</u>	<u>5 840</u>	<u>5 035</u>	<u>805</u>	<u>6 640</u>	<u>5 801</u>	<u>839</u>
Less-Amortization of investment tax credits	143	143	-	187	187	-	185	185	-
	<u>\$6 459</u>	<u>\$5 592</u>	<u>\$867</u>	<u>\$5 653</u>	<u>\$4 848</u>	<u>\$805</u>	<u>\$6 455</u>	<u>\$5 616</u>	<u>\$839</u>

CANAL ELECTRIC COMPANY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(2) Income Taxes (Continued)

Income taxes are provided for the tax effects of all timing differences other than certain construction-related costs. Timing differences result from reporting income and expense for tax purposes in periods different from those used for financial reporting purposes. The long-term deferred provision represents principally the tax effects arising from deducting depreciation for income tax purposes that currently exceeds the amounts provided in the accounts. The greater tax depreciation arises from the use of accelerated depreciation methods and shorter lives permitted by the Federal and state income tax laws. The tax effects of current timing differences are included in the current deferred provision and deferred income taxes. Investment tax credits are deferred and amortized over the life of the property giving rise to the credits.

The total income tax provision set forth above represents 50% in 1980, 49% in 1979 and 52% in 1978 of income before such income taxes. The table below reconciles the statutory Federal income tax rate to these percentages:

	<u>1980</u>	<u>1979</u>	<u>1978</u>
Statutory Federal income tax rate	46%	46%	48%
Increase (decrease) from statutory rate:			
State income tax net of Federal tax reduction	4	4	4
Other	-	(1)	-
	<u>50%</u>	<u>49%</u>	<u>52%</u>

The Company's long-term deferred provision for income taxes results from the use of the following:

	<u>1980</u>	<u>1979</u>	<u>1978</u>
	(Dollars in Thousands)		
Accelerated depreciation for tax purposes	\$327	\$1 242	\$1 244
Allowance for borrowed funds used during construction	18	38	74
Other	106	717	33
Long-term deferred income tax provision	<u>\$451</u>	<u>\$1 997</u>	<u>\$1 351</u>

(3) Interim Financing and Long-Term Debt

Notes Payable to Banks

The Company and other system companies have banking relationships in which borrowings are arranged as required for interim financing of construction in progress. These arrangements are not formal lines of credit but provide for unsecured borrowings evidenced by notes payable which are due within one year. The Company had no short-term borrowings outstanding and no existing lines of credit at December 31, 1980.

CANAL ELECTRIC COMPANY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(3) Interim Financing and Long-Term Debt (Continued)

Long-Term Debt

Long-term debt outstanding, exclusive of current sinking fund requirements and related premiums, is as follows:

	<u>Original Issue</u>	<u>Balance December 31, 1980</u>	<u>1979</u>
	(Dollars in Thousands)		
First Mortgage Bonds,			
Series A, 7%, due 1996	\$19 000	\$14 440	\$15 200
Series B, 8.85%, due 2006	35 000	34 650	34 650
		<u>\$49 090</u>	<u>\$49 850</u>

The Series A First Mortgage Bonds require an annual sinking fund payment of \$760,000 from 1980 to 1996. At December 31, 1980 and 1979 the Company had purchased \$220,000 and \$424,000 of its bonds, respectively, in anticipation of future sinking fund requirements.

The Series B First Mortgage Bonds require an annual sinking fund payment of \$350,000. The requirement may be met by payment, repurchase of bonds or certification of an amount of property additions equal to 60% of bondable property (as that term is defined in the indenture). The Company expects to certify additional bondable property in lieu of making sinking fund payments on these bonds.

(4) Dividend Restriction

At December 31, 1980, approximately \$3,579,000 of retained earnings was restricted against payment of cash dividends by the terms of the Indenture of Trust securing long-term debt.

(5) Pension and Employee Savings Plans

The Company has a noncontributory pension plan covering substantially all regular employees who have attained the age of 25. Pension costs are funded as accrued and include amounts applicable to prior service costs which are being amortized over a period of 30 years. Total pension expense was approximately \$325,000 in 1980, \$298,000 in 1979 and \$195,000 in 1978. The increases in expense are primarily due to changes in the plan which provide improved benefits to employees and retired personnel. A comparison of accumulated plan benefits and plan net assets for the Company's benefit plan is presented on the following page:

CANAL ELECTRIC COMPANY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(5) Pension and Employee Savings Plans (Continued)

	January 1, <u>1980</u> <u>1979</u>	
	(Dollars in Thousands)	
Actuarial present value of accumulated plan benefits:		
Vested	\$1 217	\$ 990
Nonvested	<u>156</u>	<u>124</u>
Total actuarial present value of accumulated plan benefits	<u>\$1 373</u>	<u>\$1 114</u>
Net assets available for benefits	<u>\$1 282</u>	<u>\$ 931</u>

The plan uses a "5 year average of actual over expected return" method to determine the value of the accumulated plan benefits. Under this method an expected investment return is determined each year based on fund market value at the beginning of the year; contributions, benefit payments and expenses paid during the year; and the actuarial assumption as to rate of investment return, which is 6%. This expected return is compared to actual investment return and any excess is recognized over a five-year period.

The Company has an Employee Savings Plan which provides for Company contributions equal to contributions by eligible employees but not in excess of four percent of each employee's compensation rate. The total Company contribution was approximately \$96,000 in 1980, \$98,000 in 1979 and \$78,000 in 1978.

(6) Property and Reserves

The major sub-classifications of property, plant and equipment at December 31, 1980, 1979 and 1978 were as follows:

	<u>1980</u>	<u>1979</u>	<u>1978</u>
	(Dollars in Thousands)		
Land and rights-of-way	\$ 229	\$ 229	\$ 229
Structures and lease improvements	15 558	15 311	15 285
Production equipment	107 611	107 543	107 261
Transmission equipment	5 018	5 016	5 019
General equipment and vehicles	<u>250</u>	<u>244</u>	<u>350</u>
Total plant in service	123 666	128 346	128 144
Construction in progress	595	93	1 761
Nonutility property	840	372	234
Property held for future use	<u>136</u>	<u>136</u>	<u>136</u>
Total property, plant and equipment	<u>\$130 237</u>	<u>\$128 947</u>	<u>\$130 275</u>

CANAL ELECTRIC COMPANY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(6) Property and Reserves (Continued)

Neither the total additions to, nor reductions in property, plant and equipment during either of the years 1980, 1979 or 1978 amounted to more than 10% of the balance at the end of the respective years. The changes during the years are summarized as follows:

	<u>1980</u>	<u>1979</u>	<u>1978</u>
	<u>(Dollars in Thousands)</u>		
Balance at beginning of year	\$128 947	\$130 275	\$129 174
Additions, at original cost	1 421	689	1 180
	<u>130 368</u>	<u>130 964</u>	<u>130 354</u>
Retirements, at original cost -			
Charged to accumulated depreciation	131	34	79
Reclassification of joint-owned project	<u>-</u>	<u>1 983</u>	<u>-</u>
Balance at end of year	<u>\$130 237</u>	<u>\$128 947</u>	<u>\$130 275</u>

Changes in accumulated depreciation of property, plant and equipment during the years 1980, 1979 and 1978 are summarized as follows:

	<u>1980</u>	<u>1979</u>	<u>1978</u>
	<u>(Dollars in Thousands)</u>		
Balance at beginning of year	\$33 136	\$28 559	\$24 058
Provisions, charged to -			
Operating expense	4 617	4 596	4 568
Other	49	15	10
	<u>37 802</u>	<u>33 170</u>	<u>28 636</u>
Deductions -			
Retirements	131	34	79
Cost of removal, less salvage	<u>(2)</u>	<u>-</u>	<u>(2)</u>
	<u>129</u>	<u>34</u>	<u>77</u>
Balance at end of year	<u>\$37 673</u>	<u>\$33 136</u>	<u>\$28 559</u>

(7) Commitments

Construction Program

Construction expenditures for the five-year period ending in 1985 are estimated at \$157,300,000. Included in this amount is \$25,100,000 representing Commonwealth Electric's cost as of December 31, 1980 for the investment in jointly-owned generating facilities which the Company proposes to purchase, and approximately \$114,000,000 representing amounts presently committed by Commonwealth Electric applicable to such facilities for the five-year period. The Company will also assume additional commitments for construction costs, related to participation in the jointly-owned plants, for years beyond 1985. These amounts are estimated at \$8,800,000 and are based upon construction estimates of the lead participants.

CANAL ELECTRIC COMPANY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(7) Commitments (Continued)

Construction Program (Continued)

The estimated construction costs and completion dates for these projects have changed as a result of regulatory, financing, legal and other problems associated with construction of nuclear and other generating facilities. The company is unable to predict what effect present or future construction difficulties related to these projects will have on its present construction estimates and the estimated completion dates.

Each of the participating utility companies finances its own share of the units. When these units become operational, the lead participant acts as the operator and bills the participants for their proportionate share of the expenses of the unit. Additional information relating to these units is contained in a table in Part I of this report under "Future Generating Plant Commitments."

Cancellation of Joint-Owned Project

The Company had a commitment to participate as a joint-owner in two nuclear generating units to be built by New England Power Company. In December, 1979 New England Power announced cancellation of its plans to build the power plants (NEP Units 1 and 2).

During 1980 the Company filed an application with the Federal Energy Regulatory Commission (FERC) seeking approval to write-off and recover its investment in the project which totaled approximately \$1,764,000 and is included in deferred charges. In mid-December, 1980 FERC authorized the write-off of this investment over a three-year period beginning December 1, 1980. This investment is being recovered through capacity acquisition agreements with affiliated companies.

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

The following supplementary information is supplied in accordance with the requirements of Financial Accounting Standards Board Statement No. 33 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 inflation, rather than as a precise measure.

Constant dollar amounts represent historical costs stated in terms of dollars of equal purchasing power, as measured by the Consumer Price Index for All Urban Consumers. Current cost amounts reflect the changes in specific prices of 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.

CANAL ELECTRIC COMPANY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) Supplementary Information to Disclose the Effects of Changing Prices
(Unaudited) (Continued)

The current cost of plant is determined primarily by indexing surviving plant using the Handy-Whitman Index of Public Utility Construction Costs. Since the utility plant is not expected to be replaced in kind, current cost does not necessarily represent the replacement cost of the productive capacity. Depreciation is determined by applying the Company's depreciation rates to the revised asset amounts.

Fuel inventories and the cost of fuel used in generation have not been restated from their historical cost in nominal dollars. Regulation provides for the recovery of fuel costs through the operation of adjustment clauses. For this reason fuel inventories are effectively monetary assets. Since only historical costs are deductible for income tax purposes, the income tax expense in the historical cost financial statements is not adjusted.

Under present ratemaking procedures prescribed by the regulatory commissions, only the historical cost of plant is recoverable in revenues as depreciation. Because the excess cost of plant stated in terms of constant dollars and current cost is not recoverable in rates, a write-down to net recoverable cost is required. While the rate-making process does not recognize the current cost of replacing plant, regulated companies have, historically, been allowed to earn a return on the increased cost of its investment when replacement actually occurs.

During periods 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. These gains are unrealized and, therefore, do not contribute to cash flow or distributable income. The Company does not have the opportunity to realize a gain on debt because it is limited to recovery only of the embedded cost of debt capital.

CANAL ELECTRIC COMPANY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) Supplementary Information to Disclose the Effects of Changing Prices (Unaudited) (Continued)

FIVE YEAR COMPARISON OF SELECTED
SUPPLEMENTARY FINANCIAL DATA ADJUSTED FOR EFFECTS OF CHANGING PRICES
(in thousands of average 1980 dollars)

	Year Ended December 31,				
	<u>1980</u>	<u>1979</u>	<u>1978</u>	<u>1977</u>	<u>1976</u>
Operating revenues:					
Actual	\$197 256	\$141 976	\$110 769	\$128 638	\$108 285
Adjusted to average 1980 dollars	\$197 256	\$161 176	\$139 907	\$174 919	\$156 743
Historical Cost Information adjusted for general inflation					
Income from continuing operations (excluding reduction to net recoverable cost)	\$ 2 870	\$ 2 438			
Net assets at year-end at net recoverable cost	\$ 51 208	\$ 57 556			
Current Cost Information:					
Income from continuing operations (excluding reduction to net recoverable cost)	\$ 1 875	\$ 2 313			
Excess of increase in general price level over increase in specific prices after reduction to net recoverable cost	\$ 6 712	\$ 9 760			
Net assets at year-end at net recoverable cost	\$ 51 208	\$ 57 556			
General Information					
Gain from decline in purchasing power of net amounts owed	\$ 4 640	\$ 6 041			
Average consumer price index	246.8	217.4	195.4	181.5	170.5

Note: The Company's stock is entirely owned by the Parent, therefore, per share information is not relevant.

CANAL ELECTRIC COMPANY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

(8) Supplementary Information to Disclose the Effects of Changing Prices (Unaudited) (Continued)

STATEMENT OF INCOME FROM CONTINUING OPERATIONS
ADJUSTED FOR CHANGING PRICES
For the Year Ended December 31, 1980

	Conventional Historical Cost	Constant Dollar Average 1980 Dollars	Current Cost Average 1980 Dollars
	(Dollars in Thousands)		
Operating revenues	\$197 256	\$197 256	\$197 256
Fuel used in production	161 722	161 722	161 722
Depreciation expense	4 617	8 108	9 103
Other operating and maintenance expense	14 587	14 587	14 587
Income and other taxes	8 472	8 472	8 472
Interest expense	4 299	4 299	4 299
Other income and deductions - net	(2 802)	(2 802)	(2 802)
	<u>190 895</u>	<u>194 386</u>	<u>195 381</u>
Income (loss) from continuing operations (excluding reduction to net recoverable cost)	<u>\$ 6 361</u>	<u>\$ 2 870*</u>	<u>\$ 1 875</u>
Increase in specific prices (current cost) of property, plant and equipment held during the year**			\$ 20 555
Reduction to net recoverable cost		\$ (7 707)	(6 615)
Effect of increase in general price level			<u>(20 652)</u>
Excess of increase in general price level over increase in specific prices after reduction to net recoverable cost			(6 712)
Gain from decline in purchasing power of net amounts owed		4 640	4 640
Net		<u>\$ (3 067)</u>	<u>\$ (2 072)</u>

* Including the reduction to net recoverable cost, the income (loss) from continuing operations on a constant dollar basis would have been (\$4,837,000).

**At December 31, 1980, current cost of property, plant and equipment, net of accumulated depreciation was \$182,387,000, while historical cost or net cost recoverable through depreciation was \$92,564,000.

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

PART IV.

Item 11. Exhibits, Financial Statement Schedules and Reports on Form 8-K

	<u>Incorporated Documents</u>		<u>Filed Herewith at Page</u>
	<u>Exhibit</u>	<u>SEC File No.</u>	
(a) The following documents are filed as part of this report:			
1. Financial statements of the Company together with the Report of Independent Public Accountants, are filed under Item 8 of this report and listed on the Index to Financial Statements and Schedules in Item 8.			10
2. The following financial statement schedule is attached hereto:			
Schedule IX - Short-term borrowings for the year-ended December 31, 1980, 1979 and 1978.			33
(b) No reports on Form 8-K have been filed by the Company during the last quarter of the period covered by this report.			
(c) List of Exhibits:			
Exhibit 3. Articles of incorporation and by-laws.			
Filed herewith:			
3(a) Articles of incorporation of the Canal Electric Company. (Exhibit 1)			36
3(b) By-laws of the Company as amended to November 20, 1978. (Exhibit 2)			63
Exhibit 4. Instruments defining the rights of security holders, including indentures.			
Incorporated herein by reference thereto:			
4(b)1 Copy of Indenture of Trust and First Mortgage dated as of October 1, 1968 between the registrant and State Street Bank and Trust Company, Trustee, has been filed with the Commission as an exhibit to Form S-1.	4(b)	2-30057	

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

Item 11. Exhibits, Financial Statement Schedules and Reports on Form 8-K
(Continued)

		<u>Incorporated Documents</u>		<u>Filed Herewith at Page</u>
		<u>Exhibit</u>	<u>SEC File No.</u>	
4(b)2	Copy of First and General Mortgage Indenture dated as of September 1, 1976, between the registrant and Citibank, N.A., Trustee, together with Cross Reference Sheet between Indenture and provisions of Trust Indenture Act of 1939, has been filed with the Commission as an exhibit to Form S-1.	4(b)2	2-56915	
4(b)3	Copy of First Supplemental Indenture dated as of September 1, 1976, to Indenture of Trust and First Mortgage dated as of October 1, 1968 between the registrant and State Street Bank and Trust Company, Trustee, closing such indenture, has been filed with the Commission as an exhibit to Form S-1.	4(b)3	2-56915	
Exhibit 10. Material contracts.				
Incorporated herein by reference thereto:				
10(a)	Power contracts.			
10(a)(1)	Copies of power contracts dated December 1, 1965 between Canal Electric Company and other utility companies have been filed by Canal Electric Company with the Commission as an exhibit to Form S-1.	13(a)(1-4) 2-30057		
10(a)(2)	Copy of contract between Canal Electric Company and Montauk Electric Company and Stone & Webster Engineering Corporation, dated August 24, 1972, effective as of October 27, 1970, for the design and construction of Canal Plant Unit No. 2 at Sandwich, Massachusetts has been filed with the Commission as an exhibit to the 1972 Form 10-K.	1	2-30057	

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

Item 11. Exhibits, Financial Statement Schedules and Reports on Form 8-K
(Continued)

		<u>Incorporated Documents</u>		<u>Filed Herewith at Page</u>
		<u>Exhibit</u>	<u>SEC File No.</u>	
10(a)(3)	The following have been filed with the Commission as exhibits to the 1975 Form 10-K of Canal Electric Company:			
	Copy of agreement between the registrant and Montaup Electric Company for use of common facilities by Canal Units I and II and for allocation of related costs, executed October 14, 1975.	1	2-30057	
	Copy of agreement between the registrant and Montaup Electric Company for joint ownership of Canal Unit II, executed October 14, 1975.	2	2-30057	
	Copy of agreement between the registrant and Montaup Electric Company for lease relating to Canal Unit II, executed October 14, 1975.	3	2-30057	
10(a)(4)	Copy of Contract dated January 12, 1976 between Canal Electric Company and New Bedford Gas and Edison Light Company and Cambridge Electric Light Company, affiliated companies, for the sale of specified amounts of electricity from Canal Unit No. 2 has been filed with the Commission as an exhibit to the 1975 New England Gas and Electric Association Form 10-K.	4	1-7316	
10(a)(5)	Copy of amendment dated August 6, 1976 to joint-ownership agreement between Canal Electric Company, New England Power Company, and other utilities dated January 11, 1976 has been filed with the Commission as an exhibit on Form 10-K of Canal Electric Company for the year ended December 31, 1976.	1	2-30057	

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

Item 11. Exhibits, Financial Statement Schedules and Reports on Form 8-K
(Continued)

		<u>Incorporated Documents</u>		<u>Filed</u>
		<u>Exhibit</u>	<u>SEC File No.</u>	<u>Herewith at Page</u>
10(b)	Other agreements.			
10(b)(1)	The following contracts have been filed with the Commission as exhibits to Form S-7 of New England Gas and Electric Association:			
	Copy of Indenture of Lease between Canal Electric Company, Montaup Electric Company and Nepco Terminal, Inc. dated October 17, 1975 for the leasing of fuel oil tanks.	5(c)7	2-56476	
	Copy of Amendatory Agreement dated October 17, 1975 between Canal Electric Company and Nepco Terminal, Inc. amending fuel oil supply agreement dated June 2, 1967.	5(c)8	2-56476	
10(b)(2)	Copy of Employees Stock Ownership Plan and Trust of New England Gas and Electric Association and Subsidiaries has been filed with the Commission as an exhibit to Form S-7 of New England Gas and Electric Association.	5(c)8	2-55739	
10(b)(3)	Copy of letter agreement dated September 18, 1978 amending and extending the agreement dated June 6, 1967 between Canal Electric Company and Nepco Terminal, Inc. for the supply of fuel oil to Canal Electric Company has been filed with the Commission as an exhibit to the Association's 1978 Form 10-K.	4	1-7316	

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

Item 11. Exhibits, Financial Statement Schedules and Reports on Form 8-K
(Continued)

	<u>Incorporated Documents</u>		<u>Filed Herewith at Page</u>
	<u>Exhibit</u>	<u>SEC File No.</u>	
10(b)(4) Copy of First Amendment to Tax Reduction Act of 1975 Employees Stock Ownership Plan and Trust of New England Gas and Electric Association and Subsidiary Companies dated May 11, 1978 has been filed with the Commission as an exhibit to the Association's 1978 Form 10-K.	3	1-7316	
10(b)(5) Copy of Employees Savings Plan of New England Gas and Electric Association and Subsidiary Companies as Amended January 1, 1979 has been filed as an exhibit to Form 8, Amendment to 1978 Form 10-K of New England Gas and Electric Association.	1	1-7316	
10(b)(6) Copy of Pension Plan for Employees of New England Gas and Electric Association and Subsidiary Companies as Amended as of August 1, 1979 has been filed with the Commission as an exhibit to the Association's 1979 Form 10-K.	4	1-7316	
10(b)(7) The following contracts have been filed with the Commission as exhibits to Form S-16 of New England Gas and Electric Association:			

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

Item 11. Exhibits, Financial Statement Schedules and Reports on Form 8-K
(Continued)

	<u>Incorporated Documents</u>		<u>Filed Herewith at Page</u>
	<u>Exhibit</u>	<u>SEC File No.</u>	
10(b)(8) Copies of New England Power Pool Agreement (NEPOOL) dated September 1, 1971 as amended through August 1, 1977, between NEGEA Service Corporation, as agent for Cambridge Electric Light Company, Canal Electric Company, New Bedford Gas and Edison Light Company, and various other electric utilities operating in New England, together with amendments dated August 15, 1978 and January 31, 1979.	5(c)13	2-64731	
Copy of notice dated November 13, 1978 of non-extension of lease dated October 17, 1975 between Canal Electric Company and Montaup Electric Company for leasing of fuel oil tanks.	5(c)14	2-64731	
Copy of amendment dated November 15, 1978 confirming and implementing letter agreement dated September 18, 1978 between Canal Electric Company and Nepco Terminal, Inc. for the supply of fuel oil.	5(c)15	2-64731	
Copy of Facilities Lease and Operating Agreement dated November 15, 1978 between Canal Electric Company and Nepco Terminal, Inc. for the lease and operation of fuel oil terminal.	5(c)16	2-64731	

CANAL ELECTRIC COMPANYShort-Term BorrowingsFor the Years Ended December 31, 1980, 1979 and 1978

(Dollars in Thousands)

<u>Category (A)</u>	<u>Notes Outstanding at Year-End</u>	<u>Weighted Average Interest Rate</u>	<u>Maximum Amount Outstanding During the Year</u>	<u>Average Amount Outstanding During the Year(B)</u>	<u>Weighted Average Interest Rate at Year-End(C)</u>
<u>Year Ended December 31, 1980</u>					
Banks	\$ -	- %	\$ -	\$ -	- %
<u>Year Ended December 31, 1979</u>					
Banks	\$1 300	14.6%	\$1 750	\$254	16.5%
<u>Year Ended December 31, 1978</u>					
Banks	\$ -	- %	\$ -	\$ -	- %

(A) Refer to Note 3 of Notes to Financial Statements for the general terms of notes payable.

(B) The average amount of short-term debt outstanding is determined by averaging the level of short-term debt outstanding at month-end for the thirteen-month period ending December 31, 1980.

(C) The weighted average interest rate at year-end is determined by annualizing the interest cost based on rates in effect during December and dividing this by the notes outstanding at year-end.

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

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.

CANAL ELECTRIC COMPANY
(Registrant)

By: GERALD E. ANDERSON
Gerald E. Anderson,
Chairman of the Board and
President

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.

Principal Executive Officer:

GERALD E. ANDERSON
Gerald E. Anderson,
Chairman of the Board and President

March 30, 1981

Principal Financial Officer:

EARL G. CHENEY
Earl G. Cheney,
Financial Vice President

March 27, 1981

Principal Accounting Officer:

JOHN A. WHALEN
John A. Whalen,
Comptroller

March 25, 1981

A majority of the Board of Directors:

Charles T. Abbott, Director

March , 1981

GERALD E. ANDERSON
Gerald E. Anderson, Director

March 30, 1981

CANAL ELECTRIC COMPANY

FORM 10-K

DECEMBER 31, 1980

SIGNATURES
(Continued)

EARL G. CHENEY
Earl G. Cheney, Director

March 27, 1981

LELAND R. CROWELL
Leland R. Crowell, Director

March 23, 1981

JEREMIAH V. DONOVAN
Jeremiah V. Donovan, Director

March 30, 1981

WILLIAM R. SMITH
William R. Smith, Director

March 27, 1981

RICHARD G. VELTE
Richard G. Velte, Director

March 27, 1981

Unless such opinion states that no instruments, and no recording or filing, are necessary to vest in the Trustee, as part of the mortgaged and pledged property, free and clear of prior or equal liens except as aforesaid, or to make effective and protect the lien hereof upon, all of the properties covered by such opinion, such opinion shall specify, and (unless the same shall already have been delivered) shall be accompanied by, such instrument or instruments of conveyance, assignment and transfer, together with such other certificates, financing statements and other documents, as shall be stated in such opinion to be necessary so to vest title in the Trustee, or to make effective and protect said lien, and shall specify all places, if any, where recording or filing of each such instrument, certificate, statement and document is reasonably called for.

(e) The first Officers' Certificate delivered to the Trustee pursuant to Section 4.01(a) shall bear the number 1 and each such Certificate filed with the Trustee thereafter shall be numbered consecutively.

ARTICLE V.

ISSUANCE OF BONDS OTHER THAN SERIES B BONDS.

SECTION 5.01. General Requirements. Subject to the provisions of Article II, the Trustee shall from time to time authenticate and deliver bonds other than Series B Bonds, in each case to or upon the order of the Company, of any one or more series in the amounts permitted by, and upon compliance by the Company with, the applicable provision or provisions of Article II and of this Article V, but only if the Trustee shall have received:

(a) A written application by the Company, dated the date of the filing thereof with the Trustee but not more than five (5) days prior to the issuance of such bonds, requesting the authentication and delivery of bonds of a stated principal amount of a specified series, and designating the Section or Sections of this Indenture (other than this Section 5.01) under which such bonds are to be issued;

(b) A resolution of the Board requesting the Trustee to authenticate and deliver such bonds and specifying (i) any matters with respect thereto required or permitted by this Indenture, and (ii) the officer or officers of the Company to whom or upon whose written order such bonds shall be delivered;

(c) An Officers' Certificate, dated the date of the delivery of such bonds, stating that, so far as is known to the signers of the certificate, no event of default has occurred which has not been remedied and no condition or event will exist immediately after the authentication and delivery of the bonds (and after giving effect thereto) which with notice or lapse of time, or both, would become an event of default;

(d) An Opinion of Counsel, dated the date of the delivery of such bonds, to the effect that the issue of the bonds applied for has been duly authorized by the Company, and by any and all governmental authorities the consent of which is requisite to the legal issue of such bonds (in which case it shall be accompanied or preceded by any appropriate certificates or other documents by which such consent is or may be evidenced), or that no consent of any governmental authority is requisite to the legal issue of such bonds, and that all of the requirements of this Indenture and of law for the due and lawful issue, authentication and delivery of such bonds have been duly complied with and such bonds, when issued, authenticated and delivered, will be the valid and legal obligations of the Company entitled to all the benefits and security of this Indenture to the same extent as and on a parity, as to all the trust estate (except as provided in this Indenture), with all bonds theretofore issued and then outstanding hereunder;

(e) A duly executed indenture or indentures supplemental to this Indenture in accordance with the provisions of Section 17.01, setting forth the terms and provisions of such series of bonds; and

(f) Except in the event of the issue of bonds solely in account of the delivery and pledge with the Trustee, or the payment, cancellation, redemption or other discharge, of Series A Bonds or of Underlying Bonds, or the delivery, payment, can-

cellation, redemption or other discharge of bonds issued hereunder, which, in any such case, either (i) matured within two years before or will mature within two years after the date of issue of the bonds to be issued hereunder or (ii) bear interest at a higher rate than the rate of interest to be borne by the bonds to be issued hereunder, an Officers' Certificate and an Accountant's Certificate showing that, for a period of twelve (12) consecutive calendar months during the period of fifteen (15) calendar months immediately preceding the first day of the month during which there is filed with the Trustee the application pursuant to Section 5.01(a), the Net Earnings of the Company have been at least equal to twice the interest for one year upon:

(1) all the bonds outstanding under this Indenture at the date of such authentication (excluding any bonds for the retirement of which provision in compliance with any requirement hereof has been made);

(2) the bonds requested to be authenticated hereunder; and

(3) all other indebtedness for borrowed money then secured by a lien equal or superior to the lien of this Indenture on any part of the Company's property (excluding any such indebtedness the evidence of which shall then be held, in any sinking fund or otherwise, by the Trustee under the provisions of this Indenture or by the trustee or mortgagee under any instrument constituting a lien equal or superior to the lien of this Indenture on any part of the Company's property, and any such indebtedness for the payment or redemption of which the necessary moneys shall have been deposited with the trustee or mortgagee under the mortgage securing the same).

SECTION 5.02. Bonds Issued Against Net Amount of Bondable Property. Upon compliance by the Company with the requirements of this Section and of Section 5.01, the Trustee shall from time to time authenticate and deliver additional bonds of one or more series in an amount not exceeding sixty percent (60%) of a Net Amount of Bondable Property.

Bonds shall be authenticated and delivered by the Trustee under this Section 5.02 only if the Trustee shall have received:

(a) An Officers' Certificate, dated not earlier than the date of the application by the Company pursuant to Section 5.01(a), stating (1) the Net Amount of Bondable Property as of a date (the "computation date") not more than sixty (60) days before the date of such Officers' Certificate and a computation thereof in reasonable detail; (2) in reasonable detail, the Amount of Bondable Property which has been allocated or used as a basis for any credit under or pursuant to any provision of any Underlying Mortgage or the 1968 Indenture since the computation date, including any Amount of Bondable Property which is contemporaneously being so allocated or used, and the Net Amount of Bondable Property which has been allocated or used pursuant to this Indenture since the computation date, including the Net Amount of Bondable Property being used as the basis for the authentication and delivery of such additional bonds and all other contemporaneous uses or allocations of a Net Amount of Bondable Property pursuant to this Indenture; and (3) the Net Amount of Bondable Property remaining after the authentication and delivery of such additional bonds and any other contemporaneous use or allocation of a Net Amount of Bondable Property pursuant to this Indenture, being the amount remaining after deducting the amount set forth in clause (2) of such Officers' Certificate from the amount set forth in clause (1) of such Officers' Certificate;

(b) An Engineer's Certificate, dated not earlier than the date of such Officers' Certificate, stating that the signer (or if the signer is not an individual, an authorized officer or representative of the signer) has personally examined such Officers' Certificate and that all statements contained in such Officers' Certificate relating to the Net Amount of Bondable Property are correct; and

(c) An Accountant's Certificate, dated not earlier than the date of such Officers' Certificate, verifying such Officers' Certificate as to such portions thereof as are susceptible to verification by accountants.

SECTION 5.03. *Bonds Issued For Payment, Cancellation, Redemption or Discharge of Available Series A Bonds.* Upon compliance by the Company with the requirements of this Section and of Section 5.01, the Trustee shall from time to time authenticate and deliver additional bonds of one or more series for or on account of the payment, cancellation, redemption or other discharge at, before or after maturity, of a like, or at the option of the Company a greater, principal amount of Available Series A Bonds.

Bonds shall be authenticated and delivered by the Trustee under this Section 5.03 only if the Trustee shall have received:

(a) A resolution of the Board specifying the principal amount of Available Series A Bonds for or on account of the payment, cancellation, redemption or other discharge of which such bonds are authorized to be issued;

(b) An Officers' Certificate, dated the date of delivery of such bonds, to the effect that the Series A Bonds specified in such resolution are Available Series A Bonds, accompanied by an appropriate certificate of the trustee under the 1968 Indenture to the effect that such Series A Bonds have not been allocated or used as a basis for any credit pursuant to any provision of the 1968 Indenture; and

(c) An Officers' Certificate, dated the date of delivery of such bonds, accompanied by an appropriate certificate of the trustee under the 1968 Indenture, stating that the Available Series A Bonds specified in such resolution, the principal amount of which shall be at least equal to the principal amount of bonds requested to be authenticated, have been paid, cancelled (including cancellation upon surrender by the Company for that purpose), redeemed or otherwise discharged, or that provision for such payment, cancellation, redemption or other discharge satisfactory to the trustee under the 1968 Indenture has been made, including the deposit of any necessary money with such trustee.

SECTION 5.04. *Bonds Issued for Delivery, Payment, Cancellation, Redemption or Discharge of Available Bonds.* Upon compliance by the Company with the requirements of this Section and of Section 5.01, the Trustee shall from time to time authenticate and

deliver additional bonds of one or more series for or on account of the delivery, payment, cancellation, redemption or other discharge at, before or after maturity, of a like, or at the option of the Company a greater, principal amount of Available Bonds.

Bonds shall be authenticated and delivered by the Trustee under this Section 5.04 only if the Trustee shall have received:

(a) A resolution of the Board specifying the Available Bonds and the principal amount thereof for or on account of the delivery, payment, cancellation, redemption or other discharge of which such bonds are authorized to be issued; and

(b) An Officers' Certificate, dated the date of delivery of such bonds, to the effect that the bonds specified in such resolution for or on account of the delivery, payment, cancellation, redemption or other discharge of which such bonds are to be issued are Available Bonds; and

(c) The Available Bonds, either cancelled or uncanceled (with all unmatured coupons, if any, appertaining thereto and if registered otherwise than to bearer, with duly executed endorsements or instruments of transfer if required by the Trustee), specified in such resolution, the principal amount of which shall be at least equal to the principal amount of bonds requested to be authenticated; or

(d) An amount in cash equal to the principal amount, and the interest thereon to maturity, of the Available Bonds specified in such resolution for the purpose of the payment of such Available Bonds and the interest thereon to maturity; or

(e) An amount in cash sufficient to redeem, and for the purpose of redeeming, the Available Bonds specified in such resolution at the date designated in such resolution, together with an Officers' Certificate stating that a resolution has been adopted by the Board calling such Available Bonds for redemption (a copy of which resolution shall be incorporated in or accompany such Officers' Certificate) and, unless the requisite notice of such call shall have been given in accordance with Section 8.02, arrangements satisfactory to the Trustee shall have been made by the Company with the Trustee to insure the giving of the requisite notice of such call in accordance with Section 8.02; or

(f) A combination of the documents, instruments or cash described in Sections 5.04(c), (d) and (e) with respect to an aggregate principal amount of Available Bonds at least equal to the principal amount of bonds requested to be authenticated.

Any Available Bond which is delivered uncanceled to the Trustee and on account of which a new bond is issued under this Section shall forthwith be cancelled by the Trustee, together with the unmatured coupons, if any, appertaining thereto.

Any cash deposited with the Trustee under the provisions of this Section shall be applied by the Trustee to the purposes for which such cash was so deposited; *provided, however*, that upon the surrender by the Company to the Trustee for cancellation of any bonds (with all unmatured coupons, if any, appertaining thereto and if registered otherwise than to bearer, with duly executed endorsements or instruments of transfer if required by the Trustee), for the payment at maturity or for the redemption of which cash shall have been deposited with the Trustee under the provisions of this Section, the Trustee shall return to the Company out of such cash an amount equal to the amount deposited for the payment at maturity or the redemption, as the case may be, of such bonds so surrendered.

SECTION 5.05. *Bonds Issued for Pledge, Payment, Cancellation, Redemption or Discharge of Available Underlying Bonds.* (a) Upon compliance by the Company with the requirements of this Section and of Section 5.01, the Trustee shall from time to time authenticate and deliver additional bonds of one or more series for or on account of the delivery and pledge with the Trustee, or the payment, cancellation, redemption or other discharge at, before or after maturity of a like, or at the option of the Company a greater, principal amount of Available Underlying Bonds.

Bonds shall be authenticated and delivered by the Trustee under this Section 5.05 only if the Trustee shall have received:

(1) A resolution of the Board specifying the Available Underlying Bonds and the principal amount thereof for or on account of the delivery and pledge with the Trustee, or the payment, cancellation, redemption or other discharge, of which such bonds are authorized to be issued; and

(2) An Officers' Certificate, dated the date of delivery of such bonds, to the effect that the Underlying Bonds specified in such resolution are Available Underlying Bonds; and

(3) If appropriate, a certificate of the trustee or mortgagee under the applicable Underlying Mortgage to the effect that the Available Underlying Bonds specified in such resolution have not been allocated or used as a basis for any credit or pursuant to any provision of the Underlying Mortgage securing such Underlying Bonds; and

(4) The Available Underlying Bonds, uncanceled (with all unmatured coupons, if any, appertaining thereto and if registered otherwise than to bearer, with duly executed endorsements or instruments of transfer or registered in the name of the Trustee), specified in such resolution, the principal amount of which shall be at least equal to the principal amount of the bonds requested to be authenticated; or

(5) An Officers' Certificate, dated the date of delivery of such bonds, accompanied by an appropriate certificate of the trustee or mortgagee under the applicable Underlying Mortgage, showing that the Available Underlying Bonds specified in such resolution, the principal amount of which shall be at least equal to the principal amount of bonds requested to be authenticated, have been paid, cancelled, redeemed or otherwise discharged, or that provision for such payment, cancellation, redemption or other discharge satisfactory to the trustee or mortgagee under the applicable Underlying Mortgage has been made, including the deposit of the necessary money with such trustee or mortgagee; or

(6) A combination of the documents and instruments described in Sections 5.05(a)(4) and 5.05(a)(5) with respect to an aggregate principal amount of Available Underlying Bonds at least equal to the principal amount of bonds requested to be authenticated.

Each of the Underlying Bonds received by the Trustee pursuant to Section 5.05(a)(4) shall be held by the Trustee as the purchaser thereof, uncanceled and without extinguishment or impairment of lien, as additional security for the payment of the bonds secured by

this Indenture until otherwise disposed of or released from the lien of this Indenture pursuant to the provisions of this Section 5.05.

(b) Whenever all of the Underlying Bonds outstanding under an Underlying Mortgage, except lost or destroyed Underlying Bonds for which satisfactory indemnity shall have been given, shall have been delivered and pledged with the Trustee, or whenever a portion thereof shall have been so delivered and pledged and payment, cancellation, redemption or other discharge of the remainder shall have been made or shall have been duly provided for, the Trustee, at the written request of the President or Treasurer of the Company and upon receipt of evidence satisfactory to the Trustee that the applicable Underlying Mortgage will concurrently or immediately thereafter be discharged, shall stamp as paid and surrender to the trustee or mortgagee under the applicable Underlying Mortgage, or if there is no such trustee or mortgagee, to the Company, for cancellation, all of the Underlying Bonds outstanding under such Underlying Mortgage then in its possession, together with all unmatured coupons, if any, appertaining thereto.

(c) So long as any Underlying Bonds deposited with the Trustee under any of the provisions of this Indenture shall be held by the Trustee, neither the principal, premium, if any, nor the interest thereon shall be collected nor be required to be paid except as provided in Section 5.05(d) or until one or more of the events of default hereunder or under the applicable Underlying Mortgage shall have happened and shall be continuing or until proceedings shall be instituted to enforce the applicable Underlying Mortgage, or to enforce any other mortgage superior to the lien hereof covering all or any part of the mortgaged and pledged property, but upon any such default and its continuance as aforesaid, or upon any institution of any such proceedings, the Trustee may take such steps to protect or enforce such deposited Underlying Bonds as it may deem proper. The Trustee shall hold any title, moneys and property which it may acquire, or to which it may be entitled under or by means of or as a result of any such event of default or any proceeding for the enforcement of such deposited Underlying Bonds, upon the trusts herein declared concerning the mortgaged and pledged property, and any such moneys shall be applied as provided in Section 11.11. Before any such default and its continuance as aforesaid, or before any such proceedings shall be so instituted, the Trustee shall, upon the written request of the President or Treasurer of the Company, either stamp

as paid and surrender to the Company, or deliver to the Company, as specified in such request, all interest coupons of each such deposited Underlying Bond in the possession of the Trustee as such coupons from time to time mature or deliver to the Company suitable orders for the payment of interest on each such deposited Underlying Bond as such interest matures.

(d) In case any Underlying Bond held hereunder by the Trustee shall mature or shall be called in whole or in part for redemption or purchase pursuant to any sinking, purchase or other fund under the applicable Underlying Mortgage or otherwise, and the Trustee shall have received evidence satisfactory to it that the money necessary to pay, redeem or purchase such Underlying Bond or part thereof has been deposited with the trustee or mortgagee under the applicable Underlying Mortgage, then the Trustee hereunder shall, upon the request of the Company, deliver such Underlying Bond or part thereof to or upon the written order of the President or Treasurer of the Company. The Company shall be entitled, upon surrendering any such bond to the trustee or mortgagee under the applicable Underlying Mortgage, to receive and retain all moneys payable with respect thereto.

SECTION 5.06. *Bonds Issued for Deposited Cash; Payment of Deposited Cash.* Upon compliance by the Company with the requirements of this Section and of Section 5.01, the Trustee shall from time to time authenticate and deliver additional bonds of one or more series upon deposit by the Company with the Trustee for such purpose of an amount of cash equal to the aggregate principal amount of bonds requested to be authenticated.

If money received by the Trustee under the provisions of this Section 5.06 is to be withdrawn or applied in connection with the delivery, payment, cancellation, redemption or other discharge of Available Bonds, Available Series A Bonds or Available Underlying Bonds, the Company shall deliver to the Trustee an Officers' Certificate specifying any Available Bonds, Available Series A Bonds or Available Underlying Bonds and the principal amount thereof which have been or are to be delivered, paid, cancelled, redeemed or otherwise discharged, and their respective rates of interest, premium, if any, and the dates of the payment or redemption thereof.

Money received by the Trustee under the provisions of this Section 5.06 is sometimes referred to in this Indenture as "deposited

cash", and shall, until paid out as provided in this Section, be held by the Trustee as part of the mortgaged and pledged property.

Whenever the Company shall be entitled to the authentication and delivery of any bonds under the provisions of any one or more of Sections 5.02 to 5.05, inclusive, and the Trustee shall have in its possession deposited cash sufficient for the purpose, the Trustee shall, on the written request of the Company and upon the order of its President or Treasurer, in each case authorized by a resolution of the Board, which resolution shall have been delivered to the Trustee, and upon receipt by the Trustee of the documents of the character required to be given for the authentication and delivery of bonds under such of Sections 5.02 to 5.05, inclusive, as may be applicable, but with such changes or differences as may be appropriate or required by reason of the fact that the Company's application is for deposited cash instead of for the authentication of bonds:

(a) in the case of Section 5.02, pay to the Company out of such deposited cash an amount equal to the principal amount of bonds which might then be issued pursuant to Section 5.02;

(b) in the case of Section 5.03, pay to the Company or to the trustee under the 1968 Indenture out of such deposited cash an amount equal to, but at the option of the Company evidenced by a resolution of the Board less than, the principal amount of the Available Series A Bonds which have been or are to be paid, cancelled, redeemed or otherwise discharged, but excluding the premium, if any, and interest payable in connection therewith;

(c) in the case of Section 5.04, (i) pay to the Company out of such deposited cash an amount equal to, but at the option of the Company evidenced by a resolution of the Board less than, the principal amount of Available Bonds delivered to the Trustee, or (ii) in the event of the payment, cancellation, redemption or other discharge of Available Bonds, pay to the Company or apply to such payment, cancellation, redemption or other discharge out of such deposited cash an amount equal to, but at the option of the Company evidenced by a resolution of the Board less than, the principal amount of Available Bonds which have been or are to be paid, cancelled, redeemed or otherwise discharged, but excluding the premium, if any, and interest payable in connection therewith; or

(d) in the case of Section 5.05, (i) pay to the Company out of such deposited cash an amount equal to, but at the option of the Company evidenced by a resolution of the Board less than, the principal amount of Available Underlying Bonds delivered to and pledged with the Trustee, or (ii) in the event of the payment, cancellation, redemption or other discharge of Available Underlying Bonds, pay to the Company or to the trustee or mortgagee under the applicable Underlying Mortgage out of such deposited cash an amount equal to, but at the option of the Company evidenced by a resolution of the Board less than, the principal amount of the Available Underlying Bonds which have been or are to be paid, cancelled, redeemed or otherwise discharged, but excluding the premium, if any, and interest payable in connection therewith.

In the event of the payment, cancellation, redemption or other discharge of Available Series A Bonds or Available Underlying Bonds, the Trustee shall also receive assurances satisfactory to it that any cash paid by it to the Company or to the trustee under the 1968 Indenture or to the trustee or mortgagee under the applicable Underlying Mortgage (together with such other moneys as have been provided by the Company to pay the premium, if any, and interest payable in connection therewith, which moneys the Company covenants to provide) have been or will be used to pay, redeem or otherwise discharge the appropriate principal amount of Available Series A Bonds or Available Underlying Bonds, as the case may be; that satisfactory arrangements have been made to assure the giving of any requisite notice of any call for redemption; and that such Available Series A Bonds or Available Underlying Bonds, as the case may be, will be cancelled and a certificate of cancellation will be delivered by such trustee or mortgagee to the Trustee.

ARTICLE VI.

PARTICULAR COVENANTS OF THE COMPANY.

The Company hereby covenants as follows:

SECTION 6.01. *Of Seizin.* The Company is lawfully seized and possessed of the mortgaged and pledged property specifically described or referred to in Schedule A to this Indenture, subject to no liens, charges or encumbrances prior to or on a parity with the lien

in kilowatts, of Substantial Units, or (ii) an amount, expressed in kilowatts, determined by adding (A) the aggregate net capability of the Company's ownership interests in all electric generating units, and (B) the capacity (at the time of the peak load of the Company referred to below) purchased under contracts with a remaining term (at the time of such peak load) exceeding one year, and subtracting therefrom (C) one-hundred fifteen percent (115%) of the peak load recorded by the Company's retail electric distribution business, if any, during the preceding twelve consecutive calendar months.

(b) The power contracts referred to in Section 6.19(a) above shall meet all of the following criteria:

(i) provision shall be made for payments by the power purchaser or purchasers at least adequate to recover ratably during the term of the power contract all of the Company's capital investment and operating costs (determined in accordance with sound utility accounting practice) in respect of the power to which it relates;

(ii) no material default in respect of a payment due from a power purchaser shall exist and have continued for a period of sixty (60) days;

(iii) no circumstance shall exist which relieves, or with the giving of notice or passage of time or both would relieve, any power purchaser of its payment obligation; and

(iv) the termination date shall be not less than one year in the future, provided that any such power contract may terminate at an earlier date with respect to any portion of the power to which it relates if there is in effect another power contract for the sale of such portion meeting all of the criteria set forth in subparagraphs (i) through (iv) of this Section 6.19(b).

(c) The foregoing provisions of this Section 6.19 shall have no effect at any time at which the amount determined pursuant to Section 6.19(a)(ii) above shall be less than thirty-three and one-third percent ($33\frac{1}{3}\%$) of the amount determined pursuant to clause 6.19(a)(i) above.

→ SECTION 6.20. *Limitation on Creation of Certain Indebtedness.*
The Company will not incur, assume or guarantee any indebtedness maturing more than one year after the date thereof if immediately

thereafter the total of such indebtedness would exceed the total of the Company's capital stock, capital surplus and retained earnings accounts; provided, that nothing in this Indenture shall prevent the Company from issuing evidences of indebtedness for temporary loans in the usual course of business, maturing not more than one year from their dates. The provisions of this Section 6.20 shall apply only so long as the Company is a subsidiary of New England Gas and Electric Association or of another holding company as defined in the Public Utility Holding Company Act of 1935.

ARTICLE VII.

BONDHOLDERS' LISTS AND REPORTS BY THE COMPANY AND THE TRUSTEE.

SECTION 7.01. *Semiannual Lists of Bondholders.* The Company will furnish or cause to be furnished to the Trustee annually between February 15 and March 1 and between August 15 and September 1 beginning with the year 1977 and at such other times as the Trustee may request in writing, within thirty (30) days after receipt by the Company of any such request, a list, in such form as the Trustee may reasonably require, containing all information in the possession or control of the Company or of any of its paying agents, as to the names and addresses of the holders of bonds obtained since the date as of which the next previous list, if any, was furnished; *provided, however*, that so long as the Trustee maintains the register for any series of fully registered bonds without coupons, no such list need be furnished with respect to such series. Any such list may be dated as of a date not more than fifteen (15) days prior to the time such information is furnished, and need not include information received after such date.

SECTION 7.02. *Preservation of Information.* The Trustee shall preserve, in as current a form as is reasonably practicable, all information as to the names and addresses of the holders of bonds

(a) contained in the most recent list furnished to it under Section 7.01,

(b) received by it in the capacity of registrar or paying agent hereunder, or

CANAL ELECTRIC COMPANY

Schedule of Plant Construction Projects During Period of Construction
of Subject Nuclear Power Plant

(Millions of Dollars)

Request #2 (vii)

	<u>1981</u>	<u>1982</u>	<u>1983</u>	<u>1984</u>	<u>1985</u>	<u>1986</u>
<u>Construction Expenditures</u>						
Seabrook Nuclear Units	\$	\$84.0	\$24.7	\$14.7	\$14.3	\$ 2.1
Pilgrim Unit #2			14.2	5.3	6.1	7.4
Canal Unit #3		.8	3.4	3.0	9.1	12.6
All other, minor projects	1.6	.4	.5	.5	.5	.5
Total Expenditures	<u>\$1.6</u>	<u>\$85.2</u>	<u>\$42.8</u>	<u>\$23.5</u>	<u>\$30.0</u>	<u>\$22.6</u>

Information Request: Item 1 (viii)

CANAL ELECTRIC COMPANY

ATTACHMENT FOR ITEM NO. viii
FINANCIAL STATISTICS

12 Months Ended December 31,	
1980	1979
(Dollars in Millions)	

Earnings available to common equity	\$ 7.2	\$ 7.3		
Average common equity	\$53.6	\$53.5		
Rate of return on average common equity	13.43%	13.64%		
Times total interest earned before FIT:				
Gross income (incl. AFUDC) + current and deferred FIT ÷ total interest charges + amortization of debt discount and expense	3.76	3.51		
Times long-term interest earned before FIT:				
Gross income (incl. AFUDC) + current and deferred FIT ÷ long-term interest charges + amortization of debt discount and expense	3.91	3.56		
Bond ratings (end of period)				
Standard and Poor's	A-	A-		
Moody's	Aa	Aa		
Times interest and preferred dividends earned after FIT:				
Gross income (incl. AFUDC) ÷ total interest charges + amortization of debt discount and expense + preferred dividends	2.47	2.39		
AFUDC (Debt and Equity)	-	\$.1		
Net income after preferred dividends	\$ 6	\$ 5		
Market price of common (Parent)	\$14.375	\$14.25		
Book value of common (Parent)	\$20.65	\$19.48		
Market-book ratio (end of period)*	.70	.73		
Earnings avail. for common less AFUDC + depreciation and amortization, deferred taxes, and invest. tax credit adjust. - deferred				
Common dividends	\$16.1	\$17.7		
Ratio	\$ 6.4	\$ 5.6		
	2.5	3.2		
Short-term debt				
Commercial Paper	\$ -	\$ -		
Bank loans	\$ -	\$ 1.3		
Parent	\$ -	\$ -		
Capitalization (Amount & Percent)				
	Amount	%	Amount	%
Long-term debt	\$49.1	47.8	\$49.9	48.2
Preferred stock	-	-	-	-
Common equity	53.6	52.2	53.6	51.8

* If subsidiary company, use parent's data.

