Reports of Independent Public Accountants

To Connecticut Yankee Atomic Power Company:

We have examined the balance sheets of Connecticut Yankee Atomic Power Company (a Connecticut corporation) as of December 31, 1980 and 1979 and the related statements of income, retained earnings and sources of funds for gross property additions for the years then ended. 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 auditors' report dated March 21, 1980, our opinion on the 1979 financial statements was qualified as being subject to the effect on the financial statements of adjustments, if any, that might result from the final outcome of a pending rate matter. As explained in Note 2 of Notes to Financial Statements, the matter was resolved during 1980 with no material effect on the financial statements. Accordingly, our present opinion on the 1979 financial statements, as presented herein, is unqualified.

In our opinion, the financial statements referred to above present fairly the financial position of Connecticut Yankee Atomic Power Company as of December 31, 1980 and 1979, and the results of its operations and the sources of funds for gross property additions for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

ARTHUR ANDERSEN & CO.

Hartford, Connecticut,
March 17, 1981.

Stockholders and Board of Directors
Connecticut Yankee Atomic Power Company

We have examined the balance sheet of Connecticut Yankee Atomic Power Company as of December 31, 1978 (not included herein) and the related statements of income, retained earnings and sources of funds for gross property additions for the year then ended. Our examination was made in accordance with generally accepted auditing standar s and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, such financial statements present fairl the financial position of Connecticut Yankee Atomic Power Company at December 31, 1978 and the results of its operations and the sources of funds for gross property additions for the year then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

MAIN HURDMAN & CRANSTOUN

New York, New York,
March 9, 1979.

8104060402

CONNECTICUT YANKEE ATOMIC POWER COMPANY

Balance Sheets

December 31, 1980 and 1979

Assets

	1980	1979
	(Thousands of Dollars)	
Utility Plant, at original cost:		
Electric plant	$144,053	$126,367
Less: Accumulated provision for depreciation	50,591	47,429
	93,462	78,938
Construction work in progress	10,521	9,084
Nuclear fuel, net of amortization	68,904	55,538
Total net utility plant	172,887	143,560
Current Assets:		
Cash	4,374	1,391
Accounts receivable:		
Associated companies	6,503	9,009
Other	193	68
Refundable income taxes	3,575	-
Materials and supplies, at average cost	1,342	1,369
Prepayments and other	441	413
	16,428	12,250
Deferred Charges:		
Unamortized debt expense	199	243
Accumulated deferred income taxes	2,021	4,206
Other	1,472	555
	3,692	5,004
Total Assets	$193,007	$160,814

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

CONNECTICUT YANKEE ATOMIC POWER COMPANY

Balance Sheets (Continued)

December 31, 1980 and 1979

Capitalization and Liabilities

	1980	1979
	(Thousands of Dollars)	
Capitalization:		
Common stock - $100 par value; authorized 700,000 shares; 350,000 shares outstanding 1980, 1979 and 1978	$ 35,000	$ 35,000
Capital surplus, paid in (no change during years 1980, 1979 and 1978) (Note 4)	2,964	2,964
Retained earnings (Note 5)	13,165	11,716
Total common stockholders' equity	51,129	49,680
Long-term debt, net (Note 5)	55,145	62,056
Total capitalization	106,274	111,736
Current Liabilities:		
Notes payable to banks (Note 6)	19,000	-
Commercial paper (Note 6)	-	12,950
Long-term debt due within one year	8,775	1,375
Nuclear fuel payable	11,575	11,000
Revenues to be refunded to Sponsor companies (Note 2)	10,719	-
Accounts payable:		
Associated companies	4,013	1,168
Other	19,807	3,517
Accrued taxes	2,686	8,929
Accrued interest	1,700	1,733
Other	67	21
	78,342	40,693
Deferred Credits:		
Unamortized gain on reacquired debt	2,798	2,513
Accumulated deferred investment tax credits	5,547	1,920
Reserve for revenues subject to possible refund (Note 2)	-	3,920
Other	46	32
	8,391	8,385
Commitments and Contingencies (Note 9)		
Total Capitalization and Liabilities	$193,007	$160,814

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

CONNECTICUT YANKEE ATOMIC POWER COMPANY

Statements of Income

For the Years Ended December 31,	1980	1979	1978
		(Thousands of Dollars)	
Operating Revenues (Note 2)	$78,552	$62,620	$40,770
Operating Expenses:			
Operation -			
Fuel	18,422	17,415	13,025
Other	25,828	12,863	6,625
Maintenance	12,066	7,828	3,575
Depreciation	5,234	5,075	6,092
Federal and state income taxes (Note 3)	4,023	4,485	1,277
Taxes other than income taxes (Note 3)	1,906	1,627	1,502
Total operating expenses	67,479	49,293	32,096
Operating income	11,073	13,327	8,674
Other Income:			
Allowance for equity funds used during construction	93	14	4
Other, net	(2)	(30)	-
Income taxes applicable to other income - credit (Note 3)	(5)	8	(5)
Net other income	86	(8)	(1)
Income before interest charges	11,159	13,319	8,673
Interest Charges:			
Interest on long-term debt	6,090	5,679	4,264
Amortization of debt premium and expense, net	29	30	30
Amortization of gain on reacquired bonds	(216)	(184)	(149)
Other interest	5,872	2,568	1,467
Allowance for borrowed funds used during construction	(4,865)	(582)	(5)
Total interest charges	6,910	7,511	5,607
Net Income (per share $12.14 in 1980, $16.60 in 1979 and $8.76 in 1978)	$ 4,249	$ 5,808	$ 3,066

Statements of Retained Earnings

For the Years Ended December 31,	1980	1979	1978
		(Thousands of Dollars)	
Balance at beginning of period	$11,716	$ 8,708	$ 8,442
Net Income	4,249	5,808	3,066
Dividends declared on common stock ($8.00 per share)	(2,800)	(2,800)	(2,800)
Balance at end of period (Note 5)	$13,165	$11,716	$ 8,708

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

CONNECTICUT YANKEE ATOMIC POWER COMPANY
Statements of Sources of Funds for Gross Property Additions

For the Years Ended December 31,	1980	1979	1978
	(Thousands of Dollars)		
Funds Generated From Operations			
Net income	$ 4,249	$ 5,808	$ 3,066
Principal noncash items:			
Depreciation and nuclear fuel amortization	23,656	22,490	19,117
Deferred income taxes, net	5,808	(3,992)	(39)
Change in reserve for revenues subject to possible refund	(3,920)	3,920	-
Amortization of deferred charges and other noncash items	(168)	(116)	(114)
Allowance for equity funds used during construction	(93)	(14)	(4)
Total funds from operations	29,532	28,096	22,026
Less - Cash dividends paid on common stock	2,800	2,800	2,800
Net funds generated from operations	26,732	25,296	19,226
Funds Obtained From Financing			
Proceeds from issuance of long-term debt	-	-	20,000
Advance from Sponsor companies	5,000	-	-
Increase (decrease) in short-term debt	6,050	(2,525)	5,650
Increase in nuclear fuel payable	575	11,000	-
Total	11,625	8,475	25,650
Less - Reacquisitions and retirements of long-term debt	4,506	2,704	12,778
Net funds from financing	7,119	5,771	12,872
Other Sources (Uses) of Funds			
Decrease (increase) in net current assets (excluding short-term debt, long-term debt due within one year and nuclear fuel payable):			
Cash and special deposits	(2,983)	(693)	390
Receivables	2,381	(5,560)	1,460
Refundable income taxes	(3,575)	-	-
Materials and supplies	27	(325)	(204)
Revenues to be refunded to Sponsor companies	10,719	-	-
Accounts payable	19,135	2,886	(1,652)
Accrued taxes	(6,243)	6,437	(2,811)
Other, net	(15)	161	(248)
Net change	19,446	2,906	(3,065)
Other, net	(709)	12	75
Net other sources (uses) of funds	18,737	2,918	(2,990)
Total Funds For Construction From Above Sources	52,588	33,985	29,108
Allowance For Equity Funds Used During Construction	93	14	4
GROSS PROPERTY ADDITIONS	$52,681	$33,999	$29,112
Composition of Gross Property Additions:			
Utility plant	$20,893	$ 9,297	$ 2,317
Nuclear fuel	31,788	24,702	26,795
Total	$52,681	$33,999	$29,112

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

CONNECTICUT YANKEE ATOMIC POWER COMPANY

Notes to Financial Statements

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General - The Company owns and operates a single unit nuclear-power electric generating plant of the pressurized water type, having a gross capability of 580,000 kilowatts. The plant commenced commercial operation on January 1, 1968. The Company's common stock is owned by eleven New England electric utilities.

The Company has entered into power contracts with its eleven stockholders (Sponsors) for the sale to them of the entire output of the plant for a thirty-year period commencing January 1, 1968. Under the terms of the contract each Sponsor is required to pay the Company an amount equal to its entitlement percentage of the Company's total costs, including a return on net investment.

Regulatory Commissions - The Company and each of its Sponsors is a public utility under Part II of the Federal Power Act and is subject to regulation by the Federal Energy Regulatory Commission (FERC) with respect to, among other things, wholesale rates and accounting procedures. The income statement and balance sheet submitted as part of this annual report are in accordance with the the Uniform System of Accounts prescribed by FERC.

Allowance for Funds Used During Construction - The allowance for funds used during construction (AFUDC) represents the estimated cost of capital funds used to finance the Company's construction and nuclear fuel program. The total capitalized costs of construction are not recognized as part of the rate base for ratemaking purposes until facilities are brought into service. AFUDC is recovered over the service life of plant in the form of increased revenue collected as a result of higher depreciation expense. AFUDC is also recovered as nuclear fuel is consumed in the reactor in the form of increased revenue collected as a result of higher nuclear fuel expense. The AFUDC rate was 9.5 percent for 1980 and 8.5 percent for 1979 and 1978. Both 1980 and 1979 include the effect of semiannual compounding of AFUDC. The following section discusses capitalized financing costs applicable to nuclear fuel financed by a fuel supply trust agreement.

Nuclear Fuel - The cost of nuclear fuel is amortized on a unit-of-production method at rates based on estimated kilowatt-hours of energy to be provided. Commencing January 1, 1979, a provision for estimated spent fuel disposal costs was included in nuclear fuel expense. This includes a provision for recovery over a ten-year period of the estimated disposal cost of previously accumulated spent nuclear fuel, plus a current year provision for fuel assemblies in the reactor. Storage for such spent fuel at the Company's plant is sufficient until at least the mid-1990s.

A portion of the Company's nuclear fuel is being financed pursuant to a fuel supply trust agreement, entered into during 1979, under which the trust owns and finances the natural uranium prior to the fuel being fabricated. The trust obtains funds by the sale of commercial paper and/or through bank loans. The Company will be obligated to purchase the natural uranium and reimburse the trust for payments made by the trust and for financing costs, just prior to delivery of the fuel for fabrication. Interest costs of $2,326,000 in 1980 and $342,000 in 1979, incurred in connection with financing this nuclear fuel, were capitalized by the Company. The weighted average interest rate charged by the trust was 14.2 percent in 1980 and 18.9 percent in 1979.

Depreciation - The provision for depreciation is computed using the straight-line remaining life method at rates which are based on the estimated service lives of the depreciable utility plant in service and estimated removal costs less expected salvage, except for the net cost of removal values for nuclear production plant as stated below. The depreciation rates for the various classes of property, which are equivalent to a composite rate of 4.2 percent in 1980 and 1979 and 4.9 percent in 1978, are applied to the depreciable plant in service at the beginning of the year. At the time depreciable property is retired from service, the original cost of such property, plus cost of removal less salvage, is charged to the accumulated provision for depreciation.

A study completed in 1980 indicates that complete removal commencing at the time of retirement of the unit, with an estimated cost of $65 million, is the most viable and economic method of decommissioning this unit. The depreciation rates currently recognized on the books and for regulatory rate setting are those rates allowed in the November 1980 FERC decision (see Note 2) and are based on a total recovery of $7.8 million of decommissioning costs. If rates allowed by FERC had been based on the $65 million, rather than the $7.8 million, depreciation expense and revenues in 1980 would have increased by approximately $3.5 million.

Maintenance - The cost of maintenance, repairs and replacements of minor items is charged to maintenance expense. Replacements and renewals of items considered to be units of property are charged to the utility plant accounts.

(2) RATE MATTERS

In [illegible] the Company filed with FERC Supplementary Power Contracts designed to increase the overall rate of return provided to the Company on its power sales from 6 percent to 10 percent. FERC accepted the filing and suspended its effectiveness until November 5, 1978. Since that date, the Company had been billing under the Supplementary Power Contract subject to refund pending the final decision of FERC. On November 21, 1980, FERC issued its final decision which allowed an overall 9.74 percent rate of return, based upon an 11.5 percent return on common equity, and which reduced other elements of the Company's revenue requirements. The final FERC decision will require the Company to refund approximately $11 million (including interest) which will be refunded to Sponsors within thirty days of receipt of the approved Supplementary Power Contract from FERC. The Company presently expects this to occur in the second quarter of 1981.

On August 29, 1980, the Company submitted for filing with FERC contracts amending the Supplementary Power Contracts between the Company and its Sponsors. The amendment provides for a variable, rather than fixed, rate of return on net unit investment, based on a 17 percent return on common equity, which would fluctuate with changes in long-term interest costs and preferred stock dividends, if applicable, paid by the Company. These rate amendments are expected to increase annual revenues on a test year basis by approximately $13 million above the revenue level allowed in the November 21, 1980 FERC rate decision. On October 28, 1980, FERC accepted the filing and suspended it for five months, making the rate changes effective on April 1, 1981, subject to refund pending the final decision of FERC. On March 6, 1981, the Company filed a settlement proposal with FERC. The Company's proposed settlement agreement would result in a reduction of $6.5 million from the proposed rate increase of $13 million.

(3) INCOME TAXES

The detail of federal and state income tax provisions is set forth below:

	1980	1979	1978
	(Thousands of Dollars)		
Current income taxes			
Federal	$(2,212)	$ 6,787	$ 995
State	427	1,678	321
Total current	(1,785)	8,465	1,316
Deferred income taxes, net			
Investment tax credits	3,627	155	(43)
Federal	1,796	(3,402)	8
State	390	(741)	1
Total deferred	5,813	(3,988)	(34)
Total income taxes	$ 4,028	$ 4,477	$ 1,282

Such provisions (credits) are included in the accompanying statements of income as follows:

	1980	1979	1978
	(Thousands of Dollars)		
Operating expenses	$ 4,023	$ 4,485	$ 1,277
Other income	5	(8)	5
Total income taxes	$ 4,028	$ 4,477	$ 1,282

Deferred income taxes are comprised of the tax effects of timing differences as follows:

	1980	1979	1978
	(Thousands of Dollars)		
Investment tax credits	$ 3,627	$ 155	$ (43)
Interest capitalized	1,150	117	4
Spent nuclear fuel storage accruals	(2,684)	(2,162)	-
Provision for revenues subject to possible refund	2,098	(2,098)	-
Liberalized depreciation	1,617	-	-
Other	5	-	5
Deferred income taxes, net	$ 5,813	$(3,988)	$ (34)

The reasons for the difference between total tax expense and the amounts calculated by applying the federal income tax rate to pretax income are as follows:

	1980	1979	1978
	(Thousands of Dollars)		
Expected tax at 46% of pretax income in 1980 and 1979 and 48% in 1978	$3,807	$ 4,732	$2,087
Tax effect of differences:			
Book depreciation over tax depreciation	452	91	490
Amortization of gain on redemption of bonds deferred in prior years	(99)	(85)	(71)
Adjustment of prior years accrual	-	-	(932)
Investment tax credits	(549)	(775)	(459)
State tax net of federal benefit	441	506	167
Other, net	(24)	8	-
Total income taxes	$4,028	$ 4,477	$1,282
Effective income tax rate	49%	44%	30%

Tax returns through 1976 have been audited by the Internal Revenue Service. Tax provisions no longer needed subsequent to the examination were reversed in 1978.

(4) CAPITAL CONTRIBUTIONS

The Sponsor companies are obligated under the terms of the Capital Funds Agreements entered into with the Company in 1964 to provide their percentage ownership of capital to the Company either through common stock purchases or loans or advances. The total obligation of the Sponsor companies under this Agreement is limited to an aggregate amount of $70,000,000, of which approximately $32,000,000 was available at December 31, 1980.

The Company has also entered into Five-Year Capital Contribution Agreements with each of the Sponsor companies as of November 1, 1980. The Agreements allow the Company to borrow (and to repay and reborrow) from the Sponsor companies, based upon their percentage ownership of the Company's common stock, an aggregate amount up to $40,000,000. In December 1980, the Company borrowed $5,000,000 from the Sponsor companies pursuant to these Agreements at an interest rate of prime rate plus 1-1/2 percent.

(5) LONG-TERM DEBT

Details of long-term debt outstanding are as follows:

	1980	1979
	(Thousands of Dollars)	
First mortgage bonds, Series A, 4-1/2% due January 1, 1993	$14,730	$17,861
First mortgage bonds, Series B, 9-3/4% due July 1, 1986	13,800	13,800
Pollution control notes:		
8.375% notes due 1984	4,000	5,000
6.0% notes due 1997	6,375	6,750
Five-year bank loan	20,000	20,000
Loans from Sponsor companies (Note 4)	5,000	-
Unamortized premium	15	20
	63,920	63,431
Less: Amounts due within one year, net of reacquired bonds	8,775	1,375
	$55,145	$62,056

The First Mortgage Indenture, secured by utility plant, requires deposits of $945,000 semiannually through July 1, 1992 of cash and/or Series A Bonds into a Sinking Fund. Series B Bonds have annual serial maturities of $1,400,000 on July 1, 1981-1985 and a final maturity of $6,800,000 on July 1, 1986. During the life of the indenture, cash dividends on common stock are limited to retained earnings accumulated after December 31, 1975, the undistributed balance of which amounted to $4,767,000 at December 31, 1980.

The Pollution Control Notes maturing in 1984 are to be retired by annual deposits of $1 million to a sinking fund commencing in 1980. The Pollution Control Notes maturing in 1997 are to be retired by annual deposits of $375,000 to a sinking fund which commenced in 1979.

The five-year term unsecured loan is with the Connecticut Bank and Trust Company (CBT), Chase Manhattan Bank, N.A. and Chemical Bank for $5 million, $7.5 million and $7.5 million, respectively.

The interest rate on this loan is 105 percent of CBT's floating prime rate to February 28, 1981, 106 percent of CBT's floating prime rate from March 1, 1981 to and including August 31, 1981 and 107 percent of CBT's floating prime rate from September 1, 1981 to the maturity date of August 31, 1983. Prior to March 1, 1981, these rates may be renegotiated. At December 31, 1980, the interest rate was 22.6 percent. Quarterly sinking fund payments of $2 million will become due and payable commencing June 1, 1981.

(6) SHORT-TERM DEBT

The Company has available bank credit lines totaling $25,000,000 of which $6,000,000 was available at December 31, 1980. These credit lines require compensating balances equal to 5 percent of the line of credit plus 15 percent of the average borrowings. The credit lines can be withdrawn at any time for good cause at the option of the banks. The interest rate on any borrowing against the credit line will be at the prime rate.

Additional information with respect to short-term debt is as follows:

	1980	1979	1978
		(Thousands of Dollars)	
Weighted average interest rate for borrowings outstanding at year end:			
Notes payable to banks	21.5%	- %	- %
Commercial paper	-	13.9	10.4
Maximum amount of borrowings outstanding during the period:			
Notes payable to banks	$22,500	$ 5,000	$10,000
Commercial paper	24,800	20,100	19,800
Average daily borrowings during the year:			
Notes payable to banks	$ 2,285	$ 1,271	$ 1,585
Commercial paper	14,252	16,406	15,343
Weighted average interest rate during the period:			
Notes payable to banks	21.8%	12.2%	9.4 %
Commercial paper	12.4	11.2	7.8
Range of maturities at December 31 (in days)			
Notes payable to banks	14-23	-	-
Commercial paper	-	2-32	3-32

(7) PENSION PLAN

The Company has a noncontributory retirement plan which covers substantially all employees. The Company's policy is to annually fund an actuarially determined contribution which includes that year's normal cost and the amortization of prior service costs over twenty years. Total pension cost approximated $394,200 in 1980, $223,300 in 1979, and $214,500 in 1978.

Accumulated plan benefits information, as estimated by consulting actuaries, and plan net assets for the Company's plan is presented below:

	January 1, 1980	January 1, 1979
	(Thousands of Dollars)	
Benefits:		
Vested	$ 820	$ 610
Nonvested	368	203
	$1,188	$ 813
Net assets available for benefits	$2,200	$1,673

The assumed rate of return used to determine the actuarial present value of accumulated plan benefits was 6.5 percent in 1980 and 1979.

(8) COMMITMENTS AND CONTINGENCIES

The Company currently forecasts nuclear fuel expenditures to be approximately $32,050,000 in 1981 and $164,393,000 for the years 1982-1986, and construction expenditures to be approximately $28,961,000 in 1981 and $48,852,000 for the years 1982-1986.

It is expected that compliance with present and future statutes, and regulations established by various federal and state authorities, in the areas of nuclear plant licensing and operation, land use, water and air quality, and other environmental matters will require additional capital expenditures and increased operating costs the amount of which is not now determinable. Additional expenditures may also be required as a result of the Nuclear Regulatory Commission's analysis of the Three Mile Island accident. In addition, uncertainties related to the reprocessing or permanent storage of nuclear fuel may require revisions in future nuclear fuel costs.

The Price-Anderson Act currently limits public liability from a single accident at a nuclear power plant to $560 million. If the total damages resulting from the accident exceed the private pool insurance coverage of $160 million, then the Company would be required to pay its share of the excess. Under the provisions of the Supplementary Power Contracts the Company's share, which would be a maximum of $5 million, would be passed on to the Sponsor companies.

(9) QUARTERLY FINANCIAL DATA (UNAUDITED)(a)

	Quarter Ended			
	March 31	June 30	September 30	December 31
	(Thousands of Dollars)			
1980 (a)				
Operating revenue	$16,277	$18,512	$24,050	$19,713
Operating income	$ 3,025	$ 3,059	$ 3,221	$ 1,768
Net income	$ 1,152	$ 1,222	$ 1,206	$ 669
Earnings per common share	$3.29	$3.49	$3.45	$1.91
1979 (b)				
Operating revenue	$12,878	$17,400	$15,312	$17,030
Operating income	$ 1,599	$ 4,829	$ 2,507	$ 4,392
Net income	$ (109)	$ 3,167	$ 643	$ 2,107
Earnings per common share	$(0.31)	$9.05	$1.83	$6.03

(a) Fluctuations in the last quarter of 1980 were primarily due to adjustments resulting from the November 21, 1980 final FERC rate decision (see Note 2).

(b) Fluctuations between quarters during 1979 were primarily due to estimates used in the billing process which were corrected in each subsequent month.

(10) IMPACT OF CHANGING PRICES (UNAUDITED)

The following supplementary information was prepared on the basis prescribed by the Financial Accounting Standards Board in Statement of Financial Accounting Standards No. 33, "Financial Reporting and Changing Prices", for the purpose of providing certain information about the effects of changing prices. Since inflation accounting is experimental in nature, it should be viewed as an estimate of the approximate effect of inflation, rather than as a precise measure. Fixed assets, nuclear fuel and related depreciation and amortization expense appearing in the historical cost financial statements have been restated to show the effect of both general inflation (constant dollar amounts) and changes in specific prices (current cost amounts). Restatement of other items would not materially affect the restated amount of operating income.

Statement of Income Adjusted For Changing Prices
For the Year Ended December 31, 1980

	Conventional Historical Cost	Constant Dollar Average 1980 Dollars	Current Cost Average 1980 Dollars
		(Thousands of Dollars)	
Operating revenues	$78,552	$78,552	$ 78,552
Depreciation and nuclear fuel amortization	23,656	31,447	39,095
Other operation and maintenance expenses	37,894	37,894	37,894
Federal and state income taxes	4,023	4,023	4,023
Interest expense	6,910	6,910	6,910
Taxes other than income taxes	1,906	1,906	1,906
Other income (expenses)	86	86	86
Net income (loss) (excluding adjustment to net recoverable cost)	$ 4,249	$(3,542)	$(11,190)
Increase in specific prices (current cost) of fixed assets and nuclear fuel held during the year (a)			$ 19,739
Adjustment to net recoverable cost		$ 7,094	27,985
Effect of increase in general price level			(32,982)
Excess of increase in specific prices after adjustment to net recoverable cost over increase in general price level			$ 14,742
Gain from decline in purchasing power of net amounts owed		$12,367	$ 12,367

(a) At December 31, 1980, current cost of fixed assets and nuclear fuel, net of accumulated depreciation and amortization, was $288,502,000, while historical cost or net cost recoverable through depreciation was $172,887,000.

Five-Year Comparison of Selected
Supplementary Financial Data
Adjusted for Effects of Changing Prices
(In Average 1980 Dollars, except historical amounts)

	Years Ended December 31,				
	1980	1979	1978	1977	1976
	(In Thousands of Dollars, except per share amounts)				
Operating revenues:					
Historical	$78,552	$62,620	$40,770	$38,191	$36,373
Constant dollar	78,552	71,088	51,494	51,931	52,650
Net income (loss) (excluding adjustment to net recoverable cost):					
Historical	$ 4,249	$ 5,808			
Constant dollar	(3,542)	3,307			
Current cost	(11,190)	(11,863)			
Income (loss) per common share (excluding adjustment to net recoverable cost):					
Historical	$ 12.14	$ 16.60			
Constant dollar	(10.12)	9.45			
Current cost	(31.97)	(33.89)			
Net assets at year-end:					
Historical	$51,129	$49,680			
Constant dollar and current cost	48,834	53,332			
Excess of increase in general price level over increase in specific prices after adjustment to net recoverable cost:					
Current cost	$(14,742)	$ 1,051			
Gain from decline in purchasing power of net amounts owed	$12,367	$12,725			
Cash dividends declared per common share:					
Historical	$ 8.00	$ 8.00	$ 8.00	$ 9.00	$ 7.80
Constant dollar	7.92	9.01	10.04	12.14	11.29
Average consumer price index	246.8	217.4	195.4	181.5	170.5

Constant dollar amounts represent historical costs stated in dollars of equal purchasing power, as measured by the average level of the Consumer Price Index for all Urban Consumers (CPI-U) during the year. With the exception of CWIP, the data for plant was determined by applying the appropriate CPI-U to the historical cost of plant.

Constant dollar restatement adjusts transactions orginally recorded in dollars of varying purchasing power into dollars of equal purchasing power. The restated amounts do not purport to be appraised value, replacement cost, current value, or the individual prices of particular goods and services in the current market; nor are they indicative of the Company's future capital requirements.

Current cost amounts reflect the changes in specific prices of plant from the date the plant was acquired to the present. They are based on estimates of the costs to acquire or produce today, assets identical to those owned or assets having the same service potential as the assets owned.

The current cost of plant and equipment was determined by indexing the historical cost of plant by the applicable Handy-Whitman Index of Public Utility Construction Costs. Nuclear fuel accounts reflect the current replacement cost of such fuel based on current market prices. Both the constant dollar and current cost amounts of land have been estimated by using the CPI-U.

The current year's depreciation expense for both constant dollar and current cost methods was determined by applying the Company's depreciation rates to indexed plant amounts. Accumulated depreciation of plant under both methods was estimated by multiplying the respective cost data by a percentage representing the expired life of existing facilities at December 31, 1980. Amortization of nuclear fuel on the constant dollar and current cost methods was computed based on the Company's present refueling cycle.

As prescribed in Statement of Financial Accounting Standards No. 33, income taxes were not adjusted.

The results of operations, under both current cost and constant dollar statements, show a net loss. This is the result of increased depreciation expense on inflation-adjusted assets. In addition, the Company will eventually have to replace its assets at a price many times greater than the original cost, without having the opportunity to recover the replacement value of its assets through historical cost depreciation.

An adjustment to income taxes would also be necessary to reflect the true impact of inflation. Present income tax regulations do not give effect to the decline in purchasing power of the dollar. Although a loss would result in lower income tax, this is not taken into account in the adjusted income statements.

Inflation erodes the value of the dollar. Generally during periods of increasing inflation, holders of monetary assets suffer a loss of purchasing power, while holders of monetary liabilities experience a gain. The gain from the decline in purchasing power of net amounts owed is attributable to the substantial amount of debt used to finance property, plant and equipment. However, this "gain" is not a revenue item and, therefore, cannot be considered additional funds for reinvestment or dividend distribution.