

SECURITIES AND EXCHANGE COMMISSION

FORM S-3

Registration statement for specified transactions by certain issuers

Filing Date: **1994-03-02**
SEC Accession No. **0000896058-94-000017**

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FILER

BANGOR HYDRO ELECTRIC CO

CIK: **9548** | IRS No.: **010024370** | State of Incorpor.: **ME** | Fiscal Year End: **1231**
Type: **S-3** | Act: **33** | File No.: **033-52481** | Film No.: **94514317**
SIC: **4911** Electric services

Mailing Address
*PO BOX 932
BANGOR ME 04401*

Business Address
*33 STATE ST
BANGOR ME 04401
2079455621*

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM S-3
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

Ranger Hydro-Electric Company
(Exact name of registrant as specified in its charter)
Maine
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification Number)

33 State Street
Ranger, Maine 04401
(207) 945-5221
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

FREDERICK S. SMY, ESQ.
General Counsel
Ranger Hydro-Electric Company
33 State Street
Ranger, Maine 04401
(207) 945-5221
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Please address a copy of all communications to:

DAVID P. FALCK, ESQ.
Winstrom, Stinson, Funnell & Roberts
One Battery Park Place
New York, New York 10004-1490
(212) 888-1438

Approximate date of commencement of proposed sale to the public:
As soon as practicable after the Registration Statement becomes effective.

If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, other than securities offered only in connection with dividend interest or reinvestment plans, check the following box.

CALCULATION OF REGISTRATION FEE

(TABLE) (CAPTION)	Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price per Share (FD)	Maximum Aggregate Price (2)	Amount of Registration Fee
	Common Stock	899,875	\$17.0625	\$15,354,118	\$5,295

(FD) Includes 117,375 shares issuable upon the exercise of the Underwriters' option to purchase shares solely to cover over-allotments, if any.

(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457 under the Securities Act of 1933, as amended, based on the average of the high and low prices of the Common Stock reported on the New York Stock Exchange on February 21, 1994.

(TABLE)

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to these securities has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of any offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

SUBJECT TO COMPLETION, DATED MARCH 2, 1994

PROSPECTUS

782,500 Shares

Ranger Hydro-Electric Company

Common Stock

The Common Stock of Ranger Hydro-Electric Company (the "Company") is listed on the New York Stock Exchange ("NYSE") under the symbol "RHS". The last reported sale price of the Company's Common Stock on March 1, 1994 on the NYSE was \$17 per share.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

(TABLE)

(TABLE) (CAPTION)	Price to Public	Underwriting Discounts and Commissions (FD)	Proceeds to Company (2)
Per Share	\$	\$	\$
TOTAL (FD)	\$	\$	\$

(FD) The Company has agreed to indemnify the Underwriters against certain liabilities, including liabilities under the Securities Act of 1933, as amended. See "Underwriting."

(2) Before deducting expenses payable by the Company estimated at \$95,000, including certain legal expenses of the Underwriters.

(3) The Underwriters have been granted an option, exercisable within 30 days after the date of this Prospectus, to purchase up to 117,375 additional shares of Common Stock from the Company on the same terms per share solely for the purpose of covering over-allotments, if any. If all of such additional shares are purchased, the total Price to Public will be \$ and the total Underwriting Discounts and Commissions will be \$, and the total Proceeds to Company will be \$. See "Underwriting."

(TABLE)

The shares of Common Stock are offered by the several Underwriters named herein, subject to prior sale, when, as and if accepted by them, and subject to certain conditions. It is expected that certificates for the shares of Common Stock offered hereby will be available for delivery on or about March 2, 1994 at the offices of Smith Barney Shearson Inc., 388 Greenwich Street, New York, New York 10013.

Smith Barney Shearson Inc.

1994

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AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). All such reports, proxy statements and other information can be inspected and copied at the public reference facilities maintained by the Commission at Room 1004, Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 and at the following regional offices of the Commission: Chicago Regional Office, Suite 450, 200 West Madison Street, Chicago, Illinois 60601-0311; and New York Regional Office, Seven World Trade Center, New York, New York 10048. Copies of such material can be obtained from the Public Reference Section of the Commission at Judiciary Plaza, 450 Fifth Street, N.W., Washington, D.C. 20549 at prescribed rates. In addition, material filed by the Company can be inspected at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

Pursuant to the requirements of the Securities Act of 1933, as amended (the "Securities Act"), the Company has filed with the Commission a registration statement on Form S-3 (herein, together with all amendments and exhibits, referred to as the "Registration Statement") with respect to the securities offered hereby. This Prospectus does not contain all the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information, reference is hereby made to the Registration Statement.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The following documents filed with the Commission pursuant to the Exchange Act are incorporated herein by reference:

- (i) the Company's Annual Report on Form 10-K for the year ended December 31, 1992;
- (ii) the Company's Quarterly Reports on Form 10-Q for the quarters ended March 31, 1993 (as amended by Form 10-Q/A filed August 17, 1993), June 30, 1993 and September 30, 1993; and
- (iii) the Company's Current Reports on Form 8-F dated August 12, 1993, December 15, 1993 and March 5, 1994 (which contains the Company's 1993 audited financial statements and related information).

All documents filed by the Company pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this Prospectus and prior to the termination of this offering shall be deemed to be incorporated by reference in this Prospectus and to be a part hereof from the date of filing of such documents. Such documents, and the documents described above, are hereinafter referred to as "Incorporated Documents."

Any statement contained in an Incorporated Document shall be deemed to be modified or superseded for purposes of this Prospectus to the extent that a statement contained herein or in any other subsequently filed Incorporated Document modifies or supersedes such statement. Any such statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Prospectus.

Certain information contained in this Prospectus summarizes, in based upon, or refers to, information and financial statements contained in one or

more incorporated documents accordingly, which information contained herein is qualified in its entirety by reference to such documents and should be read in conjunction therewith.

The Company hereby undertakes to provide without charge to each person to whom this Prospectus is delivered on the written or oral request of any such person, a copy of any or all of the documents referred to above which have been incorporated in this Prospectus by reference, other than exhibits to such documents (unless such exhibits are specifically incorporated by reference into such documents). Requests for such documents should be addressed to: Bangor Hydro-Electric Company, 33 State Street, Bangor, Maine 04401, Attention: General Counsel; telephone (207) 941-9221.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOCATE OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE COMMON STOCK OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY BE EFFECTED ON THE NEW YORK STOCK EXCHANGE OR OTHERWISE, SUCH STABILIZING, IF COMPLETED, MAY BE DISCONTINUED AT ANY TIME.

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SUMMARY INFORMATION

The following summary information is qualified in its entirety by reference to information appearing elsewhere in this Prospectus and by the more detailed information and consolidated financial statements which are incorporated by reference herein. Except as otherwise indicated herein, all share and per share data in this Prospectus assume that the Underwriters' over-allotment option is not exercised.

THE COMPANY

The Company is a public utility engaged in the generation, purchase, transmission, distribution and sale of electric energy in eastern and west coastal Maine. The Company's franchised service area covers about 4,900 square miles in and around Bangor, Maine, including the exact area of east coastal Maine, and includes the counties of Penobscot, Hancock and Washington and portions of Waldo, Piscataquis and Acadia counties, Maine, having a population of approximately 195,000. In 1993, 31.2% of the Company's kilowatt-hour ("KWH") sales were to residential customers, 30.3% were to commercial customers, 37.3% were to industrial customers, and 1.2% were to other customers. The Company enjoys a diversified power supply profile, with ownership interests in hydroelectric facilities, Maine Yankee Atomic Power Company ("Maine Yankee"), which entitles the Company to purchase a share of the output at Maine Yankee's nuclear generating facility, and fossil fuel generating stations. The Company supplements this generation with substantial purchases of power from the New England Power Pool ("NEPOOL"), independent non-utility power producers using renewable resources in the Company's service area and Canadian sources.

THE OFFERING

Common Stock Offered 782,500 Shares
 Common Stock Outstanding After the Offering (as of March 1, 1994) 7,027,474 Shares
 Latest 12-Month Closing Price \$24 1/8 to \$26 3/4
 Range (through March 1, 1994) \$17 to \$26 3/4
 Closing Price on March 1, 1994 \$27
 NYSE Symbol BOP
 Indicated Annual Dividend per Common Share \$1.22 paid quarterly
 Div of Proceeds To reduce outstanding short-term debt incurred primarily to finance construction expenditures, and for other working capital needs. See "Use of Proceeds."
 Voting Rights Holders of Common Stock currently have general voting rights of one-twelfth of one vote per share, while holders of Preferred Stock have one vote per share, except for holders of the 8.18% Preferred Stock which does not carry voting rights except as discussed herein. See "Description of Common Stock."

* Management currently intends to recommend to the Board of Directors that the Company declare a regular quarterly dividend on March 21, 1994 of \$1.33 per share on the Company's Common Stock, payable on April 20, 1994 to shareholders of record on March 31, 1994. Holders, as of the record date, of the Common Stock offered hereby will be entitled to receive this dividend, if declared.

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION
 (in thousands except per share amounts)

(TABLE)
 (CAPTION)

	Years Ended December 31,		
	1993 (F1)	1992	1991
SELECTED INCOME STATEMENT DATA:			
Total operating revenue	\$ 177,972	\$ 176,789	\$ 162,243
Operating income	16,190	18,516	16,445
Net income	3,336	10,255	6,199
Earnings applicable to Common Stock	3,561	8,441	6,585
Earnings per common share	\$ 1.43	\$ 1.40	\$ 1.33
Dividends declared per common share	1.22	1.22	1.23
Shares outstanding (average)	5,862	5,393	4,947

(CAPTION)

	As of December 31, 1993			
	Actual	Ratio	As Adjusted (F2)	Ratio
CAPITALIZATION:				
Common Stock	\$ 93,944	45.3%	\$106,486	43.4%
Redeemable preferred stock	15,168	6.6	15,168	4.2
Non-redeemable preferred stock	4,734	2.0	4,734	1.8
Long-term debt (F2)	119,126	51.1	119,126	48.5
Total capitalization	\$ 232,972	100.0%	\$ 245,514	100.0%
Short-term debt	\$ 36,000		\$ 23,458	

(CAPTION)

As of December 31, 1993	
SELECTED BALANCE SHEET DATA:	
Net utility plant	\$ 210,422
Total assets	373,521
Book value per common share	15.09

(F1) 1993 results of operations were negatively impacted by the establishment of a \$5.6 million (after taxes) reserve against investments in certain proposed hydroelectric facilities. The reserve reduced 1993 earnings per share by 0.25. See "Recent Developments and Certain Investment Considerations."

(F2) Less sinking fund requirements of \$1.3 million due within one year.

(F3) Adjusted to reflect the use of the proceeds from the sale of the Common Stock offered hereby (estimated to be \$10.5 million) to repay short-term debt. See "Use of Proceeds."

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Page 5 is a map entitled "Bangor Hydro-Electric Company Service Area." Inset in the upper right hand corner of the page is a map of the State of Maine with the service area of the Company shaded. The remainder of the page is a larger map depicting the counties in and around the Company's service area. In the larger map, the service area is shaded and sites of facilities, substations and certain municipalities are labeled.

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THE COMPANY

The Company was incorporated under the laws of the State of Maine in 1924 as a public utility engaged in the generation, purchase, transmission, distribution and sale of electric energy for residential, commercial, industrial and governmental uses in eastern and west coastal Maine. The Company has two material wholly owned subsidiaries, Penobscot Hydro Co., Inc. ("PHC") and Bangor Val. Co., Inc. ("Bangor Val. Co."). PHC was incorporated in 1984 to own the Company's 50% interest in a joint venture, Bangor-Pacific Hydro Associates, which redeveloped the West Enfield hydroelectric project. Bangor Val. Co. was incorporated in 1980 to hold the Company's 50% interest in a partnership that owns certain facilities used in the Hydro-Quebec Phase II transmission project in which the Company is a participant.

In 1993, 31.2% of the Company's kilowatt-hour sales were to residential customers, 30.3% were to commercial customers, 37.3% were to industrial customers, and 1.2% were to other customers. The Company enjoys a diversified power supply profile, with ownership interests in hydroelectric facilities, nuclear generation and fossil fuel generating stations. The Company supplements this generation with substantial purchases of power from NEPOOL, independent non-utility power producers using renewable resources in the Company's service area and Canadian sources.

The Company holds a 7% ownership share in Maine Yankee, which entitles the Company to purchase an approximately equal amount of the output of that company's 880 megawatt ("MW") nuclear generating facility, an entitlement of approximately 62 MW. Other New England utilities hold the remaining ownership shares of Maine Yankee. The Maine Yankee facility, which commenced commercial operation on January 1, 1973, is the only nuclear facility in which the Company has an ownership interest. Pursuant to a power purchase contract with Maine Yankee, the Company is obligated to pay its pro rata share of Maine Yankee's operating expenses, including fuel costs and decommissioning costs. In addition, under a Capital Funds Agreement entered into by the Company and the other sponsor utilities, the Company may be required to make its pro rata share of future capital contributions to Maine Yankee if needed to finance capital expenditures.

In 1993, 48.4% of the megawatt hours of electricity sold by the Company was purchased from NEPOOL and other utilities; 20.4% was purchased from Maine Yankee, 16.7% was generated by the Company's power stations and 14.5% was purchased from independent non-utility power producers. The Company, along

with the major investor-utilities of New England, and subject to NEPOOL since 1971. NEPOOL contractual arrangements provide for joint planning and operation of generating and transmission facilities in New England, and govern generating capacity reserve obligations and provisions regarding the use of major transmission lines.

The Company is subject to the regulatory authority of the Maine Public Utilities Commission ("MPUC") as to retail rates, accounting, service standards, territory served, the issuance of securities and various other matters. The Company is also subject to the jurisdiction of the Federal Energy Regulatory Commission as to certain matters, including licensing of its hydroelectric stations and rates for wholesale purchases and sales of energy and capacity and transmission services. Maine Yankee is subject to extensive regulation by the Nuclear Regulatory Commission.

The principal executive offices of the Company are located at 33 State Street, Bangor, Maine 04401; telephone (207) 945-5621.

RECENT DEVELOPMENTS AND CERTAIN INVESTMENT CONSIDERATIONS

Recent Rate Case Results

On May 18, 1993, the Company filed with the MPUC a general base rate case proposing a \$22.4 million, or 32.9%, increase in base revenues. Subsequently, the Company reduced its revenue request to \$17.6 million. On February 17, 1994, the MPUC issued an order allowing the Company to increase its base rates by \$11.1 million effective March 1, 1994. This represents a 13.8% increase in base rates; however, when recent reductions in fuel and energy costs (which are billed to customers through the Company's fuel adjustment clause) are taken into

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account, the base rate increase results in an average rate increase of .6% over rates that were in place a year ago. The reductions in fuel and energy costs are primarily due to a buyout in June 1993 of an expensive purchased power contract with an independent non-utility power producer and to the substantial completion of amortization of deferred costs accrued in the period 1987-1990 under contracts with such producers. The authorized rate of return on common equity in the new rate order is 10.4%. However, the Company may not earn its authorized return on equity in 1994 since the revenue allowance in the MPUC order is based on a more optimistic view of sales growth during 1994 than is anticipated by the Company, and the decision does not include the impact of the reduction in annual revenue associated with a recently authorized industrial customer contract or the costs to be recognized in 1994 relating to the Company's early retirement program, both of which are discussed below.

Establishment of a Reserve for Certain Proposed Hydroelectric Investments

The Company established a reserve in December 1993 against amounts invested through 1993 in licensing activities for proposed additional hydroelectric facilities at two sites on the Penobscot River. The reserve amounted to \$5.6 million after taxes and had an after-tax negative impact on 1993 earnings of 5.95 per common share. The reserve was established primarily because of concern over the effect of capital-intensive projects such as new hydroelectric facilities on the level of the Company's electric rates and because of the Company's inability to predict the outcome of further required licensing and permitting activities. The projects in question would require a total investment of about \$40 million. Expenditures for ongoing licensing activities for these proposed facilities are expected to be minimal in 1994, and will be expensed as incurred.

The Effect of Competition on Future Sales, Earnings and Dividend Policy

An important factor which will impact the Company's future profitability is the infusion of competition into the electric utility business in the United States. As utilities adjust to competition their ability to compete on price becomes increasingly important. Maine utilities, including the Company, have been experiencing increases in their costs as a result of legal obligations to purchase power from independent non-utility power producers, policies regarding utility-financed conservation and demand-side management, expenditures for low income assistance subsidies, and various other mandates. These costs have translated into higher rates to customers. Over the last six years, Maine's electric rates, on average, have increased faster than the average electric rates in New England, exclusive of Maine. Maine's rates had been substantially lower, on average, than elsewhere in New England, but with the rate of increase experienced recently, the average rate in Maine is now just below the New England average. The Company's average rates are about equal to the New England average.

As a result of the impact of the foregoing, competition for the electric customers' business in Maine is keen. Other utilities that purchase electricity from Maine utilities have access to the competitive power supply markets, which is causing Maine's utilities to reduce prices to those customers of like the business altogether. Although retail electric customers in Maine are generally unable to purchase directly from other electricity suppliers under current law, customers are increasingly turning to alternative methods of providing the desired end-use, or are otherwise curtailing their purchases of electric energy. In order to meet the competition for existing business, the Company is having to negotiate prices for customers that have competitive alternatives for their energy needs or that would otherwise leave the system.

In the near term, the necessity to reduce prices to retain sales causes a shortfall in revenue needed to satisfy the Company's overall revenue requirement. In order to avoid an adverse impact on earnings, this revenue shortfall must be made up by adjusting rates to other customers, or by increasing sales, or a combination thereof. The Company believes the MPUC will allow rate adjustments to account for this impact as necessary as long as the Company has prudently managed this competitive factor, although public resistance to rate increases and the possibility of municipalization of electric service is a practice that is not widespread in Maine and likely to act as a constraint in making these adjustments. In the longer term, the Company believes it could perform successfully in a competitive market, because despite the Company's current high cost structure the marginal cost of providing electric service is relatively low. The Company expects that, if public and regulatory policies were adjusted to permit the active pursuit of greater sales, the price that could be charged in a competitive environment, while lower than many of the Company's current rates, would recover more than the marginal cost of providing the service. The Company also believes a strategy of greater electrification, in addition, produces desirable

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environmental quality improvement. If the Company is successful in expanding its market share with competitive rates, the increased revenue in excess of marginal cost will enhance earnings and offset the need for other rate increases. In addition, alternative regulatory methods, which are in the early stages of exploration at the MPUC, could mitigate the impact on earnings and accommodate greater pricing flexibility on the part of utilities.

Under current regulatory policies, the Company has only limited authority to adjust its prices to meet the competition as described above. However, the Company is pressing for changes in those policies to expand its pricing flexibility. The Company has negotiated and put into effect a number of competitive energy rate arrangements, and more negotiations are under way. Two of those arrangements have provided for the sale of interruptible energy to major customers of the Company. For the largest customer, JCF Chemical, a chemical manufacturer served largely on an interruptible basis, the Company implemented a contract whereby the price was reduced substantially. This last revenue has been incorporated into the rates of other customers. A second contract was entered into to secure new revenue from a large pulp and paper company. This customer has historically generated its own power, and the new contract provides for the capability for the Company to sell or buy up to 20 MW of interruptible energy and provides benefits to both the customer and the Company.

More recently, the Company has been negotiating on a case-by-case basis with customers that have demonstrated that, without rate relief, they will curtail their purchases from the Company. The MPUC has recently authorized the Company to enter into a five-year contract (terminable by the customer with the year's notice) for the supply of power to one of the Company's largest firm industrial customers at reduced rates. At the same time, the MPUC issued an amending order that would mitigate the negative impact on earnings of a reduced base rate contribution from this customer. Nevertheless, since these reduced rates were not considered in the Company's most recent base rate proceeding, the Company expects that the new rate will reduce the base rate contribution from that customer by about \$1 million annually from historical levels and will negatively affect the earnings unless the Company can reduce its costs or increase its revenues from other sources. However, the Company believes that without the contract, its earnings would have been affected to a significantly greater degree had the customer opted for its lower cost energy alternative. In substantiating the contract, the MPUC specifically reserved for a future proceeding any determination of the Company's prudence in entering into the arrangement. The Company believes it can demonstrate this transaction is prudent and in the best interest of all of its customers.

Another of the Company's largest firm industrial customers recently contacted the Company seeking rate concessions in order to maintain current levels of electric purchases. The Company cannot yet assess the likelihood of rate reductions for that customer.

More generally, the impact of competition poses the challenge of maintaining rates to the extent possible. This includes aggressive cost-cutting in all areas, while continuing to improve the quality of service to customers. Strategies to compete might also include the acceptance of lower stockholder returns, enhancement from seeking rate increases, and reconduction of recovery of various embedded costs. Two priorities being pursued in 1994 to cut costs and improve efficiency and effectiveness in providing service to customers are moving toward a centralized telephone customer service system and implementing bi-monthly meter reading. Management is also pursuing other cost-containment measures including implementing an early retirement program in early 1994, reengineering business processes to provide greater efficiencies, and identifying new areas of revenue enhancement in an effort to enhance earnings.

Some initiatives to reduce costs and increase competitiveness will have a short-term cost that must be recognized in order to achieve long-term savings. One such initiative is the early retirement program, which will produce long-term savings by reason of a reduction in the workforce, but which will cause the Company to recognize a cost in the year of implementation. In connection with the 1994 early retirement program, the Company expects to record a cost of approximately \$1.5 million (before taxes) in the first quarter of 1994, which will reduce reported earnings for the quarter by about 1.15 per common share after taxes. Some of this impact will be made up by reduced payroll costs for the remainder of 1994.

The competitive factors discussed above may affect the level and consistency of common dividend payout for the Company and other electric utilities. Historically, a secure, geographically protected market and a reasonably assured ability to adjust rates to cover increases in costs has, in general, permitted electric utilities to

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establish a pattern of common dividend payment continuity at relatively high payout ratios, reasonably free of volatility, and with an expectation of consistent growth over time. This, in turn, has facilitated utilities' efforts to attract, at reasonable cost, the capital to invest in the plant and equipment necessary to provide utility service at prices explicitly capped by a return on investment limited by regulation. With the infusion of competition into the electric utility business, however, the continuity of dividend payments will be less certain. As electric utilities lose the ability to increase prices to cover increased costs, dividend policies will have to depend more heavily on shorter-term opportunities for sales and earnings. Additionally, a perception of greater investment risk in the industry may require an increase in equity ratios and higher retention of earnings. Therefore, it is likely that more competition in the electric utility industry will introduce more volatility in dividend payouts than has historically been the case. Offsetting these uncertainties, however, is the possibility of growth in electric sales and earnings which may result from greater pricing flexibility (depending upon MPUC action) and an increased emphasis on marketing and cost-control by the Company. However, there can be no assurance that such growth in electric sales will in fact occur in amounts sufficient to offset completely the effects of competition or provide the ability to maintain consistent dividend levels.

Although the Company faces near-term challenges as a result of having

relatively high rates in an increasingly competitive market, and the factors described above will play a larger role in dividend payment considerations, the Company does not presently anticipate the need to reduce the level of the common dividend. This judgment is based on assumptions of at least a modest increase in sales, the ability of the Company to control operation and maintenance expenses and capital expenditures, and the feasibility of relatively modest rate increases in future years. While the Company believes these assumptions to be reasonable at this time, no assurance can be given that these assumptions will be accurate or that developments will not change the prospects for dividend payments. The Company expects that future growth in earnings and dividends will be derived primarily from the growth in the business necessary to serve an expanding economy, success in achieving a larger share of the energy market in a competitive environment, and management's continued commitment to improving the efficiency and effectiveness of the Company's operations.

USE OF PROCEEDS

The net proceeds of the shares of Common Stock offered hereby (estimated to be \$12.3 million) will be applied to reduce outstanding short-term debt incurred primarily to finance construction expenditures, and for other working capital needs. The Company's short-term debt totalled \$38 million at February 15, 1994 and bore interest at that date at a weighted average annual rate of 3.61.

CONSTRUCTION PROGRAM AND FUTURE FINANCING

The Company's construction program consists primarily of extensions and improvements to its transmission and distribution facilities. Capital improvements to existing generating stations and licensing and relicensing costs of hydroelectric projects. Construction expenditures amounted to \$13.6 million in 1993. Construction expenditures, including allowance for funds used during construction, are expected to aggregate about \$65 million for the 1994-1996 period. It is expected that the Company's net cash flow provided from operations (after deducting preferred and common stock dividends paid) will be approximately 60% of construction expenditures over this three-year period. The balance of funds required are expected to be obtained from bank borrowings (on an interim basis) and issuance of first mortgage bonds, preferred stock and additional shares of Common Stock.

Long-term debt and preferred stock sinking fund requirements for 1994 through 1996 total approximately \$4.4 million and \$3 million, respectively. An additional \$9.3 million is anticipated to be retired as a result of optional redemption and sinking fund payments during that period.

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COMMON STOCK DIVIDENDS AND PRICE RANGE

Future dividends will be dependent upon the Company's earnings, financial condition, capital requirements and other factors as the Board of Directors of the Company may deem relevant. See "Recent Developments and Certain Investment Considerations."

The following table sets forth the high and low sales prices of the Common Stock as reported by the NYSE and dividends per share for the periods indicated.

(TABLE)

(CAPTION)

Fiscal Period	High	Low	Dividends Declared Per Share	
			CD	CD
1992				
First Quarter	\$18 1/8	\$17 1/4	\$.33	
Second Quarter	18 1/4	17 1/4	.33	
Third Quarter	19 7/8	18 3/4	.33	
Fourth Quarter	20 1/4	18 1/4	.33	
1993				
First Quarter	\$24 1/8	\$17 7/8	\$.33	
Second Quarter	23 5/8	19 5/8	.33	
Third Quarter	23 1/8	20 7/8	.33	
Fourth Quarter	21 3/8	18 1/8	.33	
1994				
First Quarter (through March 1, 1994)	\$19	\$16 3/4	*	

(TABLE)

* Management currently intends to recommend to the Board of Directors that the Company declare a regular quarterly dividend on March 21, 1994 of \$.33 per share on the Company's Common Stock payable on April 20, 1994 to shareholders of record on March 15, 1994. Holders, as of the record date, of the Common Stock offered hereby will be entitled to receive this dividend, if declared.

On March 1, 1994, the last reported sale price of the Common Stock as reported on the NYSE was \$ 17 per share. The number of record holders of the Company's Common Stock was 7,504 as of February 15, 1994.

The Company maintains a Dividend Reinvestment and Common Stock Purchase Plan ("Plan"), the terms of which are set forth in a separate prospectus. The Plan provides holders of record of the Company's Common Stock and holders of the Company's cumulative preferred stock, \$100 par value, with a convenient method of purchasing Common Stock by having their cash dividends

automatically reinvested and/or by making additional cash payments. No brokerage commissions or service charges are charged to participants for purchases made under the Plan. The price per share of Common Stock purchased pursuant to the Plan will be 100% of the average of the high and low sale prices for the Company's Common Stock as reported by the NYSE on the date that dividends are paid.

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DESCRIPTION OF COMMON STOCK

The following description is a summary of certain provisions with respect to the Company's Common Stock contained in the Company's Certificate of Organization and By-Laws. Such summary is qualified in its entirety to the more detailed provisions of such documents, which have been incorporated by reference as exhibits to Incorporated Documents described under "Incorporation of Certain Documents By Reference."

General

The Company's authorized capital stock consists of 7,500,000 shares of Common Stock, \$5 par value, and 400,000 shares of Preferred Stock, \$100 par value. At December 31, 1993, 6,293,386 shares of Common Stock were outstanding and 197,100 shares of Preferred Stock (in 4 separate series) were outstanding.

The Common Stock has no conversion rights nor is it subject to any redemption or sinking fund provisions. The issued and outstanding Common Stock is, and the additional shares of Common Stock issued hereby will be, after issuance, fully paid and nonassessable. No Common Stock may be purchased by the Company when there is an arrearage of dividends on Preferred Stock.

Dividend Rights

Holders of Common Stock are entitled to participate in dividends as and when declared by the Company's Board of Directors, provided that all dividends on the Company's Preferred Stock (which are fully cumulative) have been paid or provided for to the date of payment of a proposed dividend on Common Stock. Cash dividends have been declared and paid on Common Stock on a quarterly basis.

Voting Rights

Holders of Common Stock currently have general voting rights of one-twelfth of one vote per share. Holders of Preferred Stock have general voting rights of one vote per share, except for holders of the Company's 8.76% Preferred Stock, which does not carry voting rights except as discussed below. On issues determined by general voting rights, it would be possible for votes represented by Preferred Stock to combine with votes represented by less than a majority of Common Stock to affect the rights of holders of all Common Stock.

Neither the Common Stock nor the Preferred Stock has cumulative voting rights.

Holders of Preferred Stock, including holders of the 8.76% Preferred Stock, voting as a single class, also have the power to select at any annual meeting the smallest number of directors necessary to constitute a majority of the full Board of Directors in the event of a default in the payment of an amount equal to or exceeding four quarterly dividend payments or in the event of a failure to make any required sinking fund payment with respect to the Preferred Stock, in such case which is in existence at the time of such annual meeting. This special voting right expires when any such default or failure is cured.

The Company's Certificate of Organization contains provisions stating that: (i) the Board of Directors shall be divided into three classes, as nearly equal in number as possible, each of which will serve for three years, with one class being elected each year, (ii) directors may be removed without cause only with the approval of the holders of at least 80% of the votes entitled to be cast by the holders of all the then outstanding shares of Voting Stock of the Company, (iii) any vacancy on the Board of Directors shall be filled by a majority vote of the Continuing Directors, though less than a quorum, and (iv) unless recommended by a majority of Continuing Directors, the foregoing provisions may be amended only by approval of the holders of at least 80% of the votes entitled to be cast by the holders of all of the then outstanding shares of voting stock, voting together as a single class. These provisions also apply in the event of the exercise by holders of Preferred Stock of the right to elect a majority of the Board of Directors upon a default or failure to pay dividends or make sinking fund payments, as described above. If such an election occurs, the Continuing Directors shall have the right to designate which of the existing directors will be temporarily displaced by the new directors so elected.

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Liquidation Rights

Subject to the rights of senior securities, holders of Common Stock are entitled to a distribution of assets upon liquidation, according to their respective shares.

Preemptive Rights

The Company's By-Laws provide that prior to the issuance of any stock having voting rights, the Company's Board of Directors shall determine whether such stock will be subject to preemptive rights of the holders of outstanding stock. No holders of the Company's outstanding Common Stock or Preferred Stock will be given any such preemptive rights with respect to shares of Common Stock offered hereby, except to the extent that the Board of Directors shall determine as above provided, no preemptive rights shall apply to any of the stock of the Company.

Provisions Concerning Business Combinations

The Company's Certificate of Organization requires that certain "Business Combinations," including mergers, consolidations, share exchanges and sales of a substantial amount of assets, between the Company and a "Related Person" be approved by the affirmative vote of the holders of at least 80% of the outstanding Voting Stock unless the transaction is approved by a majority of the "Continuing Directors" of the Company. A "Related Person" is defined as any person who is the beneficial owner of (i) 10% or more of the then outstanding shares of any class of "Voting Stock" (as hereinafter defined) of the Company or (ii) Voting Stock representing 10% or more of the votes entitled to be cast by the holders of all the then

outstanding shares of Voting Stock of the Company. "Continuing Directors" are defined as members of the Board as constituted prior to the time such Related Person became a Related Person with such additional persons as such members shall appoint or nominate for election by the stockholders. In addition to the voting requirements set forth above, the Certificate of Organization requires that as a result of such business combination, stockholders of every class or series of outstanding securities of the Company receive at least a certain minimum price for their shares and that certain other conditions are satisfied. The Company's Voting Stock consists of all outstanding shares of Capital Stock of the Company having general voting rights including preferred stock. These provisions along with

the other provisions discussed above under "Voting Rights," may deter attempts to change control of the Company (by proxy contest, tender offer or otherwise) and may make more difficult a change in control of the Company that is opposed by the Company's Board of Directors.

Registrar and Transfer Agent

Chemical Bank and Mellon Securities Trust Company are the Co-Registrars and Chemical Bank is the Transfer Agent for the Common Stock of the Company.

UNDERWRITING

Subject to the terms and conditions of the Underwriting Agreement, the Underwriters named below have severally agreed to purchase as aggregate 782,500 shares of Common Stock from the Company, each Underwriter having agreed to purchase the number of shares set forth opposite its name.

Name	Number of Shares
Smith Barney Shearson Inc.	782,500
Total	782,500

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The Company has been advised by Smith Barney Shearson Inc. as Representative of the Underwriters that the Underwriters propose to offer the shares of Common Stock to the public at the initial public offering price set forth on the cover page of this Prospectus and to certain dealers at a price which represents a concession not in excess of 1% per share below the price to the public. The Underwriters may allow, and such dealers may realize, a concession not in excess of 1% per share to certain other dealers. The nature of the Underwriters' obligations is such that they are committed to take and pay for all the shares of Common Stock offered hereby if any are taken.

The Company has granted an option to the Underwriters, exercisable within 30 days after the date of the Underwriting Agreement, to purchase up to a maximum of 117,375 additional shares of Common Stock at the same price per share that the Company will receive for shares being purchased by the Underwriters as described above. The Underwriters may purchase such shares only to cover over-allotments made in connection with the sale of the 782,500 shares shown in the foregoing table. If the Underwriters purchase any of the additional shares of Common Stock which are subject to the over-allotment option, each of the Underwriters will be committed, subject to certain conditions, to purchase approximately the same percentage thereof which the number of shares to be purchased by it as shown in the foregoing table bears to 117,375.

The Company has agreed to indemnify the Underwriters against certain liabilities under the Securities Act of 1933.

The Company has agreed with certain exceptions not to sell any Common Stock for a period of 90 days after the date of this Prospectus without the prior written consent of the Representative of the Underwriters.

LEGAL MATTERS

Certain legal matters with respect to the Common Stock offered hereby will be passed upon for the Company by Frederick S. Camp, Esq., General Counsel of the Company. Certain legal matters will be passed upon for the Underwriters by Winthrop, Stimson, Putnam & Roberts, New York, New York. From time to time, Winthrop, Stimson, Putnam & Roberts provides legal services to the Company.

EXPERTS

The consolidated balance sheets and statements of capitalization as of December 31, 1993 and 1992 and the consolidated statements of income, retained earnings and cash flow for each of the three years in the period ended December 31, 1993, incorporated by reference in this Prospectus, have been incorporated herein in reliance on the report of Cooper & Lybrand, independent accountants, given on the authority of that firm as experts in accounting and auditing.

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No dealer, salesperson or other person has been authorized to give any information or to make any representations not contained herein in this Prospectus and, if given or made, such information or representations must not be relied upon as having been authorized by the Company or any of its Underwriters or by any other person. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy a security other than the shares of Common Stock offered hereby, nor does it constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby to any person in any jurisdiction in which it is unlawful to make such an offer or solicitation to such person. Neither the delivery of this Prospectus nor any sale made hereunder shall under any circumstances create any implication that the information contained herein is correct as of any date subsequent to the date hereof.

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782,500 Shares

Bangor Hydro-Electric Company	782,500
Common Stock	782,500

PROSPECTUS

, 1994

Smith Barney Shearson Inc.

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PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

Securities and Exchange Commission filing fee	\$ 5,295
Costs of printing and engraving	10,000
Accounting fees and expenses	15,000
Fees and expenses of Underwriters' counsel	25,000
Fees of Transfer Agent and Registrar	2,000
Blue-ink fees and expenses	6,000
NYSE listing fee	5,750
NASD listing fee	2,047
Miscellaneous expenses	15,619
Total	\$97,000

* Estimated

Item 15. Indemnification of Directors and Officers by the Registrant

As permitted by the Maine Business Corporation Act, Article VII of the By-Laws of the Company requires indemnification by the Company of any person who is or was a director, officer or employee of the Company, or is or was serving at the request of the Company as a director, officer, trustee, partner, fiduciary, employee or agent of another enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred in connection with an action, suit or proceeding, civil or criminal, administrative or investigative, if he acted in good faith and in a manner he reasonably believed to be in the best interests of the Company or, with respect to any criminal action or proceeding, if he had no reasonable cause to believe his conduct was unlawful. The indemnification applies in the case of threatened actions and in the case of actual proceedings where the person being indemnified has been successful on the merits. Expenses may be advanced by the Company prior to final disposition of a proceeding, upon certain determinations and with the understanding that the advance shall be refunded unless it is ultimately

determined that the person is entitled to indemnification. The indemnification provided by the By-Laws is not exclusive of other rights of indemnification under any agreement, vote of stockholders, disinterested directors or otherwise. The Company also maintains insurance for officers and directors against certain liabilities, including liabilities under the Securities Act of 1933, as amended. The effect of this insurance is to indemnify any officer or director of the Company against expenses, including, without limitation, attorneys' fees, judgments, fines and amounts paid in settlement, incurred by an officer or director upon a determination that such person acted in good faith. The premiums for such insurance are paid by the Company.

Item 14. Exhibits

The following documents are filed as part of this Registration Statement or incorporated by reference herein:

- | Exhibit No. | Description of Exhibits |
|-------------|---|
| 1 | Form of Underwriting Agreement. |
| 4.1 | Form of Common Stock Certificate (Filed as an exhibit to Form S-3, Reg. No. 33-39181 as Exhibit 4.1). |
| 4.2 | Certificate of Organization of the Company, together with amendments thereto (Filed as an exhibit to Form S-3, Reg. No. 33-39181 as Exhibit 3.1). |
| 4.3 | Articles of Amendment increasing Company's authorized capital stock filed as an exhibit to Form S-3, Reg. No. 33-42500 as Exhibit 4.3. |
| 4.4 | By-Laws of the Company (Filed as an exhibit to Form S-3, Reg. No. 33-42500 as Exhibit 4.4). |
| 5 | Opinion of Frederick S. Samp, Esq., as to securities being registered. |
| 23.1 | Consent of Frederick S. Samp, Esq. (Contained in Exhibit 5). |
| 23.2 | Consent of Company's Independent Accountants. |
| 24.1 | Power of Attorney (See signature page to this Registration Statement). |

* Filed herewith

Item 15. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended, may be permitted to directors, officers or controlling persons of the registrant pursuant to the provisions described under Item 15 above or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such court.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, as amended, each filing of the registrant's annual report pursuant to section 13(a) or Section 15(d) of the Securities Exchange Act of 1934 that is incorporated by reference in the Registration Statement shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(2) For purposes of determining any liability under the Securities Act of 1933, as amended, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430a and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) of 497(b) under the Securities Act of 1933, as amended, shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(3) For purposes of determining any liability under the Securities Act of 1933, as amended, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the Registrant certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form S-3 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Bangor, State of Maine on the 2nd day of March, 1994.

BANGOR HYDRO-ELECTRIC COMPANY
By: /s/ Robert S. Briggs
Robert S. Briggs
Chairman, President and
Chief Executive Officer

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Robert S. Briggs, Robert C. Walker and David P. Black and each of them, his true and lawful attorney-in-fact and agents, with full power of substitution and re-constitution for him and his successors and assigns, to sign any and all amendments (including post-effective amendments) to this Registration Statement, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agents full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agents or their substitutes may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement or Amendment thereto has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Robert S. Briggs	Chairman, President and Chief Executive Officer Principal Executive Officer	March 2, 1994
/s/ John P. O'Sullivan	Vice President - Finance and Administration Principal Financial Officer	March 2, 1994
/s/ David P. Black	Controller Principal Accounting Officer	March 2, 1994
/s/ William C. Bullock, Jr.	Director	March 2, 1994
Jane Bush	Director	March 2, 1994
/s/ David M. Carlisle	Director	March 2, 1994
David M. Carlisle	Director	March 2, 1994
/s/ Alton E. Cianchette	Director	March 2, 1994
Alton E. Cianchette	Director	March 2, 1994
/s/ Helen S. Dodman	Director	March 2, 1994
Helen S. Dodman	Director	March 2, 1994
/s/ G. Clifton Fames	Director	March 2, 1994
G. Clifton Fames	Director	March 2, 1994
/s/ Robert H. Flater	Director	March 2, 1994
Robert H. Flater	Director	March 2, 1994
/s/ Carroll R. Lee	Director	March 2, 1994
Carroll R. Lee	Director	March 2, 1994

761,500 Shares
BARROW HYDRO-ELECTRIC COMPANY

Common Stock
UNDERWRITING AGREEMENT

March 1, 1954

SMITH BARROW HYDRO-ELECTRIC COMPANY
1345 Avenue of the Americas
New York, New York 10105

Ladies and Gentlemen:

Barrow Hydro-Electric Company, a Maine corporation (the "Company"), proposes to issue and sell as aggregate of 761,500 shares of its common stock, \$1.00 par value per share, to the several Underwriters (hereinafter referred to as the "Underwriters") set forth in the Schedule hereunder, and to the Underwriters by the Company and hereinafter referred to as the "Firm Shares." The Company also proposes to sell to the Underwriters, upon the terms and conditions set forth in Section 2 hereof, of the Company an additional 137,775 shares (the "Additional Shares") of Common Stock. The Firm Shares and the Additional Shares are hereinafter collectively referred to as the "Shares."

The Company wishes to confirm as follows its respective agreements with the Underwriters (hereinafter called the "several Underwriters") and the several Underwriters in connection with the purchase of the Shares by the Underwriters.

The term "Underwriters," as used herein, shall be deemed to mean the several persons, firms or corporations named in Schedule 1 hereof (including any substituted Underwriters).

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under the provisions of Section 11 and the term "Representation," a used herein, shall be deemed to mean the representative or representatives of such Underwriters by whom or on whose behalf this Underwriting Agreement is signed. If there shall be only one person, firm or corporation named in said Schedule 1, the term "Underwriters," and the term "Representative," as used herein, shall mean that person, firm or corporation.

1. Registration Statement and Prospectus. The Company has prepared and filed with the Securities and Exchange Commission the "Commission's" in accordance with the provisions of the Securities Act of 1933, as amended, and the rules and regulations of the Commission thereunder (collectively, the "Act"), a registration statement on Form F-1 under the Act (the "Registration Statement"), including a prospectus subject to completion according to the terms of the said Registration Statement as used herein. Also included in the Registration Statement (including all Financial Statements and Exhibits) are the financial statements of the Company and its subsidiaries and consolidated and combined statements of the Company and its subsidiaries as of the date of the filing of the Registration Statement. If it is not practicable to file the Registration Statement as required, then a post-effective amendment to the registration statement will be filed and must be declared effective before the offering of the Shares may commence. The term "Registration Statement" as used in this Agreement means the registration statement as filed with the Commission and any post-effective amendment thereto which shall be filed and declared effective before the offering of the Shares under the Act. "Rule 433" and "Rule 434" refer to such provisions of the Act. "Rule 433" and "Rule 434" refer to such provisions of the Act which relate to the offering thereof permitted to the Underwriters under the Act. The term "Prospectus" as used in this Agreement means the prospectus as the Firm included in the Registration Statement, or, if the prospectus filed with the Commission (or its rules) under the Act, a prospectus filed with the Commission (or its rules) under the Act, as amended, and any post-effective amendment thereto, as such prospectus shall have been amended from time to time prior to the date of the Prospectus. "Effective date" shall mean each date that the Registration Statement, and any post-effective amendment thereto, is filed with the Commission, the Registration Statement, or Preliminary Prospectus or the Prospectus shall be deemed to refer to and include the documents incorporated by reference therein pursuant to Item 11 of Form S-1 under the Act, as of the date of the registration statement, the Registration Statement, such Preliminary Prospectus or the Prospectus, as the

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case may be, and any reference to any amendment or supplement to the registration statement, the Registration Statement, any Preliminary Prospectus or the Prospectus shall be deemed to refer to and include any document filed after such date under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which, upon filing, are incorporated by reference therein. As required by Paragraph 101 of Item 11 of Form S-1, as used herein, the term "Incorporated Documents" means the documents which are incorporated by reference into the Registration Statement, the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto.

2. Agreement to Sell and Purchase. The Company hereby agrees, subject to all the terms and conditions set forth herein, to issue and sell to each Underwriter and, upon the basis of the representations, warranties and covenants of the Company herein contained and subject to all the terms and conditions set forth herein, each Underwriter agrees, severally and not jointly, to purchase from the Company, at a purchase price of "per Share" (the "Purchase price per Share"), the number of Firm Shares set forth opposite the name of such Underwriter in Schedule 1 hereof for such number of Firm Shares increased as set forth in Section 10 hereof.

The Company also agrees, subject to all the terms and conditions set forth herein, to sell to the Underwriters, and, upon the basis of the representations, warranties and covenants of the Company herein contained and subject to all the terms and conditions set forth herein, the Underwriters shall have the right to purchase from the Company, at the purchase price per Share, pursuant to an option (the "Over-allocation Option") which may be exercised at any time and from time to time prior to 11:59 P.M., New York City time, on the 30th day after the date of the Prospectus (or, if such 30th day is a Saturday or holiday, on the next business day thereafter) an amount of a quantity of Underwritten Shares (the "Over-allocation Shares") up to an aggregate of 137,775 Additional Shares from the Company. Additional Shares may be purchased only for the purpose of covering over-allotments made in connection with the offering of the Firm Shares. Upon any exercise of the over-allocation option, each Underwriter, severally and not jointly, agrees to purchase from the Company the number of Additional Shares (subject to such adjustments as the Representative may determine in order to avoid fractional shares) which bears the same proportion to the number of Additional Shares to be sold to the Company as the number of Firm Shares set forth opposite the name of such Underwriter in Schedule 1 hereof bears to the number of Firm Shares increased as set forth in Section 10 hereof bears to the aggregate number of Firm Shares to be sold by the Company.

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3. Sale of Public Offering. The Company has been advised by the Representative that the Underwriters propose to

make a public offering of their respective portions of the Shares as soon after the Registration Statement and this Agreement have become effective as in the Representative's judgment is advisable and initially to offer the Shares upon the terms set forth in the Prospectus.

4. Delivery of the Shares and Payment Thereof. Delivery to the Underwriters of and payment for the Firm Shares shall be made at the office of Smith Barney Shearson Incorporated, 1345 Avenue of the Americas, New York, NY 10105, at 10:00 A.M., New York City time, on the date of the "Closing Date". The place of for the Firm Shares and the Closing Date may be varied by agreement between the Representative and the Company.

Delivery to the Underwriters of and payment for any Additional Shares to be purchased by the Underwriters shall be made at the

Representative's office of Smith Barney Shearson Incorporated at such time on such date (the "Option Closing Date"), which may be the date of the Closing Date but shall in no event be earlier than the Closing Date nor earlier than three nor later than ten business days after the giving of the notice hereinafter referred to, as shall be specified in a written notice from the Representative to the Underwriters by the Company or the Company's agent. The Underwriters' determination of purchase shares, specified in such notice, of Additional Shares. The place of closing for any Additional Shares and the Option Closing Date for such Shares may be varied by agreement between the Representative and the Company.

5. Agreements of the Company. The Company agrees with the several Underwriters as follows:

(a) If, at the time this Agreement is executed and delivered, it is necessary for a post-effective amendment to the Registration Statement to be declared effective before the offering of the Shares may commence, the Company will endeavor to

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cause such post-effective amendment to become effective as soon as possible and will advise the Representative promptly when, if requested by the Representative, will declare such amendment to be effective.

(b) The Company will advise the Representative promptly and, if requested by the Representative, will confirm such advice in writing; (c) if any request by the Commission for any amendment of or a supplement to the Registration Statement, any Preliminary Prospectus or the Prospectus or for any other information in connection with the offering of the Shares or any stop order suspending the effectiveness of the Registration Statement or of the suspension of qualification of the Shares for offering or sale in any jurisdiction or the institution or change to the Company of officers or any proceeding for such purposes; and (11) within the period of time referred to in paragraph (f) hereof, of any change in the Company's condition (financial or other), business, prospects, properties, net worth or results of operations, or of the happening of any event which makes any statement made in the Registration Statement or the Prospectus (as then amended or supplemented) untrue or which requires the making of any addition to or change in the Registration Statement or the Prospectus (as then amended or supplemented) in order to state a material fact required by the Act or the regulations thereunder to be stated therein of necessary to make the statements therein not misleading, or of the necessity in order to supplement the Prospectus (as then amended or supplemented) to comply with the Act or any other law. If at any time the Commission shall issue any stop order suspending the effectiveness of the Registration Statement, the Company will make every reasonable effort to obtain the withdrawal of such order at the earliest practicable time.

(d) The Company will furnish to the Representative, without charge, (i) the signed copies of the registration statement as originally filed with the Commission and of such amendments thereto, including the consolidated financial statements and all exhibits to the registration statement, (ii) such number of confirmed copies of the registration statement as the Representative may request, (iii) such number of copies of the incorporated documents, without charge, as the Representative may request, and (iv) ten copies of the exhibits to the incorporated documents.

(e) The Company will not (i) file any amendment to the Registration Statement or make any amendment or supplement to the Prospectus of which the Representative shall not previously have been advised or to which the Representative shall object after being so advised or (ii) as long as, in the opinion of counsel for the Underwriters, a Prospectus is required to be delivered in connection with sales of any Underwritten Shares, file any information, documents or reports pursuant to the Exchange Act without delivering a copy of such information, documents or

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reports to the Representative prior to or concurrently with such filing.

(f) Prior to the execution and delivery of this Agreement, the Company has delivered or will deliver to the Representative, without charge, in such quantities as the Representative has requested or may hereafter request, copies of each form of the Preliminary Prospectus. The Company consents to the use, in accordance with the provisions of the Act and with the securities laws of the State of New York, of the Underwritten Shares as offered by the several Underwriters and by dealers, prior to the date of the Prospectus, if such Preliminary Prospectus are furnished by the Company.

(g) As soon after the execution and delivery of this Agreement as possible and thereafter from time to time for such period, as in the opinion of counsel for the Underwriters, a prospectus is required by the Act to be delivered in connection with sales by any Underwriter or dealer, the Company will cause to be delivered to each Underwriter and each dealer, without charge, as many copies of the Prospectus, as of any amendment or supplement thereto, as the Representative may request. The Company consents to the use of the Prospectus, and of any amendment or supplement thereto, in accordance with the provisions of the Act and with the securities laws of the State of New York.

the jurisdiction in which the Shares are offered by the several Underwriters and by all dealers to whom Shares may be sold, both in connection with the offering and sale of the Shares and for such period of time thereafter as the Prospectus is required by the Act to be delivered in connection with sales by an Underwriter or dealer. If during such period of time any event shall occur that in the judgment of the Company or in the opinion of counsel, the Underwriters is required to be set forth in the Prospectus, as then amended, or required to be set forth in a supplement to the Prospectus (including by way of filing under the Exchange Act any document which, upon filing, becomes an Incorporated Document) or where to comply with the Act or any other law, the Company will forthwith prepare and, subject to the provisions of paragraph (d) of this Section, file with the Commission an appropriate amendment or supplement thereto for distribution to the subscribers in the Prospectus as so amended or supplemented will set forth, in the light of the circumstances under which they were made, the facts and, as they may be determined after consultation with the Underwriters, what the Representative shall specify, such number of copies thereof as such Underwriter or dealer may reasonably require. In the event that the Company and the Representative agree that the Prospectus should be amended or supplemented, the Company, if requested by the Representative, will promptly issue a press release announcing it.

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discussing the matters to be covered by the proposed amendment or supplement.

(g) The Company will cooperate in good faith with the Representative and with counsel for the Underwriters in connection with the registration or qualification of the Shares for offering and sale under the securities laws of each jurisdiction in which the Representative may offer and sell the Shares in order to effect such registration or qualification, will maintain such qualifications in effect for as long as may be required for the distribution of the Shares and will pay or reimburse the Underwriters for counsel fees, filing fees and out-of-pocket expenses in connection with such registration and review, provided that (i) no event shall the Company be obligated to qualify to do business in any jurisdiction where it is not now so qualified or to take any action which would subject it to service of process in such other state arising out of the offering or sale of the Shares in any jurisdiction where it is not now so subject or to any other action in any such jurisdiction, and (ii) the cost of such registration and qualification shall be borne by the Underwriters; for, any such fees and expenses if the Shares are delivered to and purchased by the Underwriters because of a default by one or more of the Underwriters.

(h) The Company will make generally available to its security holders and to the Representative a consolidated earnings statement, which need not be audited, of the Company and its subsidiaries covering a twelve month period commencing after the effective date and ending not later than 15 months thereafter, commencing on the last day of such period, which consolidated earnings statement shall satisfy the provisions of Section 1101 of the Act or Rule 134 under the Act.

(i) If this Agreement shall terminate or shall be terminated after execution pursuant to any provision hereof (otherwise than pursuant to Section 11.02 hereof) or if notice given by the Representative terminating this Agreement shall be terminated by the Underwriters' termination of this Agreement, the Company shall be obligated to pay to the Representative all out-of-pocket expenses (including fees and expenses of counsel for the Underwriters) incurred by the Representative in connection herewith.

(j) The Company will apply the net proceeds from the sale of the Shares to be sold by it hereunder substantially in accordance with the description set forth in the Prospectus.

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(k) The Company will timely file the Prospectus pursuant to Rule 424(b) under the Act and will advise the Representative of the time and nature of such filing.

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(l) The Company will not sell, contract to sell or otherwise dispose of any Common Stock, any securities convertible into or exercisable as or exchangeable for Common Stock, or grant any options or warrants to purchase Common Stock, except pursuant to this Agreement, or except pursuant to the Company's dividend reinvestment and Common Stock Purchase Plan, for a period of 90 days after the date of the Prospectus, without the Representative's prior written consent.

(m) Except as stated in this Agreement and in the preliminary Prospectus and Prospectus, the Company has not taken, nor will it take, directly or indirectly, any action designed to or that might reasonably be expected to cause or result in stabilization or manipulation of the price of the Common Stock to facilitate the sale or resale of the Shares.

(n) The Company will use its best efforts to have the shares of Common Stock which it agrees to sell under this Agreement listed on the national market for securities on the New York Stock Exchange on or before the closing date.

7. Representation and Warranties of the Company. The Company represents and warrants to each Underwriter: that

(a) each Preliminary Prospectus included as part of the registration statement as originally filed is in all material respects true and correct and that the Company has not issued any order preventing or suspending the use of any Preliminary Prospectus;

(b) the Company and the transactions contemplated by this Agreement meet the requirements for the use of Rule 433 under the Act; the registration statement is in the form in which it became effective and also in such form as may be necessary to effect such amendment thereto which become effective and the prospectus and any amendment or supplement thereto when filed with the Commission under the Act comply with the Act; and the Company will comply in all material respects with the provisions of the Act and did not or will not at any such time contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or otherwise to make the statements therein not misleading, except that the Representative is not deemed to be subject to this obligation if the registration statement or the prospectus made in reliance upon and in conformity with information furnished to it by Underwriter furnished to the Company in writing by or on behalf of any Underwriter through the Representative expressly set out hereinafter;

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(c) the Incorporated Document heretofore filed, when they were filed heretofore, if any amendment with respect to any such document was filed when such document was finally compiled in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder, any further Incorporated Document so filed will, when they are filed, comply in all material respects with the requirements of the Exchange Act and the rules and regulations thereunder; if such document when it was filed (or, if an amendment to a document when it was filed, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary to make the statements therein not misleading and such further document, when it is filed, will contain an untrue statement of a material fact or will omit to state a material fact required to be stated therein or necessary in order to make the statements therein not misleading;

(d) except as disclosed in the Registration Statement and the Prospectus for any amendment or supplement thereto, subsequent to the registration statement as of which such information is given in the Registration Statement and the Prospectus (or any amendment or supplement thereto), neither the Company nor any of its subsidiaries has incurred any liability or obligation or contingency or arrangement or incurred any transaction, not in the ordinary course of business, that is material to the Company and its subsidiaries taken as a whole, and there has not been any change in the capital structure or material increase in the authorized capital or the number of shares of the Company or any of its subsidiaries, or any material adverse change, or any development (including or which may reasonably be expected to include, a prospective material adverse change, in the condition (financial or other), business, or with or results of operations of the Company and its subsidiaries taken as a whole);

(e) as of the date of this Agreement, the Company has an authorized capitalization as set forth in the Registration Statement and the Prospectus, all of the issued and outstanding shares of Common Stock of the Company have been duly and validly authorized and issued and are fully paid and non-assessable; the Company has been duly organized and is legally existing as a corporation in good standing under the laws of the State of Maine, with full power and authority to own, lease and operate its properties and conduct its business as described in the Registration Statement and the Prospectus, to execute and deliver this Agreement, and to cause all the Shares to be placed on the market contemplated;

(f) each of the Company's subsidiaries (individually a "subsidiary" and collectively, the "subsidiaries") has been duly organized and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation with full power and authority to own, lease and operate its properties and conduct its business in which it is presently engaged, except as otherwise disclosed;

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(g) all of the issued and outstanding shares of capital stock of each of the subsidiaries, except East Branch Improvement Company, now owned by the Company or one of the subsidiaries, all of such shares have been duly and validly authorized and issued and are fully paid and non-assessable, and are not owned by the Company first class or any other class of stock, and all such shares are free and clear of all liens, mortgages, security interests, or other claims, and there are no outstanding rights, subscriptions, warrants, calls, preemptive rights, options or other agreements of any kind with respect to the common stock of the subsidiaries, except East Branch Improvement Company;

(h) the Company and each of its subsidiaries are duly qualified or licensed by, and are in good standing in each jurisdiction in which they conduct their respective businesses and in which the United States, and indirectly in the United Kingdom, or in the Islands of Guernsey and Jersey, and indirectly in the Cayman Islands, has jurisdiction over the operations, business or condition of the Company and its subsidiaries, taken as a whole and the Company and each of its subsidiaries are in compliance in all material respects with the laws, orders, rules, regulations and directives issued or administered by each jurisdiction;

(i) the Board of Directors of the Company as a committee thereof duly authorized by the Board of Directors of the Company has duly adopted resolutions authorizing the issuance and sale of the Shares by the Company; the Shares to be sold by the Company, when issued and delivered to the Underwriters as contemplated hereby, will be fully authorized and validly issued, fully paid and non-assessable, and free and clear of any pledge, lien, charge, encumbrance, security interest, preemptive right or other claim;

(j) the Company has the corporate power and authority to enter into this Agreement and to issue, sell and deliver the Shares to be sold by it to the Underwriters as provided herein, and this Agreement has been duly authorized, executed and delivered by the Company and is a legal, valid and binding agreement of the Company, enforceable against the Company, in accordance with its terms, except as rights to indemnify and contribution hereunder may be limited by Federal or state securities laws;

(k) the Common Stock of the Company, including the Shares, conforms in all material respects with the requirements of the Registration Statement and Prospectus, and the certificates for the Shares are in due and proper form and the holders of the Shares will not be subject to personal liability by reason of being such holders;

(l) all approvals, authorizations, consents or orders of or filing with any commission, boards, body, authority or in agency required in connection with the issuance and sale of the Shares.

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Shares are contemplated hereby have been obtained, other than in connection with the necessary qualification under the securities or other laws of the various jurisdictions in which the Shares are being offered by the Underwriters.

(m) neither the Company nor any of its subsidiaries is in breach of, or in default under (nor has any event occurred which with notice, lapse of time, or both would constitute a breach of, or in default under) its respective certificate of incorporation or by-laws, or other organizational documents or any other agreement or instrument to which the Company or any of its subsidiaries, taken as a whole, are a party or to which any of its subsidiaries are a party or to which any of its subsidiaries or any of its subsidiaries may be bound or affected, where such breach or default would have a material adverse effect on the Company and its subsidiaries taken as a whole;

(n) the execution, delivery and performance of this Agreement, the incurrence of the liabilities herein set forth and the completion of the transactions contemplated hereby shall not (i) conflict with, or result in the incurrence of a default under (nor constitute any event which with notice, lapse of time, or both would constitute a breach of, or in default under), any provisions of the respective certificate of incorporation or by-laws, or other organizational documents, of the Company or any of its subsidiaries or under any provision of any license, franchise, certificate of public convenience and necessity, lease, note or any other agreement or instrument to which the Company or any of its subsidiaries is a party to which any of its subsidiaries or any of its subsidiaries may be bound or affected, or under any Federal, state, local or foreign law, regulation or rule or any other "contract" or order applicable to the Company or any of its subsidiaries (all) will result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any of its subsidiaries pursuant to the terms of any agreement or instrument to which any of them is a party or to which any of them may be bound or to which any of the property or assets of any of them is subject;

(o) the Company and each of its subsidiaries have all necessary licenses, franchises, certificates of public convenience and necessity, authorizations, consents and approvals and have taken all necessary filings required under any Federal, state, local or foreign law, regulation or rule and have obtained all necessary authorizations, consents and approvals from other parties, in order to use its respective properties and to conduct their respective businesses (except those the failure to do so, have done or can obtain would not have a material adverse effect on the operations, business or condition of the Company and its subsidiaries, taken as a whole) and

not any of its Subsidiaries in violation of, or in default under, any such authorization, consent or approval of any Federal, State, local or foreign law, regulation or rule as may become, review or judgment applicable to the Company or any of its Subsidiaries whose violation or default could have a material adverse effect on the operation, business, condition, prospects or property of the Company and its Subsidiaries, taken as a whole.

(3) except as set forth in the Prospectus, there are no actions, suits or proceedings pending or to be brought by or on behalf of the Company, threatened against the Company or any of its Subsidiaries or any of their respective properties, at law or in equity, before or by any Federal, State, local or foreign governmental or regulatory commission, board, body, authority or agency which could result in a judgment, decree or order having a material adverse effect on the operation, business, condition, prospects or property of the Company and its Subsidiaries, taken as a whole.

(4) All legal or governmental proceedings, contracts, licenses, agreements or documents of a character which are required to be filed in or with the Registration Statement or any Incorporated Document or to be summarized or described in the Registration Statement or the Prospectus have been so summarized, described or filed as required.

(5) The consolidated financial statements, together with related schedules and notes, of the Company and its Subsidiaries included in the Registration Statement and Prospectus (and any amendment or supplement thereto) present fairly in all material respects the financial condition of the Company and its Subsidiaries as of the dates indicated and the results of operations and the cash flows of the Company and its Subsidiaries for the periods specified such consolidated financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis, except as set forth in the Prospectus, during the periods covered.

(6) No holder of any security of the Company has any right to require registration of shares of Common Stock or any other security of the Company because of the filing of the registration statement or consummation of the transaction contemplated by this Agreement.

(7) Cooper & Lybrand, whose reports on the consolidated financial statements of the Company and its Subsidiaries have been filed with the Commission as part of the Registration Statement and the Prospectus for any amendment or supplement thereto, is incorporated by reference thereto; any independent public accountants with respect to the Company and its Subsidiaries as required by the Act.

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(8) The Company and each Subsidiary are exempt from the provisions of the Public Utility Holding Company Act of 1935, as amended, other than the provisions of Section 303(d) thereof, and there are no pending, or to the knowledge of the Company, contemplated any proceedings or actions whether through judicial or administrative review or otherwise to discharge or modify such exemption.

(9) Indemnification and Contribution. (a) The Company agrees to indemnify and hold harmless the Representative and each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the Act or Section 30 of the Exchange Act from and against any and all losses, claims, damages, liabilities and expenses (including reasonable costs of investigation) arising out of or based upon any untrue statement or alleged untrue statement of a material fact contained in any preliminary Prospectus or in the Registration Statement or the Prospectus or in any amendment or supplement thereto, or arising out of or based upon any omission or alleged omission of a material fact which is required to be stated therein or necessary to make the statements therein not misleading, except insofar as such losses, claims, damages, liabilities or expenses arise out of or are based upon any untrue statement or omission or alleged untrue statement or omission which has been made in writing or on behalf of such Underwriter furnished in writing to the Company by or on behalf of any Underwriter through the Representative expressly for use in connection with the offering of securities, however, that the contribution contained in this paragraph (b) will apply to any preliminary Prospectus made or issued in the benefit of any Underwriter (or to the benefit of any person controlling such Underwriter) in excess of any such loss, claim, damage, liability or expense arising from the sale of the Shares by such Underwriter to any person if a copy of the Prospectus shall not have been delivered or sent to such person within the time required by the Act and the regulations thereunder, and the Underwriter shall be liable for the amount of such loss, claim, damage, liability or expense to the extent of a material fact contained in such preliminary Prospectus which was corrected in the Prospectus, provided that the Company has delivered the Prospectus to the named Underwriter in its requisite entirety in a clear and legible form and in accordance with the foregoing indemnity agreement shall be in addition to any liability which the Company may otherwise incur.

(b) If any action, suit or proceeding shall be brought against any Underwriter or any person controlling any Underwriter in respect of which indemnity may be sought against the Company, such Underwriter or such controlling person shall promptly notify the Company and the Company shall assume the defense thereof, including the employment of counsel and payment of all fees and expenses. Such Underwriter or any such controlling person shall have the right to employ separate counsel in any such action, suit or proceeding and to participate in the defense thereof, but

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the fees and expenses of such counsel shall be in the possession of such Underwriter or such controlling person unless (i) the Company has agreed in writing to pay such fees and expenses, (ii) the Company has failed to assume the defense and employ counsel, or (iii) the named parties to any such action, suit or proceeding (including any implicated parties) include both such Underwriter or such controlling person and the Company. Company and such Underwriter or such controlling person shall have the right to employ separate counsel to represent each of them. Company and such Underwriter or such controlling person shall be deemed to have agreed that representation of such Underwriter party and the Company will be made pursuant to the following provisions: (i) Each Underwriter shall be deemed to have agreed to indemnify the Company (whether or not such representation by the named counsel has been proposed) due to actual or potential differing interests between them (ii) which cause the Company shall not have the right to assume the defense of such action, suit or proceeding on behalf of such Underwriter or such controlling person, however, that the Company shall, in connection with any such action, suit or proceeding or separate representation similar or related actions, suits or proceedings in the same jurisdiction arising out of or based upon the same or similar circumstances, be liable for the reasonable fees and expenses of only one separate firm of attorneys (in addition to any legal counsel) at any one time for all such Underwriters and such controlling persons not having actual or potential differing interests with the Representative or such controlling person with respect to the action, suit or proceeding, and that all such fees and expenses shall be reimbursed as they are incurred. The Company shall not be liable for any payment of any such losses, claims, damages, liabilities or expenses without its written consent, but if settled with such written consent, or if there is a final judgment for the plaintiff in any such action, suit or proceeding, the Company agrees to indemnify and hold harmless any Underwriter, to the extent provided in the preceding paragraphs, and any such controlling person from and against any loss, claim, damage, liability or expense by reason of such settlement or judgment.

(3) Each Underwriter agrees, severally and not jointly, to indemnify and hold harmless the Company, its directors, its officers and the Registration Statement, and any person who controls the Company within the meaning of Section 15 of the Act or Section 30 of the Exchange Act, to the same extent as the foregoing indemnity from the Company to such Underwriter, but only with respect to information relating to such Underwriter furnished in writing by or on behalf of such Underwriter through the Representative expressly for use in the Registration Statement, the Prospectus or any preliminary Prospectus, if any amendment or supplement thereto. If any action, suit or proceeding shall be brought against the Company, any of its directors, any such officer, or any person controlling the Company, any of its directors, the Prospectus or any preliminary Prospectus, or any amendment or supplement thereto, and in respect of which indemnity may be sought against any Underwriter pursuant to this paragraph (3), such Underwriter shall have the right and shall give to the Company by

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paragraph (b) above except that if the Company shall have assumed the defense thereof such Underwriter shall not be required to do so, but may employ separate counsel to defend and participate in the defense thereof, but the fees and expenses of such counsel shall be in the possession of such Underwriter, and the Company, its directors, any such officer, and any such controlling person shall have the right and shall give to the Underwriters by paragraph (b) above. The foregoing indemnity agreement shall be in addition to any liability which the Underwriters may otherwise incur.

(4) If the indemnification provided for in this Section 7 is unavailable to an indemnified party under paragraph (a) or (c) hereof in respect of any losses, claims, damages, liabilities or expenses referred to in this Section 7, then the indemnifying party, in case of indemnifying such Underwriter party as a result of such losses, claims, damages, liabilities or expenses (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriter on the other hand from the offering of the Shares, or (ii) if the allocation provided by clause (i) above is not practicable or equitable, in such proportion as (a) if above but also the relative fault of the Company on the one hand and the Underwriter on the other in connection with the statements or omissions that resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and the Underwriter on the other shall be deemed to be in the same proportion as the net proceeds from the offering (excluding underwriting expenses) received by the Company bear to the net proceeds from the offering (including underwriting expenses) received by the Underwriter, on each date as set forth in clause (b) above. The relative fault of the Company on the one hand and the Underwriter on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or by the Underwriter on the other hand and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that (i) could not be just and equitable if contribution pursuant to this Section 7 were determined by a pro rata allocation (even if the Underwriters were treated as one entity for such purposes) or by any other method of allocation that does not take account of the equitable considerations referred to in paragraph (4) above. The amount paid or payable by an indemnified party as a result of the losses, claims, damages, liabilities and expenses referred to in paragraph (4) above shall be deemed to include, subject to the limitations set forth above, any legal or other expenses.

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reasonably incurred by such indemnified party in connection with investigating any claim or defending any such action, suit or proceeding, including the payment of all costs and expenses of such action, suit or proceeding, and the Underwriter shall be required to contribute any amount in excess of the amount by which the total price of the Shares subscribed for it and distributed to the public exceeded the amount of any damages which such Underwriter has otherwise been required to pay or to contribute to such action, suit or proceeding or settlement or alleged settlement. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) in this Agreement shall be entitled to a pro rata contribution to the payment of the costs and expenses of such action, suit or proceeding or settlement or alleged settlement. The Underwriter's obligations to contribute pursuant to this Section 7 are several and not joint and shall be in proportion to the number of Firm Shares subscribed for by such Underwriter in this offering. The Underwriter shall not be liable for the payment of the costs and expenses of such action, suit or proceeding or settlement or alleged settlement in excess of the amount of any damages which such Underwriter has otherwise been required to pay or to contribute to such action, suit or proceeding or settlement or alleged settlement.

(5) No indemnifying party shall, without the prior written consent of the indemnified party, effect any settlement of any pending or threatened action, suit or proceeding in respect of which an indemnified party or could have been a party if indemnity should have been sought hereunder or of such indemnified party, unless such settlement includes an unconditional release of such indemnified party from all liability on claims that are the subject matter of such action, suit or proceeding.

(6) Any losses, claims, damages, liabilities or expenses for which an indemnified party is entitled to indemnification or contribution under this Section 7 shall be paid by the indemnifying party to the indemnified party as such losses, claims, damages, liabilities or expenses are incurred. The indemnifying party shall not be obligated to make any such payment until the indemnified party has agreed to execute and deliver to the indemnifying party such releases and agreements as to the indemnifying party's investigation made by or on behalf of any Underwriter or any person controlling any Underwriter, the Company, its directors or officers, or any person controlling the Company, (ii) acceptance of any Shares and payment of the offering price, and (iii) any other conditions to the Agreement. In accordance with the Underwriter or any person controlling any Underwriter, or the Company, its directors or officers, or any person controlling the Company, shall be entitled to the benefits of the indemnity, contribution and reimbursement agreements contained in this Section 7.

8. Conditions of Underwriters' obligations. The several obligations of the Underwriters to purchase the Firm Shares hereunder are subject to the following conditions:

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(a) If, at the time this Agreement is executed and delivered, it is necessary for a post-effective amendment to the registration statement to be declared effective before the offering of the Shares may commence, such post-effective amendment shall have become effective not later than 150 days after the filing of the registration statement with the Commission, and all filings, if any, required by Rules 415 and 430 under the Act shall have been timely made and prior to the closing date the Company shall have provided evidence satisfactory to the Representative of such timely filing and any other evidence supporting the effectiveness of the registration statement shall have been received and the post-effective amendment shall have been declared or to the knowledge of the Company or any Underwriter, included in the Registration Statement and any request of the Commission for additional information (to be included in the registration statement or the prospectus or otherwise) shall have been complied with to the Representative's satisfaction.

(b) Subsequent to the effective date of this Agreement, there shall not have occurred (i) any change, or any development involving a prospective change, in or affecting the condition (financial or otherwise), business operations, net worth, or results of operations of the Company or its Subsidiaries not contemplated by the Prospectus, which in the Representative's opinion, would materially adversely affect the market for the Shares, or (ii) any other not lawfully relating

to or involving the Company or any officer or director of the Company which makes any statement made in the Prospectus untrue or which, in the opinion of the Company and its counsel or the Underwriters and their counsel, requires the making of any addition to or deletion from the Prospectus in order to state a material fact required by the Act or any other law to be stated therein or necessary in order to make the statements therein not misleading, if sending of or supplementing the Prospectus to reflect such development would, in the Representative's opinion, adversely affect the market for the Shares.

(1) The Representative shall have reviewed on the Closing Date, or the Option Closing Date, as the case may be, an opinion of Frederick F. Kemp, Esq., counsel for the Company, dated the Closing Date, or the Option Closing Date, as the case may be, and addressed to the Representative, to the effect that:

(i) the Company and each of its Subsidiaries have been duly organized and are validly existing as corporations in good standing under the laws of their respective jurisdictions of incorporation with full corporate power and authority to own, lease and operate their respective properties and to conduct their respective businesses as described in the Registration Statement and Prospectus (and any amendment or supplement thereto);

(ii) the Company has the corporate power and authority to enter into the Agreement and to issue, sell and deliver the Shares to be sold by it to the Underwriters as provided herein, and the Agreement has been duly authorized, executed and delivered by the Company and is a valid, legal and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as to enforcement of the right to indemnify and contribution hereunder may be limited by Federal or state securities laws or principles of public policy and subject to the provisions of the Securities Act and the Securities Exchange Act of 1934, hereinafter may be limited by bankruptcy, fraudulent conveyance, insolvency, reorganization, arrangement, and other laws relating to or affecting creditors' rights generally, and by general equitable principles;

(iii) the Company has an authorized capitalization as set forth in the Registration Statement and Prospectus, the outstanding shares of Common Stock of the Company have been duly and validly authorized and issued, and are fully paid, non-assessable and free of statutory and contractual preemptive claims on the Common Stock of the Company including the Shares, conforms in all material respects to the Prospectus, and the Company's books and records reflect the true and correct ownership of the Shares as in due and proper form, and the books of the Company are not subject to personal liability by reason of being such books;

(iv) all of the issued and outstanding shares of common stock of each of the Subsidiaries, except Bank Branch Improvement Company, are duly authorized and issued and are fully paid and non-assessable and are not subject to any liens, claims, charges, mortgages, or other security interests of other third parties having any outstanding rights, mortgages, warrants, claims, prepayment rights, options or other agreements of any kind with respect to the common stock of the Subsidiaries, except Bank Branch Improvement Company;

(v) the Shares, when issued and delivered to and paid for by the Underwriters, will be duly and validly authorized and issued and will be fully paid and non-assessable, and free of statutory and contractual preemptive rights;

(vi) the Company and each of its Subsidiaries are duly qualified or licensed in each jurisdiction in which they conduct their respective businesses and in which the Company, individually or in the aggregate, to be an issuer or qualified issuer has a material adverse effect on the operations, business or condition of the Company and its Subsidiaries, taken as a whole, and the Company and each of its Subsidiaries are duly qualified, and are in good standing, in each jurisdiction in which they own or lease real property or maintain an office and in which such qualification is necessary;

(vii) the Registration Statement and all post-effective amendments, if any, have become effective under the Act and, to the best knowledge of each constituent of the Company, no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for the purpose are pending before or contemplated by the Commission and any request filing of the Prospectus pursuant to Rule 424(b) has been made in accordance with Rule 424(b);

(viii) neither the Company nor any of its Subsidiaries is in breach of, or in default under (and has any event occurred which with notice, lapse of time, or both would constitute a breach of, or default under), its respective Certificate of Incorporation or Bylaws, or other organizational documents, any license, franchise, certificate of public convenience and necessity, bond, note or any other evidence of indebtedness, indenture, contract, lease of or any other agreement to which the Company or any of its Subsidiaries is a party or by which any of them or their respective properties may be bound or affected when such default could have a material adverse effect on the operations, business or condition of the Company and its Subsidiaries, taken as a whole, nor is the Company or any of its Subsidiaries in violation of any law or governmental agency of any of its Subsidiaries or of any decree of any court or governmental agency of any of its Subsidiaries or of any of its Subsidiaries;

(ix) the Company and each of its Subsidiaries have all necessary licenses, franchises, certificates of public convenience and necessity, authorizations, consents and approvals and all necessary filings required under any Federal, state, local and foreign law, regulation or rule and have obtained all necessary consents and approvals from other persons in order to conduct their respective businesses as described in the Registration Statement and Prospectus, the absence of which could have a material adverse effect on the Company and its Subsidiaries, taken as a whole;

(x) all approvals, authorizations, consents or orders of or filings with any commission, board, body, authority or agency required in connection with the issuance and sale of the Shares as contemplated hereby have been obtained in all jurisdictions, except such cannot need

express an opinion as to any necessary qualification under the securities laws of the various jurisdictions in which the Shares are being offered by the Underwriters;

(xi) the Registration Statement and the Prospectus and any amendments or supplements thereto represent the consolidated financial statements and the notes thereto and the schedule and other financial statements and schedules included therein, as to which such constituent need not express an opinion (except as to form in all material respects with the requirements of the Act) and each of the Incorporated Documents (except as to form in all material respects with the requirements of the Act) and each of the other financial and statistical data included therein, as to which such constituent need not express an opinion (except as to form in all material respects with the Securities Act and the rules and regulations of the Commission thereunder);

(xii) the execution, delivery and performance of this Agreement by the Company and the consummation by the Company of the transaction contemplated hereby do not and will not conflict with or result in any breach of or constitute a default under (but constitute any event which with notice, lapse of time, or both, would constitute a breach of or default under), any provisions of the respective Certificate of Incorporation or Bylaws, or other organizational documents, of the Company or any of its Subsidiaries, or any license, franchise, certificate of public convenience and necessity, bond, note or any other evidence of indebtedness, indenture, mortgage, lease of or any other agreement, lease or other agreement to which the Company or any of its Subsidiaries is a party or by which any of them or their respective properties may be bound or affected, or under any Federal, state or local law, rule or regulation applicable to the Company or any of its Subsidiaries, under any Federal, state, local or foreign judgment, order or decree applicable to the Company or any of its Subsidiaries, or will result in the creation or violation of any law, charge or prohibition upon any property or asset of the Company or any of its Subsidiaries;

(xiii) there are no actions, suits or proceedings pending or, to the knowledge of such constituent, threatened against the Company or any of its Subsidiaries or any of their respective properties, at law or in equity or before or by any commission, board, body, authority or agency which are required to be described in the Registration Statement and Prospectus or any amendment or supplement thereto, but, however, an untimely complaint, decree, or other order could have a material adverse effect on the Company or any of its Subsidiaries;

(xiv) there are no contracts, licenses, agreements, leases or documents, of a character which are required to be itemized or described in the Registration Statement or the Prospectus for the purposes of supplement thereto which have not been so itemized or described or to be filed first as exhibits to the Registration Statement or any Incorporated Document that are not described or filed as required, as the case may be, and any such remedy or description and any reference to statements of law or legal conclusions in the Registration Statement or the Prospectus or to any amendment or supplement thereto, but, however, an untimely complaint, decree, or other order could have a material adverse effect on the Company or any of its Subsidiaries;

(xv) in addition, such constituent shall state that such constituent has participated in conference with officers and other representatives of the Company, representatives of the independent public accountants of the Company, and representatives of the Underwriters at which the contents of the Registration Statement and Prospectus, including review and discussion of the contents thereof (including review and discussion of the contents of all Incorporated Documents and schedules included therein, as to which constituent need not express an opinion) for the accuracy, completeness and fairness of the statements contained in the Registration Statement of Prospectus, on the basis of the foregoing finding that none of the statements or such constituent cause him to believe that the Registration Statement (including the Incorporated Documents or any amendment thereto) at the time such Registration Statement or amendment became effective contained an untrue statement of material fact, or that the Registration Statement or amendment so stated a material fact which was untrue, or that the Registration Statement or amendment so stated a material fact which was untrue or omitted to state a material fact which was necessary to make the statements therein, as of the date and as of the Closing Date or Option Closing Date, as the case may be, contain or contain an untrue statement of a material fact or omitted or omitted to state a material fact which was necessary to make the statements therein, in light of the circumstances under which they were made, not misleading or being understood that such constituent need express an opinion (except as to the consolidated financial statements and schedules and other financial and statistical data included in the Registration Statement of the Prospectus or any Incorporated Document).

(xvi) the Representative shall have reviewed on the Closing Date, or the Option Closing Date, as the case may be, an opinion of Winthrop, Stinson, Turner & Roberts, counsel for the Underwriters, dated the Closing Date, or the Option Closing Date, as the case may be, with respect to the issuance and sale of the Shares, the Registration Statement, the Prospectus and other related matters the Representative may reasonably require, and the Company shall have furnished to such constituent such documents as they request for the purpose of enabling them to pass their own books, Winthrop, Stinson, Turner & Roberts may rely upon the opinion of Frederick F. Kemp, Esq., referred to in paragraph (v) above as to all matters of law.

(17) the Representative shall have received letters addressed to the Representative and dated the date hereof and the Closing Date from Cooper's L'Espresso, independent certified public accountants, substantially in the form heretofore approved by the Representative;

(18) no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been taken by, or by the Securities of the Company, shall be in effect or pending or contemplated by the Commission or any other governmental authority or agency and no such change in the capital stock of the Company nor any material increase in the short-term or long-term debt of the Company (other than in the ordinary course of business) from the set forth or contemplated in the Registration Statement of the Prospectus, or any amendment or supplement thereto; (19) there shall not have been, since the respective dates as of which information is given in the Registration Statement of the Prospectus, or any amendment or supplement thereto, except as may otherwise be stated in the Registration Statement and Prospectus: (a) any amendment or supplement thereto which changes the nature of the business (including any other, business, prospect, property, net worth or assets of the Company and its Subsidiaries taken as a whole); (b) the Company and its Subsidiaries shall not have any liabilities or obligations, direct or contingent (whether or not in the ordinary course of business), that are material to the Company and its Subsidiaries, taken as a whole, other than those set forth in the Registration Statement and Prospectus; (c) any amendment or supplement thereto; and (v) all the representations and warranties of the Company contained in this Agreement shall be true and correct on and as of the date hereof and as of the Closing Date as if made on and as of the Closing Date, and the Representative shall have received a certificate, dated the Closing Date and signed by the chief executive officer and the chief financial officer of the Company for each other officers as are applicable to the Representative, to the effect set forth in this Section 18 and in Section 8(b) hereof;

(19) the Company shall not have failed to or prior to the Closing Date to have performed or complied with any of its obligations herein contained and required to be performed or complied with by it hereunder at or prior to the Closing Date;

(20) the Company shall have furnished or caused to be furnished to the Representative such financial certificates and documents as the Representative shall have requested;

(21) prior to commencement of the offering of the Shares, the Shares shall have been listed, subject to notice of issuance, on the New York Stock Exchange.

be made by the provisions hereof only if they are satisfactory in form and substance to the Representative and its counsel.

Any certificate or document signed by any officer of the Company and delivered to the Representative or to counsel for the Underwriters, shall be deemed a representation and warranty by the Company to each Underwriter as to the statements made therein.

The several obligations of the Underwriters to purchase Additional Shares hereunder are subject to the satisfaction on and as of any option closing date of the conditions set forth in this Section 8, except that, if any option closing date is other than the Closing Date, the certificates, opinions and letters referred to in paragraphs (c) through (g) shall be dated the option closing date in question and the opinions called for by paragraphs (f), (h) and (i) shall be revised to reflect the sale of Additional Shares.

8. Expenses. The Company agrees to pay the following costs and expenses and all other costs and expenses incident to the performance by the Company of its obligations hereunder: (i) the preparation, printing (or reproduction) and filing with the Commission of the Registration Statement (including amendments thereto) and related reports; and (ii) the printing and delivery of the prospectus, the Prospectus, and each amendment or supplement to any of them; (iii) the printing or reproduction and delivery of the prospectus, the Prospectus, the Incorporated Documents, and all amendments or supplements to any of them, as may be reasonably requested for use in connection with the offering and sale of the Shares; (iv) the preparation, printing, authentication and delivery of certificates for the Shares, including any stamp taxes incident thereto with the original instrument and sale of the Shares; (v) the printing or reproduction and delivery of this Agreement; (vi) the preparation and payment of the registration fee and all other expenses, including the fee for the filing of the Shares with the Securities and Exchange Commission; (vii) the preparation and payment of the registration fee and all other expenses incident to the offering of the Shares for other and sale under the securities or blue sky laws of the several states as provided in Section 5(a) of the Commission; (viii) the reasonable fees, expenses and disbursements of counsel for the Underwriters in connection with the offering of the Shares and such expenses of counsel for the Underwriters in connection with any filings required to be made with the National Association of Securities Dealers, Inc.; (ix) the fees and expenses of the Company's accountant and the

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fees and expenses of counsel for the Company; and (ix) up to \$25,000 for fees of counsel for the Underwriters in connection with the offering of the Shares.

10. Effective Date of Agreement. This Agreement shall become effective (i) upon the execution and delivery hereof by the parties hereto; or (ii) if, at the time this Agreement is executed and delivered, it is necessary for a post-effective amendment to the registration statement to be declared effective before the offering of the Shares commences, upon satisfaction of the effectiveness of such post-effective amendment has been received by the Commission. Until such time as this Agreement shall have become effective, it may be terminated by the Company by notifying the Representative or by the Representative of the several Underwriters notifying the Company.

If any one or more of the Underwriters shall fail or refuse to purchase First Shares which it or they have agreed to purchase hereunder, and the aggregate number of First Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase is not more than one-third of the aggregate number of the First Shares, each non-defaulting Underwriter shall be obligated, severally, in the proportion which the number of First Shares set forth opposite its name in Schedule 1 bears to the aggregate number of First Shares set forth opposite the name of all non-defaulting Underwriters or in such other proportion as the Representative may specify in accordance with Section 23 of the Master Agreement, to purchase the First Shares which such defaulting Underwriter or Underwriters agreed but failed or refused to purchase. If any Underwriter or Underwriters shall fail or refuse to purchase First Shares and the aggregate number of First Shares with respect to which such default exceeds one-third of the aggregate number of First Shares and arrangements satisfactory to the Representative and the Company for the purchase of such First Shares by or to one or more such defaulting Underwriters or other party or parties approved by the Representative and the Company are not made within 15 business days after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company. In any such case which does not result in termination of this Agreement, either the Representative or the Company shall have the right to purchase the Closing Date, but in no event shall it longer than seven days, after the Closing Date. If any, in the Registration Statement and the Prospectus or any other document or arrangement may be affected, any action taken under this paragraph shall not relieve any defaulting Underwriter from liability in respect of any such default of any such Underwriter under this Agreement. The term "Underwriter" as used in this Agreement includes, for all purposes of this Agreement, any party not listed in Schedule 1 hereto, who, with the approval of the Representative and the approval of the

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Company, purchases First Shares which a defaulting Underwriter agreed, but failed or refused, to purchase.

Any notice under this Section 11 may be made by telegram, teletype or telephone but shall be subsequently confirmed by letter.

11. Termination of Agreement. This Agreement shall be subject to termination in the Representative's absolute discretion, without liability on the part of any Underwriter to the Company, by written notice to the Company on the Closing Date or any option closing date if different from the Closing Date and then only as to the Additional Shares, as the case may be, (i) trading on a securities exchange in the New York Stock Exchange, American Stock Exchange or National Association of Securities Dealers Automated Quotation System shall have been suspended or restricted; (ii) a general moratorium on commercial banking activities in New York or Maine shall have been declared by either Federal or state authorities; (iii) there shall have occurred any outbreak or escalation of hostilities or other conditions of domestic or international emergency, or other political, financial or economic conditions, the effect of which in the interest of the United States is such as to make it, in the Representative's reasonable judgment, impracticable to entertain with or continue the offering of the Shares or to enforce contracts for the resale of the Shares by the Underwriters. Notice of such termination shall be promptly given to the Company by telegram, teletype or telephone and shall be subsequently confirmed by letter.

12. Information Furnished by the Underwriters. The statements set forth in the last paragraph of the cover page, the identification legend on the inside front cover, and the first and third paragraphs under the caption "Underwriters" on any preliminary prospectus and in the Prospectus, constitute the only information furnished by or on behalf of the Underwriters through the Representative as such information as referred to in Sections 4(b) and 7 hereof.

13. Representations. Except as otherwise provided in Sections 9, 10 and 11 hereof, each of the Underwriters, the Company, its directors and officers, and the other controlling persons referred to in Section 7 hereof and their respective successors and assigns, to

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the extent provided herein, and no other person shall acquire or have any right under or by virtue of this Agreement, whether the term "Representative" and the term "Underwriter and assigns" as used in this Agreement shall include a purchaser from any Underwriter of any of the Shares in his status as such purchaser.

14. Applicable Law. This Agreement shall be governed by and construed in accordance with the law of the State of New York applicable to contracts made and to be performed within the State of New York.

This Agreement may be signed in various counterparts which together constitute one and the same instrument. If signed in counterparts, this Agreement shall not become effective unless at least one counterpart hereof shall have been executed and delivered on behalf of each party hereto.

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Please confirm that the foregoing correctly sets forth the agreement between the Company and the Representative.

Very truly yours,

By: _____
Name: Robert A. Nagge
Title: President

Confirmed as of the date first above mentioned on behalf of Underwriter and the other several Underwriters named in Schedule 1 hereto.

SMITH BARNEY SHEARSON INCORPORATED
As Representative of the Several Underwriters

By: SMITH BARNEY SHEARSON INCORPORATED

By: _____
Name: Robert L. Gavett
Title: Managing Director

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SCHEDULE 2

SMITH BARNEY SHEARSON INCORPORATED

Underwriter

SMITH BARNEY SHEARSON
Incorporated *****

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March 2, 1994

Bangor Hydro-Electric Company
33 State Street
Bangor, Maine 04401

Re: Registration Statement on Form S-3
Registration No. 33-

Gentlemen:

This opinion and consent is furnished by me as counsel for Bangor Hydro-Electric Company (the "Company"), to be included as Exhibit 5 of the Company's Registration Statement on Form S-3 as filed with the Securities and Exchange Commission on March 2, 1994. The Registration Statement covers the registration of 899,875 shares of the Company's Common Stock, \$5 par value, to be issued and sold by the Company pursuant to an underwriting agreement (the "Underwriting Agreement") between the Company and Smith Barney Shearson Incorporated.

I have examined such corporate records, certificates and other documents pertaining to the Company and have reviewed such questions of law as I consider necessary and appropriate in order to render this opinion. On the basis of such examination and review, I am of the opinion that:

1. The Company is a legally organized and validly existing corporation under the laws of the State of Maine.
2. The execution, delivery and performance by the Company of the Underwriting Agreement has been duly authorized by appropriate corporate action.
3. The issuance of the 899,875 shares of Common Stock has been duly authorized, and upon the effectiveness of the Registration Statement and the sale and delivery pursuant to the Underwriting Agreement of the Common Stock and the share certificates representing them, the shares of Common Stock will be validly and legally authorized and issued, fully paid and non-assessable.

I hereby give my consent to the use of my name wherever it appears in the above mentioned Registration Statement and the related Prospectus, as the same has been or may hereafter be amended.

Very truly yours,

/s/ Frederick S. Samp

Frederick S. Samp
General Counsel

CONSENT OF INDEPENDENT ACCOUNTANTS

We consent to the incorporation by reference in this registration statement of Bangor Hydro-Electric Company on Form S-3 of our reports dated February 17, 1994 on our audits of the consolidated financial statements and financial statement schedules of Bangor Hydro-Electric Company as of December 31, 1993 and 1992, and for the years ended December 31, 1993, 1992 and 1991, which reports are included in the Company's Current Report on Form 8-K dated March 2, 1994. We also consent to the reference to our firm under the caption "Exports".

/s/ COOPERS & LYBRAND

Portland, Maine
March 2, 1994