



*Massachusetts Municipal Wholesale Electric Company*

## NEWS RELEASE

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### Moody's upgrades ratings on all MMWEC power supply projects

LUDLOW, Mass. – May 10, 2007 – Moody's Investors Service has upgraded the ratings on all seven Massachusetts Municipal Wholesale Electric Company (MMWEC) power supply projects, citing "the improved relative competitive position of MMWEC and its participants" as well as "the improving general credit characteristics of MMWEC members".

The across-the-board upgrade of MMWEC project ratings is the result of an annual credit review in which Moody's recognizes numerous MMWEC credit strengths and the value of MMWEC services, including the introduction of risk management initiatives.

In addition to a solid competitive position, "other credit strengths are MMWEC's enterprise risk management program, including energy price risk management, and MMWEC's stable record of finances, including moderating debt ratios and sound liquidity," Moody's states.

"MMWEC has played an important role for its members in managing member participation in the evolving energy market," according to Moody's. "MMWEC has an important role in contract and resource information, ISO billing reconciliation and management services, and MMWEC expects to remain a key resource for public power systems in managing through the changing electricity market."

MMWEC General Manager Glenn O. Steiger said the Moody's upgrades continue a trend of improvement in MMWEC's credit ratings over the past few years, reflecting the steadily improving credit quality of MMWEC and its project participants.

"This verifies that the MMWEC organization is in sound financial shape and that MMWEC and its participants are managing their assets wisely," Steiger said. "At the same time, we're moving forward with a number of initiatives that will lead to more competitive and stable power costs for our member utilities," he said.

Steiger said the improved credit ratings bode well for MMWEC's plans to construct a new 280-megawatt power plant at its Stony Brook Energy Center in Ludlow, which will require the issuance of new debt by MMWEC. Engineering, permitting, financing and other development work is under way on the new plant, planned for operation in 2010.

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“Higher credit ratings will help to keep the cost of financing the new unit down, and any savings will reduce costs for member utilities and further improve their competitive positions,” he said. “It’s a very positive cycle of events.”

The Moody’s report recognizes the proposed new unit as a way for MMWEC to help close a projected gap in the MMWEC members’ power supply and reduce members’ exposure to the volatility of wholesale energy market prices. MMWEC also is planning to enhance its members’ power supply portfolios with an Energy Price Risk Management Program and the acquisition of additional new resources, including demand management and renewable energy resources.

Moody’s raised the ratings on MMWEC’s Stony Brook Intermediate Project and Wyman Project to A2 from A3. The rating on Nuclear Project No. 5 jumped to A3 from Baa2, while the ratings on Nuclear Mix No. 1 and Nuclear Project Nos. 3, 4 and 6 improved to Baa1 from Baa2. Moody’s assigned a stable outlook to all of the ratings.

The Stony Brook Intermediate Project is the vehicle used to finance the bulk of MMWEC’s ownership in the 520-megawatt, gas-and-oil-fired Stony Brook plant in Ludlow. MMWEC is the operator and principal owner of the Stony Brook plant. Through the Wyman Project, MMWEC owns a 22.7-megawatt share of the oil-fired Wyman Unit No. 4 in Yarmouth, ME.

The five Nuclear Projects reflect MMWEC’s 135-megawatt ownership share in the Seabrook Station nuclear plant in Seabrook, NH and an approximate 55-megawatt ownership in the Millstone Unit 3 nuclear plant in Waterford, CT.

The participants in these projects include 28 Massachusetts municipal utilities, the Pascoag (RI) Utility District and six Vermont utilities. Most of the Massachusetts utilities participate in multiple projects. Each project participant has contracted with MMWEC to pay its share of project costs, which include the cost of debt service on MMWEC bonds and MMWEC’s share of project operating costs. MMWEC currently has approximately \$700 million in debt outstanding for all of its power supply projects.

The 28 Massachusetts project participant utilities are based in the communities of Ashburnham, Boylston, Braintree, Danvers, Georgetown, Groton, Hingham, Holden, Holyoke, Hudson, Hull, Ipswich, Littleton, Mansfield, Marblehead, Middleborough, Middleton, North Attleborough, Paxton, Peabody, Reading, Shrewsbury, South Hadley, Sterling, Templeton, Wakefield, West Boylston and Westfield.

MMWEC is a non-profit, public corporation and political subdivision of the Commonwealth of Massachusetts that provides a variety of power supply, financial and other services to the state’s consumer-owned, municipal utilities.