



## NEWS RELEASE

MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

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### **MMWEC cites unfair burden of Connecticut energy tax on Massachusetts consumers**

LUDLOW, Mass. – April 11, 2011 – A proposed Connecticut tax on electric generation is “at the very least unfair” because it would cost Massachusetts consumers more than \$9 million a year while Connecticut consumers pay nothing, according to the Massachusetts Municipal Wholesale Electric Company (MMWEC), which owns 4.8 percent of Millstone Unit 3, a nuclear power plant in Connecticut.

Proponents of the tax, which is being proposed to address a Connecticut budget shortfall, say that the tax will not be passed on to Connecticut consumers by the electricity generators required to pay it.

“MMWEC questions the fairness of such a tax and is very concerned about the impacts on our Massachusetts consumers,” said David Tuohey, director of communications and external affairs at MMWEC. “If the tax distorts the economics of Millstone Unit 3, there will be a large and very costly hole in our power supply,” he said.

The proposed tax, which is working its way through the Connecticut General Assembly, would tax nuclear generation from Millstone at two cents/kilowatt hour, raising about \$330 million/year in tax revenue for Connecticut from Millstone. Other proposed taxes on power plants that use oil and coal would raise about \$10 million/year.

MMWEC resells its share of electricity from Millstone Unit 3 at cost to 27 Massachusetts municipal utilities. Those 27 municipal utilities provide electricity to approximately 265,000 customers in Massachusetts. Based upon the electric output of Millstone Unit 3 and MMWEC’s ownership share of that output, the proposed two cent/kilowatt hour tax on Millstone generation would cost MMWEC, its Millstone project participants and their consumers approximately \$9.3 million/year.

Because MMWEC and its municipal utilities are non-profit, public entities with no profits to absorb the tax, the Connecticut tax would be a direct pass-through to consumers, Tuohey said.

“Such a tax is at the very least unfair,” Tuohey said. “Massachusetts public entities are not responsible for Connecticut’s budget problems and they should not be responsible for paying to correct those problems,” he said. “The tax essentially confiscates an MMWEC generating resource and places an undue financial burden on Massachusetts consumers.”

MMWEC, a public corporation and political subdivision of the Commonwealth of Massachusetts, pays the debt service on tax-exempt revenue bonds it issued to finance its Millstone Unit 3 ownership. MMWEC is obligated to make its debt service payments and its participants will need to purchase power to replace Millstone Unit 3 generation if the tax renders the generation uneconomic.

The 27 Massachusetts municipal utilities participating in MMWEC's Millstone projects are based in the communities of Ashburnham, Boylston, 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 provides a variety of energy, financial, risk management and other services to the consumer-owned municipal utilities of Massachusetts.

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