



Contact: David Tuohey, Director of Communications & External Affairs  
413-308-1392 (w); 413-426-8859 (c)  
[dtuohey@mmwec.org](mailto:dtuohey@mmwec.org)

**\$96.7 million MMWEC bond issue brings better balance to debt portfolio**

LUDLOW, Mass. – June 16, 2011 – In a successful move to better balance its debt portfolio, the Massachusetts Municipal Wholesale Electric Company (MMWEC) today issued \$96,685,000 in fixed-rate bonds to purchase and retire the bulk of its variable-rate debt, further enhancing the organization's strong financial position.

"This bond issue diversifies our debt portfolio with a more favorable mix of fixed and variable-rate bonds, which hedges our exposure to the potential of rising interest rates," said Ronald C. DeCurzio, MMWEC's Chief Executive Officer. "We also sold the bonds at an opportune time, when interest rates were at their lowest in several months, which minimizes costs for MMWEC's project participants," he said.

Proceeds from the tax-exempt, revenue bond issue and other available funds are being used to retire \$123,120,000 in variable-rate bonds, which were issued in 2001 as auction-rate securities with interest rates reset periodically. The new bonds, with maturities ranging from 2013 to 2019, will yield between 1.2 percent and 3.4 percent in fixed interest payments to bondholders.

The bonds are rated A+ by Fitch Ratings and have A-level ratings from Moody's Investors Service and Standard & Poor's, all with a stable outlook. The underwriting team included Morgan Stanley, lead manager, as well as BMO Capital Markets and Merrill Lynch. PFM Financial Management Inc. served as MMWEC's financial advisor with Nixon Peabody LLP acting as bond counsel.

MMWEC launched its plan to minimize exposure to variable interest rates last fall when it initiated a process known as a tender offer, through which holders of MMWEC's variable-rate bonds offered to sell their bonds to MMWEC at a discount from the full price. The results of the November tender process were successful in that a large percentage of the variable-rate bonds were tendered at a price acceptable to MMWEC. However, MMWEC decided to reject all of the offers due to unstable conditions in the market for the sale of bonds needed to purchase and retire the variable-rate debt.

more

MMWEC reinstated the tender offer late in May 2011, resulting in variable-rate bondholders offering to sell \$123.1 million of the approximate \$170 million in variable-rate bonds outstanding to MMWEC, most at 97.75 percent of face value. Early in June, with another successful tender completed and bond market conditions improved, MMWEC decided to execute its financing plan.

“The difference in interest costs from November 2010 to June 2011 is significant, so it was well worth the wait to complete the financing plan,” DeCurzio said.

MMWEC now has \$417.8 million in outstanding debt, including approximately \$47 million in variable-rate bonds, all of which is related to MMWEC’s ownership interests in the Seabrook Station and Millstone Unit No. 3 nuclear units. All of the debt is scheduled for retirement no later than 2019, while the Millstone Unit 3 and Seabrook plants are licensed to operate until 2045 and 2030, respectively, with Seabrook having applied for a license extension until 2050.

“The long operating life of these units and relatively short life of related debt bring significant long-term value to these resources,” DeCurzio said. “In the marketplace, carbon-free, nuclear assets have additional value as a hedge against volatile fossil fuel prices as well as various initiatives to price carbon emissions,” he said.

MMWEC sells the output from its ownership in Seabrook and Millstone Unit 3 to the MMWEC project participants, which have signed take-or-pay contracts to pay their proportionate share of MMWEC’s ownership costs, including plant operating costs and debt service on the bonds.

MMWEC’s project participants include Massachusetts municipal utilities 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 as well as the Pascoag (RI) Utility District.

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