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**MMWEC considering challenge to constitutionality of Connecticut energy tax**

LUDLOW, Mass. – May 6, 2011 – A new Connecticut tax on electric generation is unfair to Massachusetts consumers and will cause electricity rates to increase throughout New England, according to the Massachusetts Municipal Wholesale Electric Company (MMWEC), which believes the tax is unconstitutional.

“This tax unjustly reaches into the pockets of Massachusetts consumers who purchase electricity from MMWEC to fund a Connecticut budget shortfall,” said David Tuohey, director of communications and external affairs at MMWEC. “We are reviewing the final tax language and considering a legal challenge,” Tuohey said.

In addition, the tax is structured in a way that will increase costs for all New England electricity users when Connecticut’s natural gas generators set the regional energy clearing price, extending the harm to consumers, Tuohey said.

The fact that Connecticut lawmakers reduced the amount of the tax in the days before its passage does not change the unjust nature of the tax, Tuohey said. The measure enables Connecticut to tax Massachusetts consumers with no corresponding benefit to those consumers, he said.

Connecticut lawmakers initially proposed a tax on electricity that would have raised approximately \$330 million/year from the two-unit Millstone nuclear power station in Waterford, Conn. The tax enacted this week reduces the tax burden on Millstone to approximately \$40 million but spreads the tax to other electric generators, including those that are fueled with natural gas.

“While the change may have addressed the concerns of Dominion Resources, Millstone’s lead owner and operator, it doesn’t address the concerns we have in Massachusetts,” Tuohey said.

As a 4.8 percent owner of Millstone Unit 3, MMWEC’s share of the approved tax will be approximately \$1.2 million/year, which will be paid by the 265,000 Massachusetts consumers whose municipal utilities buy Millstone’s electricity from MMWEC. “Because MMWEC and its municipal utilities are non-profit, public entities, the Connecticut tax would be a direct pass-through to those consumers,” Tuohey said.

Power plants that use natural gas to generate electricity typically set the price for electricity that is paid by all New England consumers. As the Connecticut tax increases the cost of electricity from the state’s natural gas plants, and those plants are chosen to meet the demand for electricity in the region, the tax will be reflected in the cost of electricity throughout New England, Tuohey said.

“This is an ill-conceived tax that is levied upon consumers far beyond the borders of Connecticut to address an in-state budget problem,” Tuohey said.

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