Old fashioned...

2009

A N N U A L  R E P O R T

But not.
Old fashioned...  
But not.

Massachusetts Members & Project Participants

Ashburnham Municipal Light Department*
Boylston Municipal Light Department*
Braintree Electric Light Department
Chicopee Electric Light Department*
Danvers Electric Division
Georgetown Municipal Light Department
Groton Electric Light Department*
Hingham Municipal Lighting Plant
Holden Municipal Light Department*
Holyoke Gas & Electric Department*
Hudson Light & Power Department
Hull Municipal Lighting Plant*
Ipswich Municipal Light Department*
Littleton Electric Light & Water
Mansfield Municipal Electric Department*
Marblehead Municipal Light Department*
Middleborough Gas & Electric Department
Middleton Municipal Electric Department
North Attleborough Electric Department
Paxton Municipal Light Department*
Peabody Municipal Light Plant*
Princeton Municipal Light Department*
Reading Municipal Light Department
Shrewsbury Electric & Cable Operations*
South Hadley Electric Light Department*
Sterling Municipal Light Department*
Templeton Municipal Light & Water Plant*
Wakefield Municipal Gas & Light Department*
West Boylston Municipal Lighting Plant*
Westfield Gas & Electric*

Out of State Project Participants

Pascoag (RI) Utility District
Green Mountain Power Corporation (VT)
Hardwick (VT) Electric Department
Ludlow (VT) Electric Light Department
Morrisville (VT) Water and Light Department
Stowe (VT) Electric Department
Swanton (VT) Electric Department

*MMWEC Members
Letter from Management

Local control of electric service reigns in the communities served by MMWEC’s Member and Project Participant utilities, where residents decided more than a century ago to take charge of this essential public function.

Municipal utilities hold fast to their independence in an industry dominated by large, investor-owned utilities. They deliver the benefits of nonprofit operation to their customers, who vote to elect municipal utility officials. They are true to their founding principles, respecting the tradition, value and responsibility that come with public ownership and control.

In these ways, the MMWEC municipal utilities are old-fashioned and proud of it.

At the same time, enlightened by these traditional values, their approach to the complex challenges of today’s electric power marketplace is far from old-fashioned. They are finding innovative solutions to the challenges posed by greener energy policies, wholesale power market reforms and increased financial risks. They are embracing renewable energy development and smart grid initiatives without mandates to do so. They are capturing new value in a changing marketplace while monitoring and diversifying their risks.

All of these activities are focused on delivering a reliable supply of electricity to their customers at prices that are competitive and provide sufficient resources to meet the community, financial and other responsibilities of individual utilities.

MMWEC is a reflection of the utilities that it serves, grounded in traditional values but unfettered in its exploration of creative solutions to perplexing new issues. The MMWEC organization was founded by municipal utilities in 1969 and we exist as a Joint Action Agency to promote the interests of municipal utilities and their customers, wherever that commitment takes us.

This year’s annual report features our Member utilities and provides a snapshot of the value in blending tradition with innovation to meet the needs of our customers. What this demonstrates is that the public option is alive and working well – at least in the electric utility industry – and it is enhanced by Joint Action on the part of like-minded municipal utilities.
Ashburnham Municipal Light Department

Stanley W. Herriott
Manager
Number of Customers: 2,964
Peak Load: 6.9 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook
Commissioners: Kevin H. Lashua, Richard Ahlin, (one seat vacant)

Boylston Municipal Light Department

J. Gary Harrington
General Manager
Number of Customers: 2,115
Peak Load: 7.2 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook, Wyman
Commissioners: Edward Kimball, Alden Gates, John McQuade

Groton Electric Light Department

Kevin P. Kelly
Manager
Number of Customers: 4,514
Peak Load: 17.9 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook
Commissioners: Kevin Lindemer, Rodney R. Hersh, Chris Christie

Chicopee Electric Light Department

Jeffrey R. Cady
Manager
Number of Customers: 25,585
Peak Load: 98.7 MW
Commissioners: Chester T. Gazda, Thomas P. Collins, Carl E. Sittard
Tradition runs deep at the Holyoke Gas & Electric Department (HG&E), established in 1902 as a city-owned alternative to the incumbent private utility. The visionary Francis H. King, a founder of MMWEC and national champion of public power, was one of only five general managers in HG&E history.

In December 2001, HG&E settled a century-old dispute by purchasing the assets of its competing private utility, including the federally licensed Holyoke Dam and canal system, an approximate 50-megawatt generating system. There are many examples of public power strength in the decades leading up to this purchase, but there is perpetual value in how HG&E is leveraging its resources with progressive thinking and innovation.

In mid-2009, citing Holyoke's abundance of low-cost, renewable energy, a collaboration of major Massachusetts universities, high-tech corporations and the state announced that Holyoke will be the site for a $100 million high-performance computing center that could bring more than 1,000 new jobs to the region. Construction is scheduled to start in 2010.

With more than 50 percent of its electric supply coming from renewable resources, low rates and numerous initiatives in place to sustain growth and development, HG&E promotions say “Green Business Grows Here”. HG&E’s success is not happening by accident, and just recognition came when the utility was named the region’s “Top Entrepreneur for 2009”.

MMWEC’s Members and Project Participants offer competitive electric rates, an important economic development tool that is leveraged by the community focus of municipal utilities. Finding solutions that make sense for their customers is what municipal utilities do best, supported by the power supply, financial, risk management and other services provided by MMWEC.
Holden Municipal Light Department
James S. Robinson
General Manager
Number of Customers: 7,159
Peak Load: 22.2 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook
Commissioners: John P. Shepherd, Gary Harrington, Donna L. Fitch, Thomas V. Runstrom, Peter S. Liddy, David Cotton

Hull Municipal Lighting Plant
Richard A. Miller,
Operations Manager
Number of Customers: 6,164
Peak Load: 12.5 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook, Wyman
Commissioners: Patrick Cannon, Daniel Ciccariello, Stephanie Landry, Joseph Divito, Jr., David Irwin

Holyoke Gas & Electric Department
James. M. Lavelle
General Manager
Number of Customers: 17,195
Peak Load: 75.5 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook
Commissioners: Francis J. Hoey III, Robert H. Griffin, Raymond H. Feyre

Ipswich Municipal Light Department
Timothy J. Henry
Utility Director
Number of Customers: 6,861
Peak Load: 26.2 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook
Commissioners: Ingrid F. Miles, James W. Foley, Elizabeth A. Kilcoyne, Patrick J. McNally, Charles D. Surpitski
Restructuring of the electric utility industry generated much discussion about the virtues of customer choice, but this concept is nothing new to Massachusetts municipal utilities, where customers decided long ago they wanted a voice in the affairs of their electric utility.

Local ownership and control has enabled municipal utilities to make decisions based upon the benefits and value accruing to the communities they serve. Mandates for change come from their customers, and many have implemented programs voluntarily to achieve the goals of new government energy policies.

Four years before passage of the American Recovery and Reinvestment Act (ARRA), which funded the 2009 Smart Grid Investment Program, the Groton Electric Light Department decided to invest in advanced metering technology. Today, smart meters are deployed throughout Groton with technology that delivers hourly customer load profiles, outage management capabilities, on-demand meter reading and other information. Customers can monitor their energy use online, and the results of a yearlong, voluntary program offering time-of-use rates demonstrate great potential for systemwide energy savings and peak load reductions.

The Marblehead Municipal Light Department, after experimenting with smart meter technology for more than four years, became one of only 100 utilities nationwide to receive an ARRA Smart Grid Investment Grant in 2009. Marblehead’s fully integrated Advanced Metering Infrastructure proposal with real-time pricing pilot earned the utility an award to help fund the installation of smart meters and thermostats for all customers, beginning in 2010. The Marblehead program also includes in-home displays that allow online, real-time viewing of energy data, enabling customers to make educated decisions about their energy use.

Making decisions about strategic direction at the local level is a traditional right of public power. Today, that right is enabling municipal utilities to implement initiatives that put them at the forefront of advanced technology even before it becomes the popular and government-funded thing to do.

Groton Electric’s smart meters deliver hourly customer load profiles, outage management capabilities and more.
Mansfield Municipal Electric Department
Gary Babin
Director
Number of Customers: 9,608
Peak Load: 54.6 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook
Commissioners: Ann Baldwin, George Dentino, Jess Aptowicz, Michael McCue, Sandra Levine

Marblehead Municipal Light Department
Robert V. Jolly, Jr.
General Manager
Number of Customers: 10,917
Peak Load: 24.4 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook, Wyman

Paxton Municipal Light Department
Diane K. Dillman
Manager
Number of Customers: 1,864
Peak Load: 5.1 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook
Commissioners: Michael J. Benoit, Paul Crowley, Emerson W. Wheeler III

Peabody Municipal Light Plant
William F. Waters
General Manager
Number of Customers: 24,898
Peak Load: 116.4 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook
Commissioners: Thomas M. D’Amato, Thomas J. Paras, Frank Peters, Robert O. Wheatley, Thomas G. Zellen
MMWEC’s Members and Project Participants were created over a 25-year period around the turn to the 20th Century. As the electric industry evolved, they realized the value in working together to achieve common goals. This realization led to the creation of MMWEC in 1969 and the passage of legislation in 1975 giving MMWEC authority to own and finance energy resources to meet municipal utility needs.

In 2008, 14 Member utilities joined with MMWEC in creating the Berkshire Wind Power Cooperative Corporation (BWPCC)* to develop a 15-megawatt wind farm in Western Massachusetts. Construction started in 2009 but was suspended by a permit dispute after four of the project’s 10 wind turbines were fully erected. The BWPCC is planning to restart construction in 2010 and complete the project, which is the largest wind farm under construction in Massachusetts.

Creation of the BWPCC, a Municipal Lighting Plant Cooperative, was authorized under the Massachusetts electric industry restructuring law. Its establishment represents the innovative use of a traditional and productive process – Joint Action – to incorporate renewable energy into the power supply of Member utilities. Other cooperatives have been established to develop and finance wind and solar projects as MMWEC and its Members embrace the state’s call for renewable energy development.

Due to their independent structure and governance, municipal utilities are exempt from state-mandated customer surcharges for energy conservation and renewable energy development. As a result, municipal utilities are not always eligible for programs funded by these surcharges, as was the case with the Commonwealth Solar Program. To close this gap, MMWEC created a single-source photovoltaic energy program to enable municipal utilities to develop solar resources within their communities.

The state’s solar program is evolving to a point where it encompasses municipal utility projects, and MMWEC is working to ensure equal access and opportunity for municipal utilities in all state and federal energy initiatives. Meanwhile, the MMWEC Members are using Joint Action and other devices in the public power toolbox to satisfy their customers’ call for renewable energy.

* BWPCC members serve the Massachusetts communities of Ashburnham, Boylston, Groton, Holden, Hull, Ipswich, Marblehead, Paxton, Peabody, Shrewsbury, Sterling, Templeton, Wakefield, and West Boylston.
Princeton Municipal Light Department

Jonathan Fitch
Manager
Number of Customers: 1,564
Peak Load: 3.9 MW
Commissioners: Bradford Hubbard, Don Steadman, Scott Bigelow

Shrewsbury Electric & Cable Operations

Thomas R. Josie
General Manager
Number of Customers: 15,067
Peak Load: 68.4 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook, Wyman
Commissioners: Clifford T. Jefferson, Jr., Robert F. Lutz, Patricia Lyons-Gallo, Michael Refolo, Anthony M. Trippi

South Hadley Electric Light Department

Wayne D. Doerpholz
Manager
Number of Customers: 7,942
Peak Load: 28.7 MW
MMWEC Projects: Millstone, Seabrook
Commissioners: Jeffrey Labrecque, Rita M. Lawler, Cheryl Scott Nickl

Sterling Municipal Light Department

John Kilgo, Jr.
Manager
Number of Customers: 3,671
Peak Load: 12.3 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook
Commissioners: Arthur J. Coughlin, Sr., Richard A. Sheppard, Matthew Stelmach
As plans to create the New England Power Pool emerged in the early 1970s, it took courage and determination for Massachusetts municipal utilities to overcome the legal, legislative and financial barriers that stood between them and power supply independence.

Using the unique statutory financing authority granted MMWEC in 1975, as well as MMWEC’s power supply development services, municipal utilities created a power supply portfolio that today includes ownership interests in more than 720 megawatts of electric generating capacity.

At the same time, the municipals assumed the responsibilities of owning large generating facilities and participating in New England’s wholesale power marketplace. Many of the municipals turned to MMWEC for the expertise required to manage these new responsibilities.

In 2010, electric utilities are facing challenges unimaginable to the founders of MMWEC. New England’s competitive power markets grow in complexity almost daily. Enormous investments in new transmission facilities are needed to ensure system reliability while integrating intermittent resources and demand response assets. Compliance with an expanding realm of market rules and reliability regulations is required to own and operate power plants.
Templeton Municipal Light & Water Plant

Sean Hamilton
General Manager
Number of Customers: 3,490
Peak Load: 11.3 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook
Commissioners: Dana Blais, Gregg Edwards, Julie Farrell

West Boylston Municipal Light Plant

H. Bradford White, Jr.
General Manager
Number of Customers: 3,388
Peak Load: 13.1 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook
Commissioners: Winthrop E. Handy, Anthony A. Meola, William D. Smith

Wakefield Municipal Gas & Light Department

Peter D. Dion
Manager
Number of Customers: 12,044
Peak Load: 46.2 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook, Wyman

Westfield Gas & Electric

Daniel J. Howard
General Manager
Number of Customers: 17,423
Peak Load: 82.1 MW
MMWEC Projects: Millstone, Seabrook, Stony Brook, Wyman
Commissioners: William E. Buzzee, Thomas P. Flaherty, Kevin M. Kelliher, Francis L. Liptak, Robert A. Paul, Edward A. Roman, Robert C. Sacco
Addressing today’s challenges requires the same kind of collective strength and Joint Action that led to the creation of MMWEC 40 years ago. True to its original purpose, although in vastly different dimensions, MMWEC is continuing to provide the services and expertise needed for its Members to participate effectively in the wholesale marketplace.

A new MMWEC power plant for municipal utilities, Stony Brook Unit 3, is under development and scheduled for operation in 2014. Power Supply Portfolio management strategies capture new market opportunities while reflecting individual Member risk tolerance levels. MMWEC remains a strong advocate in regional and national forums where the rights and interests of its Members are at stake. As it has for many years, MMWEC brings a competitive edge to Massachusetts municipal utilities dedicated to providing their customers with an economic and reliable supply of electricity.

Many aspects of our business have changed, but our values are the same. We are old-fashioned, but not, and the result is an enlightened future for public power in Massachusetts.
Directors

Robert V. Jolly, Jr.
Director/Elected

Stanley W. Herriott
Director/Elected, Chairman

James M. Lavelle
Director/Elected

William F. Waters
Director/Elected

Jonathan Fitch
Director/Elected

Nancy A. Brown
Assistant Secretary

David Tuohey
Director of Communications & External Affairs

Sean Hamilton
Director/Elected

Alan R. Menard
Assistant Treasurer

J. Michael Eberman
Director of Accounting & Financial Reporting

John M. Flynn
Director/Town of Hampden

Jonathan Fitch
Director/Elected

James M. Lavelle
Director/Elected

William F. Waters
Director/Elected

John M. Flynn
Director/Town of Hampden

Pictured Above:
James B. Kline, Director of Treasury and Commodities
Alan R. Menard, Director of Business Support and Administrative Services

Officers

Peter D. Dion
President

Ronald C. DeCurzio
CEO/Secretary

Nicholas J. Scobbo, Jr.
General Counsel

James B. Kline
Treasurer

Alan R. Menard
Assistant Treasurer

Nancy A. Brown
Assistant Secretary

Managers

Edward Kaczenski
Director of Engineering and Generation Assets

Robert J. Deasy
Interim Director of Market Management & Planning

J. Michael Eberman
Director of Accounting & Financial Reporting

David Tuohey
Director of Communications & External Affairs

Pictured Above:
James B. Kline, Director of Treasury and Commodities
Alan R. Menard, Director of Business Support and Administrative Services
MMWEC’s Financial Statements for the years ended December 31, 2009 and 2008 are contained on the CD included in this year’s annual report.

Copies of this report and supplemental financial information can be obtained, free of charge, by contacting:

Corporate Communications Office
Massachusetts Municipal Wholesale Electric Company
P.O. Box 426, Ludlow, MA 01056
E-mail: mmwec@mmwec.org | Internet: www.mmwec.org

The Massachusetts Municipal Wholesale Electric Company (MMWEC) is a not-for-profit, public corporation and political subdivision of the Commonwealth of Massachusetts, created in 1976 through an Act of the Massachusetts General Court. MMWEC provides a broad range of power supply, financial, risk management and other services to enhance the competitiveness of Massachusetts municipal utilities. MMWEC also is the operator and principal owner of the Stony Brook power plant, a 520-megawatt, combined-cycle generating station located at MMWEC’s Stony Brook Energy Center in Ludlow, Massachusetts.
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