

# Massachusetts Municipal Wholesale Electric Company

Financial Statements  
and  
Supplementary Information

Years Ended December 31, 2021 and 2020

# Massachusetts Municipal Wholesale Electric Company

## FINANCIAL STATEMENTS Years Ended December 31, 2021 and 2020

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## Independent Auditors' Report

To the Board of Directors of  
Massachusetts Municipal Wholesale Electric Company

### Opinion

We have audited the accompanying financial statements of Massachusetts Municipal Wholesale Electric Company, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the Massachusetts Municipal Wholesale Electric Company's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Massachusetts Municipal Wholesale Electric Company and its fiduciary funds as of December 31, 2021 and 2020, and the changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Massachusetts Municipal Wholesale Electric Company and its fiduciary funds and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Other Matters

#### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Massachusetts Municipal Wholesale Electric Company's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Massachusetts Municipal Wholesale Electric Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Massachusetts Municipal Wholesale Electric Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the required supplementary information, as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

*Baker Tilly US, LLP*

Madison, Wisconsin  
March 31, 2022

# Massachusetts Municipal Wholesale Electric Company

Management's Discussion and Analysis (unaudited)  
Years Ended December 31, 2021 and 2020

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The following discussion and analysis of the Massachusetts Municipal Wholesale Electric Company (MMWEC) provides an overview and analysis of MMWEC's financial performance during the years ended December 31, 2021 and 2020. This discussion and analysis should be read in conjunction with MMWEC's financial statements and the accompanying notes.

## OVERVIEW OF THE FINANCIAL STATEMENTS

MMWEC is a public corporation and a political subdivision of the Commonwealth of Massachusetts formed to be a joint action agency to develop a bulk power supply for its member Massachusetts cities and towns having municipal electric systems (Members) and other utilities. Among other things, MMWEC is authorized to construct, own or purchase ownership interests in energy facilities and to issue revenue bonds for such purposes. MMWEC's ownership interest in energy generation facilities is through various Projects. Pursuant to its General Bond Resolution (GBR), the bonds of any bond issue relating to a Project are secured solely by revenues derived from that Project. Project revenues are derived primarily from Power Sales Agreements (PSAs) with MMWEC's Members and other utilities that are Participants in a Project (Project Participants). MMWEC's bulk power supply program consists of power purchase arrangements, power brokering services, related planning and other financial services.

MMWEC has a fiduciary responsibility over two defined benefit pension plans that are provided to its employees and has included fiduciary financial statements and disclosures for these pension plans.

The accounting records of MMWEC are maintained using the Governmental Accounting Standards Board (GASB), the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC) and the Generally Accepted Accounting Principles of the United States (GAAP) using the economic resources measurement focus and the accrual basis of accounting. Application of the accounting methods for regulatory operations is also included in these financial statements. This accounting guidance relates to the deferral of revenues and expenses to future periods in which the revenues are earned or the expenses are recovered through the rate-making process, which is governed by the Board of Directors.

MMWEC's financial statements include the Balance Sheets, Statements of Revenues, Expenses and Changes in Net Position, Statements of Cash Flows, Statements of Fiduciary Net Position and Statements of Changes in Fiduciary Net Position. The Balance Sheets report year-end assets and liabilities based on the original cost adjusted for any depreciation, amortization or unrealized gains/losses as appropriate. The Statements of Revenues, Expenses and Changes in Net Position present MMWEC's operating revenues and expenses incurred as a result of MMWEC's business activity. The Statements of Cash Flows report the cash provided and used for operating activities, as well as investing activities and capital and noncapital related financing activities. The Statements of Fiduciary Net Position report the financial resources available for future benefits for MMWEC's administrative and union pension plans. The Statements of Changes in Fiduciary Net Position reflect the additions, deductions and net increase or decrease in net position held in trust for pension benefits.

## MMWEC FINANCIAL ANALYSIS

An analysis of MMWEC's financial position begins with the review of the Balance Sheets, the Statements of Revenues, Expenses and Changes in Net Position and the Statements of Cash Flows. A summary of MMWEC's Condensed Balance Sheets is presented in Table 1. The Condensed Statements of Revenues, Expenses and Changes in Net Position are summarized in Table 2 and the Condensed Statements of Cash Flows are summarized in Table 3.

# Massachusetts Municipal Wholesale Electric Company

Management's Discussion and Analysis (unaudited)  
Years Ended December 31, 2021 and 2020

## MMWEC FINANCIAL ANALYSIS...continued

**Table 1**  
**Condensed Balance Sheets**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
		(In Thousands)	
Current assets, less current portions of designated and restricted special funds including interest	\$ 104,105	\$ 90,377	\$ 78,952
Restricted special funds, including interest receivable and current portion of restricted special funds	88,961	33,225	36,661
Other assets	403,198	375,843	361,883
Capital assets	558,835	536,884	543,713
Deferred outflows of resources	<u>83,589</u>	<u>80,708</u>	<u>79,456</u>
Total assets and deferred outflows of resources	<u>\$ 1,238,688</u>	<u>\$ 1,117,037</u>	<u>\$ 1,100,665</u>
Current liabilities, less current maturities of long-term debt and accrued interest	\$ 163,530	\$ 158,729	\$ 148,776
Long-term debt, net of premiums, including current maturities and accrued interest	128,415	40,178	43,772
Noncurrent liabilities	267,195	252,452	253,888
Deferred Inflow of resources	<u>679,548</u>	<u>665,678</u>	<u>654,229</u>
Total liabilities and deferred inflows of resources	<u>\$ 1,238,688</u>	<u>\$ 1,117,037</u>	<u>\$ 1,100,665</u>

# Massachusetts Municipal Wholesale Electric Company

Management's Discussion and Analysis (unaudited)  
Years Ended December 31, 2021 and 2020

## MMWEC FINANCIAL ANALYSIS...continued

**Table 2**  
**Condensed Statements of Revenues, Expenses and Changes in Net Position**

	2021	2020	2019
		(In Thousands)	
Operating revenues	\$ 242,122	\$ 227,889	\$ 228,328
Depreciation expense	22,253	21,708	20,798
Other operating expenses	223,983	216,637	220,245
Total operating expenses	<u>246,236</u>	<u>238,345</u>	<u>241,043</u>
Operating income (loss)	(4,114)	(10,456)	(12,715)
Investment income (loss)	19,272	19,271	27,653
Interest and amortization expense	(1,844)	(1,576)	(1,415)
Other nonoperating gains (expenses)	(695)	-	1,044
(Increase) Decrease in amounts payable under terms of the power sales agreements	(12,619)	(7,239)	(14,567)
Total non-operating income (expenses)	<u>4,114</u>	<u>10,456</u>	<u>12,715</u>
Change in net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Table 3**  
**Condensed Statements of Cash Flows**

	2021	2020	2019
		(In Thousands)	
Net cash provided by operating activities	\$ 8,056	\$ 27,688	\$ 13,715
Net cash provided by (used in) investing activities	(8,870)	(15,090)	9,610
Net cash provided by (used in) capital and related financing activities	55,749	(28,625)	(14,637)
Net cash used in noncapital financing activities	(243)	(945)	(28,675)
Net change in cash and cash equivalents	54,692	(16,972)	(19,987)
Cash and cash equivalents – beginning of year	<u>36,703</u>	<u>53,675</u>	<u>73,662</u>
Cash and cash equivalents – end of year	<u>\$ 91,395</u>	<u>\$ 36,703</u>	<u>\$ 53,675</u>

# Massachusetts Municipal Wholesale Electric Company

Management's Discussion and Analysis (unaudited)  
Years Ended December 31, 2021 and 2020

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## BALANCE SHEETS

The majority of MMWEC's Balance Sheet consists of the financial activity relating to various Projects, representing ownership interests in various electric generation facilities for which MMWEC has corresponding PSAs with each Project Participant. MMWEC's joint ownership interests are shown in Note 14 – Project Joint Ownership Agreements in the accompanying notes of the accompanying financial statements.

### Comparison of 2020 Financial Results to 2019 Financial Results

Current assets, excluding the current portions of restricted and designated funds, including interest, increased by \$11.4 million.

Cash and temporary investments increased by \$16.7 million, largely due to an increase in working capital and power purchase cash. The increase is due to timing of year end purchase power payments and an overall decrease in purchase power expense for the year. In addition, more cash was held in bank accounts and in investment accounts, less cash and investments were classified as noncurrent designated funds on the balance sheet.

The decrease in current and long-term accounts receivable and unbilled revenue of \$4.8 million is primarily due to reduced power bills at year-end and a decrease in long term accounts receivables related to the Pooled Loan program.

Inventories decreased \$2.8 million primarily due to market value adjustment for Stony Brook Intermediate fuel.

Current and noncurrent restricted special funds, including related interest receivable, decreased by \$3.4 million, primarily driven by pooled loan funds being used during the year.

Other assets increased by \$17.1 million from 2019 to 2020, reflecting increases in nuclear decommissioning trust funds and pension assets (\$23.3 million) due to investment performance and market valuation of assets, which was higher as of December 31, 2020 than in 2019. In addition, lead owner advances increased \$6.3 million due to actual costs coming in under budgeted billings. This increase is offset by a decrease in Seabrook and Millstone designated funds. Seabrook and Millstone funds previously collected were used toward 2020 outage maintenance.

In 2020, total capital assets had a net decrease of \$6.8 million due continued depreciation and amortization of \$17.6 million offset by capital asset additions and construction work in progress reclassifications \$10.8 million.

Deferred outflows of resources increased by \$1.3 million due to higher asset retirement obligations due to inflationary changes in estimates (\$2.4 million) offset by lower deferrals of losses on pension assets (\$1.1 million).

The \$10.0 million increase in current liabilities, excluding current maturities of long-term debt and accrued interest, was attributable to increases in accounts payable and accrued expenses (\$5.8 million) due to timing of vendor payments and increased advances by Members for Project operating expenses in advance of outages (\$4.8 million) considered as current. This increase is offset by decreased short term debt (\$600,000) due to final payments on Pooled Loan line of credit and the net activity on the power purchase line of credit.

Long-term debt, including current maturities and accrued interest, decreased by \$3.6 million primarily due to principal payments being made.

# Massachusetts Municipal Wholesale Electric Company

Management's Discussion and Analysis (unaudited)  
Years Ended December 31, 2021 and 2020

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## **BALANCE SHEETS**...continued

### Comparison of 2020 Financial Results to 2019 Financial Results...continued

Other noncurrent liabilities, excluding long-term debt, decreased \$1.4 million due to decreased member and participant advances classified as long-term on the Balance Sheet offset by increase in inflationary adjustments of asset retirement obligations related to Seabrook and Millstone.

Deferred inflows of resources increased by \$11.4 million due to increases in deferred gain on pension assets (\$2.3 million), pension regulatory credit (\$1.9 million), and amounts payable under the terms of the PSAs (\$7.2 million), which include temporary offsets of unbilled expenses, such as depreciation and unrealized gains/losses.

### Comparison of 2021 Financial Results to 2020 Financial Results

Current assets, excluding the current portions of restricted and designated funds, including interest, increased by \$13.7 million.

Cash and temporary investments increased by \$5.9 million largely due to working capital funds designated as cash and temporary investments being higher to cover higher power costs as of December 2021 when compared to December 2020. This increase was offset by Stony Brook reserves previously collected for capital projects expenditure being used during 2021.

The increase in current and long-term accounts receivable and unbilled revenue of \$13.3 million is primarily due to an increase in power bills as well as an increase in long term accounts receivables related to the Pooled Loan program.

Inventories increased \$3.4 million primarily due to improvement value of the Stony Brook fuel oil as compared to the market as of December 2021 when compared to December 2020.

Current and noncurrent restricted special funds, including related interest receivable, increased by \$55.7 million, largely due to construction and program funds received from debt issuances in 2021 for Pooled Loan, Project 2015A, a capacity resource located in Peabody, Massachusetts and Project 2020A, a solar generation facility located in Ludlow, Massachusetts.

Other assets increased by \$19.3 million from 2020 to 2021, reflecting increases in nuclear decommissioning trust and pension assets due to investment performance and market valuation of assets, which was higher as of December 31, 2021 than in 2020. These increases were offset by a decrease in lead owner advances of \$2.7 million due to actual costs exceeding budgeted billings during 2021.

In 2021, net capital assets increased \$22.0 million due to capital asset additions and construction work in progress largely due to Project 2015A, offset by continued depreciation and amortization of \$19.0 million.

Deferred outflows of resources increased by \$2.9 million due to higher asset retirement obligations as a result of inflationary changes in estimates and by an increase in deferrals of losses on pension assets.

The \$4.8 million increase in current liabilities, excluding current maturities of long-term debt and accrued interest, was attributable to increases in accounts payable and accrued expenses (\$2.0 million) due to timing of vendor payments and increased power costs and an increase in short-term debt due to the issuance of new debt for Project 2020A (\$3.5 million). These increases are offset by a decrease in advances by Members for Project operating expenses (\$0.7 million) considered as current.

# Massachusetts Municipal Wholesale Electric Company

Management's Discussion and Analysis (unaudited)  
Years Ended December 31, 2021 and 2020

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## **BALANCE SHEETS**...continued

### Comparison of 2021 Financial Results to 2020 Financial Results...continued

Long-term debt, including current maturities and accrued interest, increased by \$88.2 million primarily due to the issuance of long-term debt for Project 2015A and the Pooled Loan program during 2021 offset by principal payments being made.

Other noncurrent liabilities, excluding long-term debt, increased \$14.7 million primarily due to inflationary adjustments of asset retirement obligations related to Seabrook and Millstone.

Deferred inflows of resources increased by \$13.9 million due to increases in amounts payable under the terms of the PSAs (\$12.6 million), which include temporary offsets of unbilled expenses, such as depreciation and unrealized gains/losses. In addition, there was an increase in pension regulatory credit (\$1.7 million) offset by a decrease in the deferred gain on pension assets (\$0.4 million).

## **STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**

The majority of MMWEC's Statements of Revenues, Expenses and Changes in Net Position consist of the financial activity relating to revenues and expenses from power purchases and the PSAs for the Projects. Project revenues are derived, primarily, from PSAs with Project Participants. Under all PSAs, the Project Participants are required to pay their respective shares of MMWEC's actual costs relating to the Projects, including debt service. Thus, MMWEC's revenues for an individual Project are dependent on debt service and the costs associated with that particular Project. Revenues for the individual Projects vary from year to year as the costs MMWEC incurs relating to a Project vary.

### Comparison of 2020 Financial Results to 2019 Financial Results

For 2020, revenue decreased by \$400,000 due to lower capacity and energy prices and lower generation across all Projects, except Seabrook.

Purchased power expenses decreased by \$9.9 million during 2020 as compared to 2019 primarily due to decreases in capacity rates and lower locational marginal pricing, driven by moderate temperatures and reduced demand.

The \$3.8 million increase in fuel used in electric generation was driven by increased generation at Stony Brook Intermediate offset by decreased generation at Seabrook and Millstone, as both had outages in 2020.

Other operating expense decreased \$190,000 primarily driven by lower lead owner administration and employee pension and benefits costs at Millstone. In addition, there were no operating costs for Wyman verses a half year of costs in 2019. These decreases were offset by an increase in lead owner administration costs at Seabrook. There was also an increase in other operating expenses as Stony Brook related to safety equipment.

Maintenance expense increased \$2.8 million from the prior year due to maintenance outage work at Seabrook and Millstone in 2020. This increase was offset by a decrease at Stony Brook. In the prior year, Stony Brook had higher maintenance costs related to the gas turbines and cooling towers.

In 2020, depreciation expense increased \$910,000, as a result of depreciation from fixed asset additions and asset retirement obligations, offset by retirements during 2020.

Taxes other than income, interest expense and amortization expense were each essentially level from 2019 to 2020.

# Massachusetts Municipal Wholesale Electric Company

Management's Discussion and Analysis (unaudited)  
Years Ended December 31, 2021 and 2020

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## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION...continued

### Comparison of 2020 Financial Results to 2019 Financial Results...continued

Investment income, which is a result of varying fund balances and interest rates, decreased by \$8.4 million in 2020, primarily due to decreased interest income and lower unrealized market gains on decommissioning funds. In addition, there was lower interest income on designated and restricted funds.

On July 17, 2019, MMWEC sold its full ownership interest in Wyman 4, resulting in a gain on the sale of property of \$1.0 million.

The decrease in amounts payable under terms of the PSAs is primarily due to unrealized losses on the decommissioning funds offset by ongoing bond payments made during the period and is discussed in Notes 1 and 7 of the accompanying financial statements.

### Comparison of 2021 Financial Results to 2020 Financial Results

For 2021, revenue increased by \$14.2 million due to increased energy and transmission prices, in conjunction with higher generation from Stony Brook Peaking and Millstone 3.

The \$4.7 million decrease in fuel used in electric generation was primarily driven by decreased generation at Stony Brook Intermediate, a favorable inventory market adjustment for Intermediate fuel, offset by increased generation at Millstone. Millstone did not have a refueling outage in 2021.

Purchased power expenses increased by \$16.3 million during 2021 as compared to 2020. Lower capacity rates in 2021 were offset by higher locational marginal pricing and transmission costs, driven by increased demand and market conditions.

Other operating expense decreased \$1.4 million primarily driven by lower lead owner administration, employee pension, and benefits costs at Seabrook and Millstone. Additionally, there were decreased costs at Stony Brook related to pension costs, safety and cleaning equipment, station service, and communication costs. These Stony Brook decreases were offset by increased switchyard costs, property insurance, and administration costs.

Maintenance expenses decreased \$2.9 million compared to 2020 due to lower Seabrook and Millstone maintenance expenses. Millstone did not have a refueling outage in 2021 and Seabrook had lower costs related to their refueling outage in Fall 2021 compared to their Spring 2020 outage. Additionally, Stony Brook had decreased costs related to transmission line and boiler maintenance in 2021 compared to 2020. These decreases were offset by increased Stony Brook expenses related to gas turbine, gas pipeline, fire safety, and substation maintenance.

In 2021, depreciation expense increased \$545,000, as a result of depreciation from fixed asset additions and asset retirement obligations.

Taxes other than income were comparable from 2020 to 2021. The increase of \$83,000 is related to Seabrook property tax increases.

Investment income, which is a result of varying fund balances and interest rates, was essentially level from 2020 to 2021. Decommissioning funds increased, while restricted and designated funds saw decreases primarily due to unrealized market losses.

# Massachusetts Municipal Wholesale Electric Company

Management's Discussion and Analysis (unaudited)  
Years Ended December 31, 2021 and 2020

## STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION...continued

### Comparison of 2021 Financial Results to 2020 Financial Results...continued.

Interest expense increased \$345,000 due to new debt issued in 2021 related to Project 2015A, Project 2020A, and Pooled Loan.

Amortization expense and bond issuance expense increased \$77,000 and \$695,000, respectively, due to Project 2015A bonds issued in 2021.

The increase in amounts payable under terms of the PSAs of \$5.4 million is primarily due to new debt issued in 2021, unrealized losses on restricted and designated funds, offset by ARO as discussed in Notes 1 and 7 of the accompanying financial statements.

## STATEMENTS OF CASH FLOWS

For purposes of the Statements of Cash Flows, cash equivalents are cash and investments having an original maturity of three months or less from the date of acquisition. Cash and cash equivalents decreased by \$17.0 million from 2019 to 2020. This is primarily due to purchases of investments offset by proceeds from sales and maturities of investments. Cash and cash equivalents increased by \$54.7 million from 2020 to 2021. This is primarily due to the issuance of long-term debt for Project 2015A and the Pooled Loan Program and the issuance of short-term debt for Project 2020A.

## MMWEC PROJECT OPERATIONS

The following tables provide operating information for the MMWEC Projects for the corresponding years for which financial information and analysis was presented above. See Note 13 – Project Joint Ownership Agreements in the accompanying financial statements for additional information.

### MMWEC Project Operations January 1 through December 31, 2021

	<u>Stony Brook Intermediate</u>	<u>Stony Brook Peaking</u>	<u>Seabrook</u>	<u>Millstone 3</u>
Availability	92.03%	92.37%	90.54%	96.56%
Capacity Factor	1.76%	0.14%	90.30%	96.73%
Generation MWH	47,947	1,904	1,142,599	494,135

*The capacity factor represents the percentage of electricity actually produced as compared with potential production.*

### MMWEC Project Operations January 1 through December 31, 2020

	<u>Stony Brook Intermediate</u>	<u>Stony Brook Peaking</u>	<u>Seabrook</u>	<u>Millstone 3</u>
Availability	93.99%	94.48%	90.88%	84.35%
Capacity Factor	3.17%	0.11%	99.14%	95.50%
Generation MWH	86,260	1,516	1,143,660	433,079

# Massachusetts Municipal Wholesale Electric Company

Management's Discussion and Analysis (unaudited)  
Years Ended December 31, 2021 and 2020

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**STATEMENTS OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**...continued

## **CONTACT INFORMATION**

This financial report is designed to provide a general overview of MMWEC's finances. Questions or requests for additional information should be addressed to MMWEC Attn: Director of Financial Reporting & Corporate Technology, 327 Moody Street, Ludlow, Massachusetts 01056.

# Massachusetts Municipal Wholesale Electric Company

Balance Sheet  
December 31, 2021 and 2020  
(In Thousands)

	2021	2020
<b>ASSETS</b>		
Current assets:		
Cash and temporary investments	\$ 28,575	\$ 22,716
Accounts receivable	27,091	22,403
Unbilled revenues	20,624	20,009
Inventories	26,362	22,995
Prepaid expenses	1,453	2,254
Current portion of restricted special funds	38,343	33,170
Interest receivable restricted special funds	63	55
Current portion of designated funds	8,066	3,455
Total current assets	<u>150,577</u>	<u>127,057</u>
Noncurrent assets:		
Restricted assets:		
Noncurrent portion of restricted special funds	50,555	-
Nuclear decommissioning trust	182,102	161,491
Net pension asset	11,878	11,105
Noncurrent charges:		
Designated funds	153,463	157,464
Designated funds interest receivable	335	317
Long-term accounts receivable	27,403	19,368
Other noncurrent charges	19,951	22,643
Total noncurrent assets	<u>445,687</u>	<u>372,388</u>
Capital assets:		
In service	1,419,593	1,411,137
Accumulated depreciation	(935,621)	(916,666)
Construction work in progress	53,737	21,601
Nuclear fuel, net of amortization	21,126	20,812
Total capital assets	<u>558,835</u>	<u>536,884</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred loss on pension asset	855	377
Deferred asset retirement obligations	82,734	80,331
Total deferred outflows of resources	<u>83,589</u>	<u>80,708</u>
Total assets and deferred outflows of resources	<u>\$ 1,238,688</u>	<u>\$ 1,117,037</u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 12,673	\$ 13,807
Member and participant advances	123,511	124,226
Short-term debt	3,500	2
Accrued expenses	23,846	20,694
Current liabilities payable from restricted assets:		
Accrued interest payable	543	308
Current maturities of long-term debt, net of premiums	4,490	3,566
Total current liabilities	<u>168,563</u>	<u>162,603</u>
Noncurrent liabilities:		
Long-term debt, net of premiums and current maturities	123,382	36,304
Asset retirement obligations	169,314	164,081
Long-term member and participant advances	97,881	88,371
Total noncurrent liabilities	<u>390,577</u>	<u>288,756</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension regulatory credit	6,331	4,709
Amounts payable under terms of the power sales agreements	667,731	655,112
Deferred gain on pension asset	5,486	5,857
Total deferred inflows of resources	<u>679,548</u>	<u>665,678</u>
Total liabilities and deferred inflows of resources	<u>\$ 1,238,688</u>	<u>\$ 1,117,037</u>

The accompanying notes are an integral part of these financial statements.

# Massachusetts Municipal Wholesale Electric Company

Statements of Revenues, Expenses and Changes in Net Position

Years Ended December 31, 2021 and 2020

(In Thousands)

	<u>2021</u>	<u>2020</u>
Operating revenues:		
Revenues	<u>\$ 242,122</u>	<u>\$ 227,889</u>
Operating expenses:		
Fuel used in electric generation	8,944	13,686
Purchased power	164,433	148,169
Other operating	36,061	37,465
Maintenance	10,481	13,336
Depreciation	22,253	21,708
Taxes other than income	4,064	3,981
	<u>246,236</u>	<u>238,345</u>
Operating income (loss)	<u>(4,114)</u>	<u>(10,456)</u>
Non-operating revenues (expenses):		
Investment income (loss)	19,272	19,271
Interest expense on long-term debt	(1,921)	(1,576)
Amortization of premium	77	-
Bond issuance expense	(695)	-
Decrease (Increase) in amounts payable under terms of the power sales agreements	<u>(12,619)</u>	<u>(7,239)</u>
Total non-operating revenues (expenses)	<u>4,114</u>	<u>10,456</u>
Change in net position	-	-
Net position, beginning of year	<u>-</u>	<u>-</u>
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

# Massachusetts Municipal Wholesale Electric Company

## Statements of Cash Flows

Years Ended December 31, 2021 and 2020

(In Thousands)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Received from sales to members and participants	\$ 218,644	\$ 230,873
Paid to suppliers for goods and services	(200,471)	(192,800)
Paid to employees	(10,117)	(10,385)
Net cash provided by operating activities	<u>8,056</u>	<u>27,688</u>
Cash flows from investing activities:		
Purchases of investments	(287,695)	(488,266)
Proceeds from sales and maturities of investments	280,190	470,069
Investment income (loss) received	(1,365)	3,107
Net cash provided by (used in) investing activities	<u>(8,870)</u>	<u>(15,090)</u>
Cash flows from capital and related financing activities:		
Construction expenditures and purchases of nuclear fuel	(52,625)	(22,460)
Proceeds from issuance of long-term debt	92,005	-
Principal payments on long-term debt	(3,926)	(3,504)
Decommissioning trust payments	-	(1,322)
Interest payments on long-term debt	(1,445)	(1,339)
Proceeds from issuance of short-term debt	3,500	-
Proceeds from participant capital contributions	18,935	-
Bond financing issuance expenditures	(695)	-
Net cash used in capital and related financing activities	<u>55,749</u>	<u>(28,625)</u>
Cash flows from noncapital financing activities:		
Proceeds from issuance of short-term debt	3,590	3,684
Principal payments on short-term debt	(3,592)	(4,302)
Interest payments on short-term debt	(241)	(327)
Net cash provided by (used in) noncapital financing activities	<u>(243)</u>	<u>(945)</u>
Net change in cash and cash equivalents	54,692	(16,972)
Cash and cash equivalents, beginning of year	<u>36,703</u>	<u>53,675</u>
Cash and cash equivalents, end of year	<u>\$ 91,395</u>	<u>\$ 36,703</u>

The accompanying notes are an integral part of these financial statements.

# Massachusetts Municipal Wholesale Electric Company

Statements of Cash Flows...continued

Years Ended December 31, 2021 and 2020

(In Thousands)

	2021	2020
<b>Reconciliation of operating income to net cash provided by operating activities:</b>		
Operating income	\$ (4,114)	\$ (10,456)
Noncash items included in operating income:		
Depreciation	22,253	21,708
Amortization of nuclear fuel and asset retirement obligations	13,872	12,644
Changes in assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(4,688)	(528)
Unbilled revenues	(615)	2,202
Inventories	(3,367)	2,759
Prepaid expenses	801	850
Net pension asset	(773)	(5,375)
Long term accounts receivable	(8,035)	3,154
Other deferred charges	2,692	(6,300)
Increase (decrease) in:		
Accounts payable	(1,205)	5,870
Member and participant advances	(10,207)	(1,642)
Accrued expenses	3,152	(55)
Long term member and participant advances	(80)	(101)
Pension regulatory liability	1,622	1,876
Changes in deferred outflows of resources	(2,881)	509
Changes in deferred inflows of resources	(371)	573
Net cash provided by operating activities	<u>\$ 8,056</u>	<u>\$ 27,688</u>
<b>Reconciliation of cash and cash equivalents to the statement of net position:</b>		
Cash and temporary investments	\$ 28,575	\$ 22,716
Total restricted and designated funds	<u>250,427</u>	<u>194,089</u>
Total cash and investments	279,002	216,805
Less - investments included in restricted and designated funds and decommissioning trust	<u>(187,607)</u>	<u>(180,102)</u>
Total cash and cash equivalents	<u>\$ 91,395</u>	<u>\$ 36,703</u>
<b>Supplemental disclosures of cash flow information:</b>		
Noncash investing, capital and financing transactions:		
Amortization of debt premiums	<u>\$ 77</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

# Massachusetts Municipal Wholesale Electric Company

Fiduciary Financial Statements

December 31, 2021 and 2020

(In Thousands)

## STATEMENTS OF FIDUCIARY NET POSITION

	2021	2020
<b>ASSETS</b>		
Investments at fair value:		
Mutual funds	\$ 16,759	\$ 30,592
Money market funds	3,578	-
Guaranteed income funds	9,216	1,326
Total investments	<u>29,553</u>	<u>31,918</u>
Net position available for pension benefits	<u>\$ 29,553</u>	<u>\$ 31,918</u>

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	2021	2020
<b>ADDITIONS</b>		
Employer contributions	\$ 375	\$ 495
Investment activity:		
Interest and dividends	342	28
Net appreciation in fair value of investments	4,060	5,788
Total investment activity	<u>4,402</u>	<u>5,816</u>
Total additions	<u>4,777</u>	<u>6,311</u>
<b>DEDUCTIONS</b>		
Benefits paid directly to participants	7,124	4,387
Administrative expenses	18	20
Total deductions	<u>7,142</u>	<u>4,407</u>
Net increase (decrease) in net position	(2,365)	1,904
Net position available for pension benefits, beginning of year	<u>31,918</u>	<u>30,014</u>
Net position available for pension benefits, end of year	<u>\$ 29,553</u>	<u>\$ 31,918</u>

The accompanying notes are an integral part of these financial statements.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS

### Reporting Entity/Nature of Business

The Massachusetts Municipal Wholesale Electric Company (MMWEC) is a public corporation and a political subdivision of the Commonwealth of Massachusetts formed to be a joint action agency to develop a bulk power supply for its member Massachusetts cities and towns having municipal electric systems (Members) and other utilities, both public and private. Among other things, MMWEC is authorized to construct, own, or purchase ownership interests in energy facilities and to issue revenue bonds for such purposes. MMWEC's ownership interests in energy generation facilities are through various Projects (Note 14 – Project Joint Ownership Agreements). Pursuant to its General Bond Resolution (GBR), the bonds of any bond issue relating to a Project are secured solely by revenues derived from that Project. Project revenues are derived primarily from Power Sales Agreements (PSAs) with MMWEC's Members and other utilities who are Participants in a Project (Project Participants). MMWEC's bulk power supply program consists of power purchase arrangements, power brokering services, planning and financial services, and the Projects relating to generating facilities built and operated either by MMWEC or other entities.

A Massachusetts city or town having a municipal electric system, authorized by majority vote of the city or town, may become a Member of MMWEC by applying for admission and agreeing to comply with the terms and conditions of membership as MMWEC By-Laws may require. As of December 31, 2021 and 2020, twenty (20) Massachusetts cities and towns having municipal electric systems were Members.

MMWEC has determined it has a fiduciary responsibility over two defined benefit pension plans that are provided to its employees. The financial statement presentation includes business-type activities and the fiduciary fund financial statements for the defined benefit pension plans.

### Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting records of MMWEC are maintained using the Governmental Accounting Standards Board (GASB), the Uniform System of Accounts of the Federal Energy Regulatory Commission (FERC) and the Generally Accepted Accounting Principles of the United States of America (GAAP) using the economic resources measurement focus and the accrual basis of accounting. Application of the accounting methods for regulatory operations is also included in these financial statements. This accounting guidance relates to the deferral of revenues and expenses to future periods in which the revenues are earned or the expenses are recovered through the rate-making process, which is governed by the Board of Directors.

### Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources

#### Cash and Investments

For purposes of the Statements of Cash Flows, cash equivalents are cash and investments having an original maturity of three months or less from the date of acquisition. Unrestricted cash and cash equivalents are presented within cash and temporary investments in the accompanying Balance Sheets. Restricted cash and cash equivalents are presented within the current or long-term portion of restricted special funds in the accompanying Balance Sheets. Decommissioning Trust investments are excluded from the cash equivalents on the Statement of Cash Flows.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

### Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources ...continued

#### Cash and Investments...continued

MMWEC has adopted an investment policy, which is approved annually by MMWEC's Board of Directors as required by MMWEC's GBR. Although certain cash and temporary investment amounts used for power purchases and working capital requirements of MMWEC are not subject to the provisions of the GBR, they are subject to the provisions of the investment policy.

Investments are stated at fair value, as defined under fair value measurements above. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the Statements of Revenues, Expenses and Changes in Net Position as increases or decreases in investment income.

Through its investment policy, MMWEC is restricted to investing in certain types of securities and investments, which are:

- a. Direct obligations of the United States of America
- b. Bonds, debentures, notes or other indebtedness issued by various federal agencies
- c. New housing authority bonds issued by public agencies or municipalities
- d. Bonds or notes issued by states and municipalities that are rated in one of the two highest rated categories by rating agencies
- e. Bank time deposits
- f. Repurchase agreements
- g. Federal funds or bankers acceptances
- h. Investment agreements

The MMWEC investment policy does not apply to the decommissioning trust funds or defined benefit pension fiduciary funds.

#### Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on the validity of contracts and collection history, an allowance for doubtful accounts is not considered necessary. Should these circumstances change, an allowance for doubtful accounts would be provided for those accounts receivable considered to be uncollectible at the end of the year, and the bad debts would be written off against the allowance when identified.

Other accounts receivable are considered long-term, as of December 31, 2021 and 2020, long-term accounts receivable were \$27.4 million and \$19.4 million, respectively.

#### Unbilled Revenue

Unbilled revenues are revenues that are not yet billed under the MMWEC Member and Participant agreements and other power arrangements and represent a portion of December services rendered that are collectible in January of the subsequent year.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

### Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources ...continued

#### Prepaid Expenses

Prepaid expenses represent insurance premiums, property taxes, payment in lieu of taxes and other similar contracts and arrangements paid in the current fiscal year benefiting future periods.

#### Inventories

Fuel oil and spare parts inventories are valued at the lower of cost or market and recorded and accounted for by the average cost method. At December 31, 2021 and 2020, total fuel oil inventory was at \$10.9 million and \$8.3 million, respectively, and spare parts inventory amounted to \$15.4 million and \$14.7 million, respectively.

Adjustments resulting from valuation of inventory are operating costs charged to fuels used in electric generation on the accompanying Statements of Revenues, Expenses and Changes in Net Position.

#### Restricted Funds

MMWEC's practice is to use restricted funds on hand before using unrestricted funds when an expense is incurred for purposes for which both restricted and unrestricted funds are available.

#### Nuclear Decommissioning Trust

As required by the Nuclear Regulatory Commission (NRC) and respective state statutes and/or regulations, as well as MMWEC's own determinations, MMWEC has funded trust funds maintained by external trustees to provide for the estimated future decommissioning activities of Millstone Unit 3 and Seabrook Station. The balances at December 31, 2021 and 2020 for Millstone Unit 3 were \$75.3 million and \$66.0 million, respectively, and for Seabrook Station were of \$106.8 million and \$95.5 million, respectively, and are stated at fair value and are included in restricted assets and amounts recoverable (payable) under terms of the PSAs on the Balance Sheets. Decommissioning balances for the Seabrook Station include funds in the New Hampshire Nuclear Decommissioning Trust and in an escrow account into which payments are made by MMWEC as a funding assurance mechanism. Depending on future circumstances, the funds held in the escrow account will be placed either in the Decommissioning Trust Fund for Seabrook Station, or will be returned to MMWEC, per order of the Nuclear Decommissioning Financing Committee of the State of New Hampshire.

#### Net Pension Asset

The Massachusetts Municipal Wholesale Electric Company Pension Plans (Plans) are two single-employer, defined benefit pension plans administered by MMWEC. One plan covers union employees (Union Plan) and the other plan covers non-union employees (Administration Plan). All full-time active administration employees hired before December 1, 2006, and all full-time active union employees hired before January 1, 2008 are covered by their respective plans. At December 31, 2021 and 2020, the net pension asset was \$11.9 million and \$11.1 million, respectively. The calculation and related assumptions of the net pension asset and terms of the Plans are discussed in Note 13 – Benefit Plans.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

### Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources ...continued

#### Designated Funds

Designated funds are held by MMWEC for a specific internal use.

#### Other Noncurrent Charges

MMWEC advances both Millstone Unit 3 and Seabrook Station operating and capital expenditures based on budgeted levels. These advances are reduced when actual expenditures are incurred. At December 31, 2021 and 2020 these advances totaled \$18.5 million and \$21.7 million, respectively and are included in other noncurrent charges on the Balance Sheets. The remaining balance of noncurrent charges is primarily comprised of MMWEC's equity investment in Hydro-Quebec Phase II interconnection as described in Note 16 - Contracts and Commitments.

#### Capital Assets – In Service

Capital assets – in service are generally defined by MMWEC as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets of MMWEC are recorded at cost at the date of acquisition.

Provisions for depreciation are computed using the straight-line method based on estimated useful lives for the underlying assets at Stony Brook and the administrative and general office on MMWEC's site (Service). Seabrook Station, Millstone and Wyman are depreciated based on the group life basis. The lives are as follows:

#### Stony Brook

Building	25 years
Building improvements	20 years
Equipment	20-30 years
Computer equipment and vehicles	3-4 years

#### Service

Office equipment and software	3-8 years
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#### Other Generation Facilities

Seabrook Station	60 years
Millstone Unit 3	60 years
W.F. Wyman No. 4	51 years

#### Construction Work in Progress

Construction work in progress is stated at cost. Any internal costs that are capitalized are limited to those costs that can be directly identified with the design, engineering or construction of a specific Project and do not include any costs related to production, general corporate overhead or similar activities. Depreciation of these costs will commence once placed in service.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

### Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources ...continued

#### Nuclear Fuel

Nuclear fuel, net of amortization, includes MMWEC's ownership interest in spent nuclear fuel, fuel in reactor, in stock and in process for both Millstone Unit 3 and Seabrook Station. The cost of nuclear fuel is amortized to fuel used in electric generation for each nuclear unit based on the relationship of energy produced in the current period to total expected energy production for fuel in the reactor. Fuel amortization expense of \$8.6 million as of December 31, 2021 and \$8.2 million as of December 31, 2020, respectively, is included in operating expense on the accompanying Statements of Revenues, Expenses and Changes in Net Position.

MMWEC, along with all of the other joint owners of both Millstone Unit 3 and Seabrook Station, has filed claims against the U.S. Department of Energy (DOE) in the United States Court of Claims for partial breach of the provisions for fuel disposal costs that were previously assessed by the DOE under the Energy Policy Act of 1992, for the cost of decontamination and decommissioning of uranium enrichment plants operated by the DOE.

As the DOE has agreed in principle to settlements in regard to ongoing costs incurred related to the disposal contracts, accounts receivable related to these ongoing cost settlements have been recorded at December 31, 2021 and 2020 in the amount of \$184,000 and \$332,000, respectively. In 2021 and 2020, \$1,400 and \$1.6 million were refunded to MMWEC for costs incurred related to spent fuel facilities and disposal, respectively.

#### Deferred Outflows of Resources

Deferred outflows of resources are comprised of pension-related amounts and asset retirement obligations.

#### Accounts Payable and Accrued Expenses

At December 31, 2021, accounts payable and accrued liabilities total \$37.1 million which include \$12.7 million related to standard operating supplier and vendor accounts payable; \$17.9 million for power purchase accruals; \$543,000 for accrued interest on debt; and \$6.0 million for other miscellaneous accounts payable and accrued liabilities.

At December 31, 2020, accounts payable and accrued liabilities total \$34.8 million which include \$13.8 million related to standard operating supplier and vendor accounts payable; \$16.3 million for power purchase accruals; \$308,000 for accrued interest on debt; and \$4.4 million for other miscellaneous accounts payable and accrued liabilities.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

### Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources ...continued

#### Member and Participant Advances and Reserves

MMWEC maintains numerous operating reserves and advances from its Members and Project Participants in accordance with the PSAs, Power Purchase Agreements (PPAs) and other contractual arrangements. Member and Participant advances that are considered current liabilities were \$123.5 million and \$124.2 million for the years ended December 31, 2021 and 2020, respectively.

Other Member and Participant reserves for 2021 and 2020, which are considered long-term, were \$97.9 million and \$88.4 million, respectively. A reconciliation of the beginning and ending aggregate carrying amount of long-term Member and Participant Advances for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
	(In Thousands)	
Long-term member and participant advances, beginning of year	\$ 88,371	\$ 94,870
Additions	11,752	37
Deletions	<u>(2,242)</u>	<u>(6,536)</u>
Long-term member and participant advances, end of year	<u>\$ 97,881</u>	<u>\$ 88,371</u>

#### Asset Retirement Obligations

MMWEC identified certain asset retirement obligations (AROs), which are primarily associated with the decommissioning of MMWEC's ownership interest in Millstone Unit 3 and Seabrook Station. The recognition of the AROs at current value also results in a corresponding deferred outflow of resources, which is amortized over the remaining useful life of the underlying asset. Amortization expense is included in depreciation expenses in the Statements of Revenues, Expenses and Changes in Net Position.

#### Long-term Obligations

Long-term debt and other obligations are reported as noncurrent liabilities. Bond premiums are amortized over the life of the bonds using the effective interest method. The balance at year end for premiums is shown as an increase to long-term debt in the liability section of the accompanying Balance Sheets.

#### Deferred Inflows of Resources

Deferred inflows of resources are comprised of pension-related amounts.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

### Assets, Deferred Outflows of Resources, Liabilities and Deferred Inflows of Resources ...continued

#### Amounts Payable Under Terms of the Power Sales Agreements

Billings to Project Participants are structured to recover costs in accordance with the PSAs, which generally provide for billing debt service, operating expenses and reserve requirements. Expenses are reflected in the Statements of Revenues, Expenses and Changes in Net Position in accordance with GAAP. The timing difference between amounts billed and expensed is charged, or credited, to amounts recoverable (payable) under terms of the PSAs.

The principal differences include depreciation, fuel amortization, costs associated with canceled Projects (or assets abandoned within a Project), asset retirement obligations, cost of refinancing, billing for certain interest, reserves, net unrealized gains or losses on investments and other costs. In accordance with the PSAs, these amounts have been offset in amounts payable under terms of the PSAs on the Balance Sheets. The December 31, 2021 and 2020 amounts payable balances of \$667.7 million and \$655.1 million, respectively, reflect the Statements of Revenues, Expenses and Changes in Net Position net increase of \$12.6 million and net increase of \$7.2 million for the years then ended.

### Revenues and Expenses

#### Revenues

Operating revenues include electric sales for resale provided through MMWEC's bulk power supply program. Revenues consist, in significant part, of billings under the PSAs, PPAs, and other power arrangements, net of debt service refunds to participants. MMWEC also records service revenues by providing its Members with power supply planning and related services, which are billed pursuant to the MMWEC Service Agreement or the All-Requirements Bulk Power Sales Agreement. Revenues related to financing and other activities are reflected as non-operating.

Revenues are comprised of the following:

	<u>2021</u>	<u>2020</u>
	(In Thousands)	
Electric sales for resale	\$ 235,337	\$ 220,516
Service and other	6,785	7,373
	<u>\$ 242,122</u>	<u>\$ 227,889</u>

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

### Revenues and Expenses

#### Taxes

Chapter 775 of the Massachusetts Acts of 1975 (the Act) specifically exempts MMWEC from paying any taxes upon its income, existence or franchise, and any revenues from the transfer or sale of bonds issued by MMWEC. Chapter 775 exempts real and personal property situated within the Commonwealth from property taxation. However, the Act requires MMWEC to pay an amount in lieu of property taxes with respect to MMWEC assets in Massachusetts to any governmental body authorized to levy local taxes in Massachusetts. MMWEC pays an amount in lieu of property taxes for its interest in the Stony Brook Peaking and Intermediate fossil-fuel burning plants located in Ludlow, Massachusetts.

MMWEC pays property taxes for its ownership interest in Millstone Unit 3 located in Waterford, Connecticut, and Seabrook Station, which is mostly located in Seabrook, New Hampshire.

#### Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes, and disclosure of contingent liabilities at the date of the financial statements. Estimates are used for, but not limited to, the selection of the useful lives of capital assets, provision necessary for contingent liabilities, accrued expenses, asset retirement obligations and other similar charges. Management believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

#### Comparative Data

Certain prior year data has been reclassified to conform to the current year's presentation with no impact on Net Position.

#### Effect of Future Accounting Standards on Current Period Financial Statements

GASB has approved Statement No. 87, *Leases*, Statement No. 91, *Debt Conduit Obligations*, Statement No. 92, *Omnibus 2020*, Statement No. 93, *Replacement of Interbank Offered Rates*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, and Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*. When they become effective, application of these standards may restate portions of these financial statements.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 2. CASH AND INVESTMENTS

MMWEC's cash and investments (exclusive of the fiduciary funds and decommissioning trust) were comprised of the following at December 31:

Type of Investment or Cash Equivalent	2021		2020		Associated Risks
	Carrying Value	Bank & Investment Value	Carrying Value	Bank & Investment Value	
	(In Thousands)				
Cash and Cash Equivalents:					
Government Money Market Funds	\$ -	\$ -	\$ 5,153	\$ 5,153	Custodial Credit Risk
U.S. Treasury Bills	-	-	5,250	5,250	Credit Risk, Interest Rate Risk
U.S. Agency Discount Notes	31,998	31,998	-	-	Credit Risk, Concentration of Credit Risk, Interest Rate Risk
Certificate of Deposit	250	250	-	-	Custodial Credit Risk
Municipal Bonds	2,003	2,003	-	-	Credit Risk, Concentration of Credit Risk, Interest Rate Risk
Deposits	57,144	45,813	26,300	27,157	Custodial Credit Risk
Total Cash and Cash Equivalents	<u>91,395</u>	<u>80,064</u>	<u>36,703</u>	<u>37,560</u>	
Other Investments:					
U.S. Treasury Notes	48,260	48,260	20,801	20,801	Credit Risk, Interest Rate Risk
U.S. Agency Bonds	97,590	97,590	122,690	122,690	Credit Risk, Concentration of Credit Risk, Interest Rate Risk
U.S. Agency Discount Notes	7,493	7,493	-	-	Credit Risk, Concentration of Credit Risk, Interest Rate Risk
Certificate of Deposit	251	251	754	754	Custodial Credit Risk
Municipal Bonds	34,013	34,013	35,857	35,857	Credit Risk, Concentration of Credit Risk, Interest Rate Risk
Total Other Investments	<u>187,607</u>	<u>187,607</u>	<u>180,102</u>	<u>180,102</u>	
Totals	<u>\$ 279,002</u>	<u>\$ 267,671</u>	<u>\$ 216,805</u>	<u>\$ 217,662</u>	

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 2. CASH AND INVESTMENTS...continued

MMWEC's investments in the Decommissioning Trust are held by independent trustees. Investments are limited to those defined by the investment policy, and are comprised of the following at December 31:

Type of Investment or Cash Equivalent	2021		2020		Associated Risks
	Carrying Value	Bank & Investment Value	Carrying Value	Bank & Investment Value	
	(In Thousands)				
Cash and Cash Equivalents:					
Money Market Fund	\$ 13,994	\$ 13,994	\$ 14,173	\$ 14,173	Custodial Credit Risk
Total Cash and Cash Equivalents	<u>13,994</u>	<u>13,994</u>	<u>14,173</u>	<u>14,173</u>	
Other Investments:					
Mutual Funds - equity	72,323	72,323	69,091	69,091	Credit Risk, Concentration of Credit Risk
FPL Minority Owner Trust	39,838	39,838	34,906	34,906	Credit Risk, Interest Rate Risk, Concentration of Credit Risk, Credit Risk, Concentration of Credit Risk
Common stock - equities	21,604	21,604	16,851	16,851	Concentration of Credit Risk, Credit Risk, Concentration of Credit Risk
Preferred stock	885	885	-	-	Credit Risk, Interest Rate Risk, Concentration of Credit Risk
US Treasury securities	6,439	6,439	7,951	7,951	Credit Risk, Interest Rate Risk, Concentration of Credit Risk
Corporate Bonds	10,762	10,762	12,156	12,156	Credit Risk, Interest Rate Risk, Concentration of Credit Risk
US Agency Securities	8,143	8,143	4,303	4,303	Credit Risk, Interest Rate Risk, Concentration of Credit Risk
Municipal Bonds	2,001	2,001	1,332	1,332	Credit Risk, Interest Rate Risk, Concentration of Credit Risk
US Government Obligations	1,050	1,050	-	-	Credit Risk, Interest Rate Risk, Concentration of Credit Risk
Foreign Bonds and Notes	112	112	-	-	Credit Risk, Interest Rate Risk, Concentration of Credit Risk
Mutual Funds - fixed	4,951	4,951	728	728	Credit Risk, Concentration of Credit Risk
Total Other Investments	<u>168,108</u>	<u>168,108</u>	<u>147,318</u>	<u>147,318</u>	
Totals	<u>\$ 182,102</u>	<u>\$ 182,102</u>	<u>\$ 161,491</u>	<u>\$ 161,491</u>	

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 2. CASH AND INVESTMENTS...continued

MMWEC's investments in the defined benefit pension plans fiduciary funds are held by an independent trustee. Investments are limited to those defined by the investment policy, and are comprised of the following at December 31:

Type of Investment or Cash Equivalent	2021		2020		Associated Risks
	Carrying Value	Bank & Investment Value	Carrying Value	Bank & Investment Value	
(In Thousands)					
Cash and Cash Equivalents:					
Money Market Funds	\$ 3,578	\$ 3,578	\$ -	\$ -	Custodial Credit Risk
Total Cash and Cash Equivalents	<u>\$ 3,578</u>	<u>\$ 3,578</u>	<u>-</u>	<u>-</u>	
Other Investments:					
Mutual Funds - equity	\$ 16,759	\$ 16,759	\$ 27,582	\$ 27,582	Credit Risk, Concentration of Credit Risk
Mutual Funds - bonds	-	-	3,009	3,009	Credit Risk, Interest Rate Risk, Concentration of Credit Risk
Guaranteed Income Account	9,216	9,216	1,327	1,327	Credit Risk, Concentration of Credit Risk
Total Other Investments	<u>25,975</u>	<u>25,975</u>	<u>31,918</u>	<u>31,918</u>	
Totals	<u>\$ 29,553</u>	<u>\$ 29,553</u>	<u>\$ 31,918</u>	<u>\$ 31,918</u>	

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined below. No investments are reported at amortized cost. The difference between the bank and investment value and carrying value is due to outstanding checks and/or deposits in transit.

### MMWEC Custodial Credit Risk

#### Deposits and Money Market Funds

Custodial credit risk is the risk that, in the event of a financial institution failure, MMWEC's deposits may not be returned to MMWEC. The aggregate amount of noninterest bearing and interest bearing accounts are insured by the FDIC up to at least \$250,000. There was \$46.1 million and \$32.8 million uninsured and uncollateralized bank balances subject to custodial credit risk at December 31, 2021 and 2020, respectively. There was \$13.2 million and \$13.4 million uninsured and uncollateralized decommissioning trust balances subject to custodial credit risk at December 31, 2021 and 2020, respectively.

MMWEC's investment policy and decommissioning trust investment policy do not address custodial credit risk.

#### Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, MMWEC will not be able to recover the value of its investment or collateral securities that are in the possession of the custodians.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

## 2. CASH AND INVESTMENTS...continued

### Investments...continued

At December 31, 2021 and 2020, all investments were held in MMWEC's name by custodians consisting of the Bond Fund Trustee (as defined in the GBR), or MMWEC's depository bank.

### Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, MMWEC's investments were rated as follows:

Investments Type	Fair Value		Credit Rating
	2021	2020	
	(In Thousands)		
U.S. Agency	\$ 137,081	\$ 122,690	AAA - AA-
Municipal Bonds	36,016	35,857	AAA - AA-
U.S. Treasuries	48,260	26,051	NR
Totals	<u>\$ 221,357</u>	<u>\$ 184,598</u>	

MMWEC's investment policy addresses credit risk by defining allowable investments and a maximum allocation to each asset class.

### Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of MMWEC's investment in a single issuer.

At December 31, 2021 and 2020, MMWEC's investment portfolio, excluding decommissioning trust and fiduciary funds, was concentrated as follows:

Issuer	Investment Type	2021	2020
Municipal Bond Anticipation Notes	Municipal Bonds	12.19%	0.00%
Federal Farm Credit Bank	U.S. Agency Securities	18.66%	41.79%
Federal Home Loan Bank	U.S. Agency Securities	11.71%	1.77%
Federal Home Loan Mortgage	U.S. Agency Securities	4.42%	13.03%
US Treasury Discounts	U.S. Agency Securities	2.69%	0.00%

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

## 2. CASH AND INVESTMENTS...continued

### Concentration of Credit Risk...continued

MMWEC's investment policy minimizes concentration of credit risk in a single issuer by diversification of investment types using the following maximum limits, which are established for MMWEC's total portfolio at December 31, 2021 and 2020, as follows:

Repurchase Agreements	10%
Certificates of Deposits	10%
U.S. Treasury Securities	100%
U.S. Agencies	65%
Municipal Securities	20%

Deviation from the approved portfolio limits requires written authorization and approval from the MMWEC Board of Directors.

### Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

At December 31, 2021, the maturities of MMWEC's investments were as follows:

Investment Type	Fair Value	Maturity In Years		
		Less than 1	1 – 5	Over 5
(In Thousands)				
U.S. Treasury Securities	48,260	\$ 10,497	\$ 36,579	\$ 1,184
U.S. Agency Securities	137,081	67,216	54,066	15,799
Municipal Bonds	36,016	8,252	13,325	14,439
Totals	<u>\$ 221,357</u>	<u>\$ 85,965</u>	<u>\$ 103,970</u>	<u>\$ 31,422</u>

At December 31, 2020, the maturities of MMWEC's investments were as follows:

Investment Type	Fair Value	Maturity In Years		
		Less than 1	1 – 5	Over 5
(In Thousands)				
U.S. Treasury Securities	\$ 26,051	\$ 5,250	\$ 16,825	\$ 3,976
U.S. Agency Securities	122,690	30,622	91,863	205
Municipal Bonds	35,857	755	19,900	15,202
Totals	<u>\$ 184,598</u>	<u>\$ 36,627</u>	<u>\$ 128,588</u>	<u>\$ 19,383</u>

MMWEC's investment policy specifies that MMWEC shall seek to maximize the return on investments consistent with requirements for safety, minimization of risk and liquidity. Monies will not be invested for terms in excess of the projected use of funds nor exceed an average life of ten years.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

## 2. CASH AND INVESTMENTS...continued

### Decommissioning Trust - Credit Risk, Interest Rate Risk and Concentration of Credit Risk

As of December 31, 2021, MMWEC's decommissioning trust investments were rated as follows:

Investment Type	Credit Rating	Fair Value	Maturity In Years		
			Less than 1	1 – 5	Over 5
(In Thousands)					
U.S. Treasuries	n/a	\$ 6,439	\$ 3,347	\$ 2,464	\$ 628
Foreign Bonds and Notes	AA2	112	-	112	-
Corporate Bonds	AAA - BBB-, n/a	10,762	3,195	5,840	1,727
U.S. Agency Securities	AAA, n/a	8,143	2,118	401	5,624
U.S. Government Obligations	Aaa	1,050	1,050	-	-
Municipal Bonds/Obligations	AAA - AA-, n/a	2,001	-	1,111	890
Totals		<u>\$ 28,507</u>	<u>\$ 9,710</u>	<u>\$ 9,928</u>	<u>\$ 8,869</u>

As of December 31, 2020, MMWEC's decommissioning trust investments were rated as follows:

Investment Type	Credit Rating	Fair Value	Maturity In Years		
			Less than 1	1 – 5	Over 5
(In Thousands)					
U.S. Treasuries	n/a	\$ 7,952	\$ 228	\$ 5,090	\$ 2,634
Corporate Bonds	AAA - BBB-, n/a	12,156	394	5,350	6,412
U.S. Agency Securities	AAA, n/a	4,303	-	21	4,282
Municipal Bonds	AAA - A-, n/a	1,332	-	194	1,138
Totals		<u>\$ 25,743</u>	<u>\$ 622</u>	<u>\$ 10,655</u>	<u>\$ 14,466</u>

Investments held in mutual funds and common stock are not rated and do not have a specified maturity date.

The majority of MMWEC's decommissioning trust investments are governed by the investment policies of the regulatory bodies and majority owners of Seabrook Station and Millstone Unit 3. MMWEC does not have a policy to address credit risk, interest rate risk, or concentration of credit risk for these externally-governed investments.

MMWEC maintains a decommissioning trust investment policy for the portion of decommissioning trust investments within the company's control (internal decommissioning trust policy). MMWEC's internal decommissioning trust investment policy does not address credit risk or interest rate risk. In accordance with MMWEC's internal decommissioning trust investment policy for the decommissioning trust, exposure to concentration of credit risk is managed through diversification by limiting investments to no more than 5% of the total portfolio's value in one single issuer, with the exception of fixed income permissible direct investments listed below:

Foreign Securities	10%
Mortgage-backed Securities	25%
Individual Corporate Sector	20%

There were no investments in any one issuer that represent 5% or more of total decommissioning trust investments as of December 31, 2021 or December 31, 2020.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 2. CASH AND INVESTMENTS...continued

### Fiduciary Funds - Credit Risk, Interest Rate Risk and Concentration of Credit Risk

MMWEC's investments in the defined benefit pension fiduciary funds were rated as follows at December 31:

Investment Type	Fair Value		Credit Rating	Maturity Date
	2021	2020		
	(In Thousands)			
Mutual Funds - bonds	\$ -	\$ 3,009	BBB	Less than 1 year

Investments held in equity mutual funds and guaranteed income account are not rated and do not have a specified maturity date. MMWEC's fiduciary fund investment policy does not address credit risk or interest rate risk.

In accordance with the investment guidelines for the defined benefit pension fiduciary funds, assets should be invested to provide a rate of return sufficient to meet the investment assumptions inherent in the actuarial projection for the plans.

### Investment Income

For the year ended December 31, 2021, net unrealized gains on investments totaled \$6.2 million. For the year ended December 31, 2020, net unrealized gains on investments totaled \$13.0 million. The net unrealized losses and gains are excluded from operating revenue and are reported within investment income on the Statements of Revenues, Expenses and Changes in Net Position.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 2. CASH AND INVESTMENTS...continued

### Investment Income...continued

During the years ended December 31, 2021 and 2020, investment income (loss) consisted of interest income, realized gains/(losses) and unrealized gains/(losses) for investments, including the decommissioning trusts, as follows:

	2021	2020
	(In Thousands)	
Interest income:		
Unrestricted funds	\$ 487	\$ 945
Restricted funds	141	282
Designated funds	376	859
Decommissioning funds	12,282	4,168
Total interest income	<u>13,286</u>	<u>6,254</u>
Realized gains (losses):		
Unrestricted funds	(30)	(67)
Restricted funds	(62)	47
Designated funds	(76)	47
Decommissioning funds	-	-
Net realized gains	<u>(168)</u>	<u>27</u>
Unrealized gains (losses):		
Restricted funds	(263)	67
Designated funds	(1,912)	443
Decommissioning funds	8,329	12,480
Net unrealized gains	<u>6,154</u>	<u>12,990</u>
Total investment income (loss)	<u>\$ 19,272</u>	<u>\$ 19,271</u>

## 3. RESTRICTED AND DESIGNATED ASSETS

Mandatory segregations of assets are presented as restricted funds. Such segregations are required by bond agreements and other external parties.

Segregations of assets determined internally by MMWEC management are presented as designated funds.

Numerous restricted funds are required by the GBR pursuant to which MMWEC issued its long-term debt. The restricted funds are invested in accordance with the provisions of the GBR. Certain working capital and other funds are not mandated by the GBR and are classified as restricted funds, they are invested in accordance with the provisions of the investment policy under the GBR.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

## 3. RESTRICTED AND DESIGNATED ASSETS...continued

The composition of restricted and designated fund is as follows for the year ended December 31:

	2021	2020
	(In Thousands)	
<u>Restricted Funds</u>		
Funds obtained from terminated power purchase contract	\$ 3,055	\$ 5,164
Bond Fund Interest, Principal and Retirement Accounts to pay principal and interest on bonds	4,012	-
Bond Fund Reserve Account set at 50% of the maximum outstanding annual debt service obligation to make up any deficiencies in Bond Fund Interest, Principal and Retirement Account	2,218	-
Revenue Fund to receive revenues and disburse them to the Bond Funds and other funds	13	-
Construction Fund to pay costs of Project 2015A construction	47,069	-
Program Fund to pay costs of Project 2020A construction	2,709	-
Working Capital Funds to maintain funds to cover operating expenses	14,274	18,885
Pooled loan lines of credit	<u>15,611</u>	<u>9,176</u>
Total Restricted Funds and Interest Receivable	<u>88,961</u>	<u>33,225</u>
Less – current portion	(38,343)	(33,170)
Interest receivable	<u>(63)</u>	<u>(55)</u>
Total Restricted Funds, Long-term	<u>\$ 50,555</u>	<u>\$ -</u>
<u>Nuclear Decommissioning Funds</u>		
Nuclear decommissioning funds	<u>\$ 182,102</u>	<u>\$ 161,491</u>
<u>Designated Funds</u>		
Other Funds for indemnification or purchase of insurance, funds contributed for an agreement where MMWEC acts as agent and long-term investments for the Nuclear Mix No. 1, Nuclear Project 3,4,and 5 Intermediate, Peaking and Wyman Projects and fuel line of credit	\$ 161,864	\$ 161,236
Total Designated Funds and Interest Receivable	<u>161,864</u>	<u>161,236</u>
Less - current portion	(8,066)	(3,455)
Interest receivable	<u>(335)</u>	<u>(317)</u>
Total Designated Funds, Long-Term	<u>\$ 153,463</u>	<u>\$ 157,464</u>

For financial reporting purposes, interest receivable has been disclosed separately on the Balance Sheets.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

## 4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for 2021 and 2020 is as follows:

	Balance 1/1/2021	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 12/31/2021
(In Thousands)				
Capital assets not being depreciated:				
Land	\$ 3,849	\$ -	\$ -	\$ 3,849
Capital assets being depreciated:				
Plant in service	1,407,288	8,912	(456)	1,415,744
Less - accumulated depreciation	<u>916,666</u>	<u>19,426</u>	<u>(471)</u>	<u>935,621</u>
Net plant	<u>\$ 494,471</u>	<u>\$ (10,514)</u>	<u>\$ 15</u>	<u>\$ 483,972</u>

	Balance 1/1/2020	Additions/ Reclassifications	Deletions/ Reclassifications	Balance 12/31/2020
(In Thousands)				
Capital assets not being depreciated:				
Land	\$ 3,849	\$ -	\$ -	\$ 3,849
Capital assets being depreciated:				
Plant in service	1,398,302	11,036	(2,050)	1,407,288
Less - accumulated depreciation	<u>899,657</u>	<u>19,058</u>	<u>(2,049)</u>	<u>916,666</u>
Net plant	<u>\$ 502,494</u>	<u>\$ (8,022)</u>	<u>\$ (1)</u>	<u>\$ 494,471</u>

A summary of changes in construction work in progress for 2021 and 2020 is as follows:

Year	Balance at January 1,	Additions	Transfers to In Service	Balance at December 31,
(In Thousands)				
2021	<u>\$ 21,601</u>	<u>\$ 40,707</u>	<u>\$ (8,571)</u>	<u>\$ 53,737</u>
2020	<u>\$ 19,763</u>	<u>\$ 2,215</u>	<u>\$ (377)</u>	<u>\$ 21,601</u>

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

## 4. CHANGES IN CAPITAL ASSETS...continued

A summary of changes in nuclear fuel for 2021 and 2020 is as follows:

Year	Balance at January 1,	Additions	Deletions	Amortization	Balance at December 31,
			(In Thousands)		
2021	\$ 20,812	\$ 8,871	\$ -	\$ (8,557)	\$ 21,126
2020	\$ 21,456	\$ 7,582	\$ -	\$ (8,226)	\$ 20,812

## 5. SHORT-TERM DEBT

MMWEC maintains a \$25.0 million loan facility which allows for borrowings by MMWEC to finance, temporarily, certain power purchases made by MMWEC for resale to the Members and other municipal systems under various power contracts between MMWEC and the municipal systems (Power Contracts). Borrowings attributable to a Power Contract under this loan facility are secured by the following: a lien on and/or security interest in all proceeds of any loans prior to disbursement by MMWEC, all amounts payable to MMWEC by the Power Contract Participants under the Power Contract, and earnings from MMWEC's temporary investments of such proceeds and amounts payable. The amount payable by a Power Contract Participant with respect to a Power Contract is limited to the amount allocated to that Participant.

At December 31, 2021 and 2020, there was \$0 and \$2,000, respectively, outstanding under the loan facility. During 2021 and 2020, the maximum outstanding balance under the line of credit was \$1.9 million and \$1.7 million, respectively. The interest rate for the borrowings under this line of credit is at MMWEC's election prior to the last day of any interest period of either the LIBOR rate plus 1.50% per annum, or at a variable rate selected by MMWEC, which is either the prime rate or the BBA LIBOR Daily Floating Rate plus 1.50%. In addition, a commitment fee of .250% per annum is charged on the unused portion of the loan facility based on the average daily principal amount of the borrowing outstanding. This loan facility expires December 13, 2022. MMWEC has historically renewed this line of credit annually.

MMWEC also maintains a \$15.0 million revolving line of credit for the purpose of financing purchases of fuel oil and selling such fuel oil from the Stony Brook Fuel Oil Project to the Intermediate and Peaking Projects. Borrowings under this line of credit are secured by the following: a lien on and/or security interest in all proceeds of any borrowings prior to disbursement by MMWEC, all amounts payable by the Intermediate and Peaking Projects to the Stony Brook Fuel Oil Project for fuel oil, and all earnings from MMWEC's investments of any such proceeds and amounts payable to the bank. There were no borrowings outstanding under the loan facility as of December 31, 2021 and 2020. During 2021 and 2020, the maximum outstanding balance under the line of credit was \$0. The interest rate for the borrowings under this line of credit is at MMWEC's election prior to the last day of any interest period of either the LIBOR rate plus 1.50% per annum, or at a variable rate selected by MMWEC, which is either the prime rate or the BBA LIBOR Daily Floating Rate plus 1.50%. If no such selection is made, the variable rate is in effect. A commitment fee of .250% per annum is charged on the unused portion of the loan facility based on the average daily principal amount of the borrowing outstanding. This line of credit expires December 13, 2022. MMWEC has historically renewed this line of credit annually.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

## 5. SHORT-TERM DEBT...continued

MMWEC also maintains a \$50.0 million short term revolving facility for the purpose of borrowing funds to either make loans to Members to finance the acquisition of various utility assets, or to purchase various utility assets to be leased to Members. There was no outstanding balance under this line of credit at December 31, 2021 and 2020. The maximum outstanding balance during 2021 and 2020 was \$0 and \$1.7 million, respectively. Subject to certain tax and default events, the interest rate for the borrowings under the line of credit is set at a rate per annum equal to the sum of (i) 70% of the LIBOR daily floating rate plus (ii) 1.15%. In addition, a commitment fee of .250% per annum is charged on the unused portion of the revolving loan facility based on the average daily principal amount of the borrowing outstanding. On March 22, 2021, this loan facility was amended to \$100,000. This loan facility expires March 22, 2022. MMWEC has historically renewed this line of credit annually.

On October 21, 2021, MMWEC entered into a short-term loan agreement in the amount of \$3.5 million for the sole purpose of financing the costs of acquisition and construction of Project 2020A, a solar generation facility located in Ludlow, Massachusetts. This loan facility bears interest at sum of the LIBOR daily floating rate plus 0.60% and is secured by the following: a lien on and/or security interest in all unexpended proceeds of the loan, all amounts payable to MMWEC by the Project 2020A Project Participants under the power sales agreements, and earnings from MMWEC's temporary investments of such proceeds and amounts payable. The loan expires on October 14, 2022, at which time all principal and accrued and unpaid interest is due.

The following short-term debt activity occurred in 2021 and 2020:

Year	Balance at January 1,	Additions	Payments	Balance at December 31,
		(In Thousands)		
2021	\$ <u>2</u>	\$ <u>7,090</u>	\$ <u>(3,592)</u>	\$ <u>3,500</u>
2020	\$ <u>620</u>	\$ <u>3,684</u>	\$ <u>(4,302)</u>	\$ <u>2</u>

## 6. LONG-TERM DEBT

### Term Notes from Direct Borrowings

#### Pooled Loan Program Bond Series 2017A

In March 2017, MMWEC converted a portion of the short-term debt outstanding under the Pooled Loan Program to individual term loans from direct borrowings for three Members in the Program. The loans issued totaled \$20.2 million with fixed interest rates ranging between 3.05% and 3.15% and terms ranging between ten and fifteen years. Principal, interest and any fees associated with the loans are payable solely by each Member for which each loan was issued. Per the borrowing agreements, MMWEC maintains reserves equal to 10% of the principal on the outstanding bonds, which can be accessed by the issuer in the event of default.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 6. LONG-TERM DEBT...continued

### Term Notes from Direct Borrowings...continued

#### Pooled Loan Program Bond Series 2019A

In March 2019, MMWEC converted a portion of the short-term debt outstanding under the Pooled Loan Program to a note from direct borrowings for five Members in the Program. The note issued totaled \$26.3 million with a fixed interest rate of 3.20% and a fifteen year term. Principal, interest and any fees associated with the note are payable solely by each Member for which the note was issued. Per the borrowing agreements, MMWEC maintains reserves equal to 10% of the principal on the outstanding bonds, which can be accessed by the issuer in the event of default.

#### Pooled Loan Program Bond Series 2021A & Pooled Loan Program Bond Series 2021B

During 2021, MMWEC completed direct borrowings for two Members in the Program. Pooled Loan Program Bond Series 2021A was issued in March 2021 and totaled \$12.0 million with a twenty year term with a fixed interest rate of 2.75% for the first ten years. For each year thereafter, the interest rate will be equal to the Federal Home Loan Bank of Boston 10/15 Amortizing Rate plus 2.5% multiplied by a tax-exempt factor of 68.86%. Principal, interest and any fees associated with the note are payable solely by each Member for which the note was issued. Pooled Loan Program Bond Series 2021B was issued in June 2021 and totaled \$6.5 million with a fixed interest rate of 1.87% and a ten year term. Principal, interest and any fees associated with the note are payable solely by each Member for which the note was issued.

### General Bond Resolution and Power Supply System Revenue Bonds

MMWEC issued separate issues of Bonds for each Project, which are payable solely from, and secured solely by, the revenues derived from the Project to which such issue relates, plus available funds pledged under the GBR for the Bonds of such issues. The revenues derived from each Project are used solely to provide for the payment of the Bonds of any Bond issue relating to such Project, and to pay MMWEC's cost of owning and operating such Project, and are not used to provide for the payment of the Bonds of any Bond issue relating to any other Project.

Pursuant to all of the Project PSAs, each Project Participant is obligated to pay its share of the actual costs relating to the Project's generating units, and its share of all principal, premium and interest associated with the Bonds for the Projects in which the Project Participant has a PSA, and for which the Project Participant is obligated to set rates at levels sufficient to pay such costs. These obligations are not contingent upon the operational status of the Project's units.

MMWEC's issuance of debt, other than obligations with a maturity of less than one year, requires authorization by the Massachusetts Department of Public Utilities.

#### Series 2021A Revenue Bonds

On December 1, 2021, MMWEC issued revenue bonds for the sole purpose of financing the costs of acquisition and construction of Project 2015A, a capacity resource located in Peabody, Massachusetts. The Series 2021A bonds were issued at a par value \$60.9 million, with a premium of \$12.6 million, for total proceeds of \$73.5 million. The premium is being amortized over the life of the bonds using the effective interest method. The Series 2021A bonds bear interest at a fixed rate ranging from 3.0% to 5.0% for the various issues and the final maturity date is July 1, 2051. Interest on the bonds is payable in semi-annual installments on January 1 and July 1 with principal due each July 1.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

## 6. LONG-TERM DEBT...continued

### General Bond Resolution and Power Supply System Revenue Bonds...continued

#### Series 2021A Revenue Bonds...continued

MMWEC paid \$695,000 of bond financing costs in connection with the issuance of the revenue bonds during 2021, which were expensed directly as they were paid. There were no outstanding revenue bonds during 2020.

### Long-term Debt Summary Tables

The following summarizes changes in long-term debt, net of premiums, for 2021:

Year	Balance at January 1,	Additions	Payments	Amortization of Premium	Balance at December 31,
			(In Thousands)		
2021	\$ 39,870	\$ 91,645	\$ (3,566)	\$ (77)	\$ 127,872
2020	\$ 43,374	\$ -	\$ (3,504)	\$ -	\$ 39,870

At December 31, 2021 and 2020, long-term debt is comprised of the following term notes from direct borrowings and serial bonds:

<u>Issue</u>	Net Interest Cost	December 31,	
		2021	2020
		(In Thousands)	
<u>Notes from direct borrowings</u>			
Pooled Loan Program Bond Series 2017A - Term Note	3.05% - 3.15%	\$ 14,003	\$ 15,552
Pooled Loan Program Bond Series 2019A - Note	3.20%	22,301	24,318
Pooled Loan Program Bond Series 2021A - Term Note	2.75%	11,640	-
Pooled Loan Program Bond Series 2021B - Term Note	1.87%	6,500	-
<u>Serial revenue bonds</u>			
Revenue Bond Series 2021A	3.0% - 5.0%	60,850	-
Total Debt		115,294	39,870
Unamortized premium		12,578	-
Less: Current maturities		(4,490)	(3,566)
Total Long-Term Debt		<u>\$ 123,382</u>	<u>\$ 36,304</u>

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 6. LONG-TERM DEBT...continued

### Long-term Debt Summary Tables...continued

The following is a summary of total debt service requirements for long-term debt from direct borrowings and revenue bonds outstanding at December 31, 2021:

	Direct Borrowings			Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
	(In Thousands)			(In Thousands)		
2022	\$ 4,490	\$ 1,553	\$ 6,043	\$ -	\$ 2,532	\$ 2,532
2023	4,563	1,412	5,975	-	2,532	2,532
2024	4,638	1,275	5,913	1,165	2,515	3,680
2025	4,716	1,129	5,845	1,200	2,473	3,673
2026	4,797	984	5,781	1,245	2,424	3,669
2027-2031	20,915	2,978	23,893	7,105	11,200	18,305
2032-2034	5,885	955	6,840	9,040	9,236	18,276
2037-2041	4,440	485	4,925	11,120	7,142	18,262
2042-2046	-	-	-	13,520	4,686	18,206
2047-2051	-	-	-	16,455	1,697	18,152
Totals	<u>\$ 54,444</u>	<u>\$ 10,771</u>	<u>\$ 65,215</u>	<u>\$ 60,850</u>	<u>\$ 46,437</u>	<u>\$ 107,287</u>

Interest paid for long-term debt during 2021 and 2020 was \$1.4 million and \$1.3 million, respectively.

## 7. ASSET RETIREMENT OBLIGATIONS

MMWEC has identified certain asset retirement obligations (AROs), which are primarily associated with the decommissioning of MMWEC's ownership interest in Millstone Unit 3 and Seabrook Station. The ARO liabilities are measured using decommissioning studies provided by the majority owner for each Unit, which represented the current value of outlays expected to be incurred, and are allocated by MMWEC based on percentage of ownership in each Project as discussed in Note 14 – Project Joint Ownership Agreements. MMWEC maintains assets in the nuclear decommissioning trust as discussed in Note 3 – Restricted and Designated Assets to meet legally required funding levels.

ARO activity for the year ended December 31, 2021 is as follows:

Unit	Remaining Useful Life	Balance at January 1	Inflation Adjustment	Balance at December 31
(In Thousands)				
Seabrook Station	28 Years	\$ 129,096	4,519	\$ 133,615
Millstone Unit 3	24 Years	\$ 34,985	714	\$ 35,699
Total		<u>\$ 164,081</u>	<u>\$ 5,233</u>	<u>\$ 169,314</u>

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

## 7. ASSET RETIREMENT OBLIGATIONS...continued

ARO activity for the year ended December 31, 2020 is as follows:

Unit	Remaining Useful Life	Balance at January 1	Inflation Adjustment	Balance at December 31
			(In Thousands)	
Seabrook Station	29 Years	\$ 124,731	4,365	\$ 129,096
Millstone Unit 3	25 Years	\$ 34,287	698	\$ 34,985
Total		<u>\$ 159,018</u>	<u>\$ 5,063</u>	<u>\$ 164,081</u>

The recognition of the AROs at current value also results in a corresponding deferred outflow of resources. A reconciliation of the beginning and ending aggregate deferred outflow of resources related to AROs for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
	(In Thousands)	
Deferred outflow of resources - AROs, beginning of year	\$ 80,331	\$ 77,915
Inflationary increase	5,233	5,063
Amortization	<u>(2,830)</u>	<u>(2,647)</u>
Deferred outflow of resources - AROs, end of year	<u>\$ 82,734</u>	<u>\$ 80,331</u>

Amortization expense is included in depreciation expenses in the Statements of Revenues, Expenses and Changes in Net Position.

## 8. AMOUNTS PAYABLE UNDER TERMS OF THE POWER SALES AGREEMENTS

Differences between amounts billed to Members and Project Participants and revenues and expenses recognized are included in amounts payable under the terms of the power sales agreements. These differences are made up of debt service collections, net of amounts returned to Participants, capital expenditures funded through reserve billings and unbilled operating and non-operating expenses and revenues.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 8. AMOUNTS PAYABLE UNDER TERMS OF THE POWER SALES AGREEMENTS...continued

A summary of the items included in amounts payable in the future under the terms of the power sales contract for the years ended December 31, 2021 and 2020 is as follows:

	2021	2020
	(In Thousands)	
Beginning balance - January 1	\$ 655,112	\$ 647,873
Unbilled operating and nonoperating expenses and revenues:		
Depreciation/amortization	(22,253)	(21,708)
Financing costs	(958)	718
Amortization of bond premiums and discounts	77	-
Fuel inventory loss (gain) due to market adjustment	2,819	(2,807)
Realized and unrealized gains and interest income	18,275	17,028
Lease revenue	38	38
Capital funded through reserve billings	14,621	12,648
Decommissioning fund contributions, net of fees	-	1,322
Ending Balance - December 31	<u>\$ 667,731</u>	<u>\$ 655,112</u>

## 9. FAIR VALUE MEASUREMENT

MMWEC records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which determines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement.

Fair value is defined in Statement No. 72 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

As a basis for considering market participant assumptions in fair value measurements, Statement No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- **Level 1** inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. Equity securities and U.S. Government Treasury securities are examples of Level 1 inputs.
- **Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Government agency and mortgage-backed securities are examples of Level 2 inputs.
- **Level 3** inputs are unobservable inputs that reflect MMWEC's own assumptions about factors that market participants would use in pricing the asset or liability (including assumptions about risk).

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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## 9. FAIR VALUE MEASUREMENT...continued

Valuation methods of the primary fair value measurements disclosed below are as follows:

- The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market. For equity securities, these markets include published exchanges such as the National Association of Securities Dealers Automated Quotations and the New York Stock Exchange.
- Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. MMWEC's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their place within the fair value hierarchy levels.

The fair value of the Series 2021A Revenue Bonds outstanding at December 31, 2021 is \$73.3 million, based on a Level 2 input. There were no revenue bonds outstanding at December 31, 2020.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 9. FAIR VALUE MEASUREMENT...continued

The following table presents fair value balances and their levels within the fair value hierarchy as of December 31, 2021 and 2020:

MMWEC	2021				2020			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments and Cash Equivalents								
	(In Thousands)							
U.S. Treasury Bills	\$ -	-	-	\$ -	\$ 5,250	-	-	\$ 5,250
U.S. Treasury Notes	48,260	-	-	48,260	20,801	-	-	20,801
U.S. Agency Bonds	-	97,590	-	97,590	-	122,690	-	122,690
U.S. Agency Discount Notes	-	39,491	-	39,491	-	-	-	-
Municipal Bonds	-	36,016	-	36,016	-	35,857	-	35,857
Investments and Cash Equivalents	<u>\$ 48,260</u>	<u>\$ 173,097</u>	<u>\$ -</u>	<u>\$ 221,357</u>	<u>\$ 26,051</u>	<u>\$ 158,547</u>	<u>\$ -</u>	<u>\$ 184,598</u>
<b>Decommissioning</b>								
Investments and Cash Equivalents								
	(In Thousands)							
Mutual Funds-Equity	\$ 72,323	-	-	\$ 72,323	\$ 69,091	-	-	\$ 69,091
FPL Minority Owner Trust	39,838	-	-	39,838	34,906	-	-	34,906
Common Stock-Equity	21,604	-	-	21,604	16,851	-	-	16,851
Preferred Stock	885	-	-	885	-	-	-	-
U.S. Treasury Securities	6,439	-	-	6,439	7,951	-	-	7,951
Corporate Bonds	-	10,762	-	10,762	-	12,156	-	12,156
U.S. Agency Securities	-	8,143	-	8,143	-	4,303	-	4,303
Municipal Bonds	-	2,001	-	2,001	-	1,332	-	1,332
U.S. Government Obligations	-	1,050	-	1,050	-	-	-	-
Foreign Bonds and Notes	-	112	-	112	-	-	-	-
Mutual Funds-Fixed	-	4,951	-	4,951	-	728	-	728
Investments and Cash Equivalents	<u>\$ 141,089</u>	<u>\$ 27,019</u>	<u>\$ -</u>	<u>\$ 168,108</u>	<u>\$ 128,799</u>	<u>\$ 18,519</u>	<u>\$ -</u>	<u>\$ 147,318</u>
<b>Fiduciary Funds</b>								
Investments and Cash Equivalents								
	(In Thousands)							
Mutual Funds-Equity	\$ 16,759	-	-	\$ 16,759	\$ 27,582	-	-	\$ 27,582
Mutual Funds-Fixed	-	9,216	-	9,216	-	3,009	-	3,009
Investments and Cash Equivalents	<u>\$ 16,759</u>	<u>\$ 9,216</u>	<u>\$ -</u>	<u>\$ 25,975</u>	<u>\$ 27,582</u>	<u>\$ 3,009</u>	<u>\$ -</u>	<u>\$ 30,591</u>

## 10. LABOR AGREEMENTS

At December 31, 2021, approximately 28% of MMWEC's 71 employees work under collective bargaining agreements, whose existing labor agreements expire on December 31, 2022. At December 31, 2020, approximately 29% of MMWEC's 77 employees work under collective bargaining agreements.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 11. POOLED LOAN PROGRAM

In 2014, MMWEC began a Pooled Loan Program which enables MMWEC to borrow funds to either make loans to Members that would be used by the utility to finance the acquisition of various utility assets, or purchase and own various utility assets that would be leased to member utilities. The Program utilizes a short term revolving loan facility to provide initial funding of the loans and leases, as described in Note 5 – Short-term Debt and also uses direct borrowings to support long-term loans and leases, as described in Note 6 – Long-term Debt.

MMWEC issues Promissory Notes to Members who borrow funds under this program and the interest and any fees associated with the Notes are payable solely by each Member who utilizes the program funds for their portion of the funds used. The terms of the Promissory Notes and repayment terms mirror those disclosed in Note 5 – Short-term Debt and Note 6 – Long-term Debt.

As of December 31, 2021, total loans receivable of \$30.6 million are included in accounts receivable on the accompanying Balance Sheet, of which \$3.5 million is classified short term accounts receivable and \$27.1 million is classified as long term accounts receivable. As of December 31, 2020, total loans receivable of \$22.0 million are included in accounts receivable on the accompanying Balance Sheet, of which \$2.6 million is classified short term accounts receivable and \$19.4 million is classified as long term accounts receivable. The accounts receivable relate to eight Members as of December 31, 2021 and six Members as of December 31, 2020.

## 12. LEASES

During 2018, as part of the Pooled Loan Program, MMWEC entered into contracts with three Members which qualify as capital leases. Under the contracts, MMWEC acts as lessor of certain generating facilities to each Member. The generating facilities were placed in service during 2019 and are included in capital assets on the accompanying Balance Sheet.

The following is a summary of total future minimum lease payments at December 31, 2021:

	(In Thousands)
2022	\$ 1,257
2023	1,254
2024	1,251
2025	1,310
2026	1,287
2027-2031	3,990
2032-2034	881
Totals	<u>\$ 11,230</u>

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

## 13. BENEFIT PLANS

### Defined Benefit Plans

The Massachusetts Municipal Wholesale Electric Company Pension Plans (Plans) are two single-employer, defined benefit pension plans administered by MMWEC. One plan covers union employees (union plan) and the other plan covers non-union employees (administration plan). All full-time active administration employees hired before December 1, 2006, and all full-time active union employees hired before January 1, 2008 are covered by their respective plans. The Plans provide a defined benefit to employees based on years of service and average earnings. The Plans provide retirement, disability, and death benefits to plan members and beneficiaries. Administrative or union employees hired after these dates qualify for a Defined Contribution plan as described below. Certain other financial information concerning the plans, in addition to the information contained here, is provided annually to plan participants. No standalone financial statements are issued for the Plans.

Plan participants providing the basis of the actuarial valuations used to calculate, as of the measurement dates, the net pension liability for the years ended December 31, were:

Status	Administrative		Union	
	2021	2020	2021	2020
Active	16	18	5	7
Terminated vested	22	23	11	12
Retirees and beneficiaries	24	24	5	4
	<u>62</u>	<u>65</u>	<u>21</u>	<u>23</u>

All MMWEC employees are eligible to make a voluntary contribution in accordance with prescribed annual dollar limits to a deferred compensation plan sponsored by the Commonwealth of Massachusetts. The deferred compensation plan is maintained pursuant to Section 457(b) of the Internal Revenue Code and the General Laws of Massachusetts.

MMWEC's net pension asset at December 31, 2021 and 2020 was measured as of December 31, 2021 and 2020, respectively. The total pension liability used to calculate the net pension asset was determined by actuarial valuations as of January 1, 2021 and 2020 rolled forward using generally accepted actuarial procedures to the December 31, 2021 and 2020, measurement dates, respectively.

MMWEC recorded \$0.4 million and \$0.5 million in pension expense related to these Plans for the years ended December 31, 2021 and 2020, respectively, which are included in other operating expenses on the accompanying Statements of Revenues, Expenses and Changes in Net Position.

The annual contribution was determined as part of the January 1 actuarial valuation using the entry age normal with frozen initial liability cost method. All contributions to the plans are authorized by the Board of Directors and made by MMWEC.

The actuarial assumptions for both Plans included a 7.0% investment rate of return, a discount rate of 7.0% on Plan liabilities and a 3.0% projected salary increase.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 13. BENEFIT PLANS...continued

### Defined Benefit Plans...continued

Effective January 1, 2021, mortality rates for the Administrative Plan were based on the Pri-2012 White Collar Employee Annuitant Table for Males or Females, as appropriate, projected using Scale MP-2021 generational improvements. Mortality rates for the Union Plan in 2021 were based on the Pri-2012 Blue Collar Table for Males or Females, as appropriate, projected using Scale MP-2021 generational improvements.

In 2020, mortality rates for the Administrative Plan were based on the Pri-2012 White Collar Employee Annuitant Table for Males or Females, as appropriate, projected using Scale MP-2020 generational improvements. Mortality rates for the Union Plan in 2020 were based on the Pri-2012 Blue Collar Table for Males or Females, as appropriate, projected using Scale MP-2020 generational improvements.

The long-term expected rate of return on Plan investments was determined based on a blend of historical performance data and future expectations for each major asset class, while also reflecting current capital market conditions, developed on a geometric basis.

MMWEC's change in net pension asset for the years ended December 31, 2021 and 2020 are as follows:

	Administration Plan		Union Plan	
	2021	2020	2021	2020
	(In Thousands)			
<u>Total pension liability</u>				
Service cost	\$ 98	\$ 117	\$ 41	\$ 72
Interest cost	1,197	1,319	173	317
Difference between expected and actual experience	598	(31)	696	(19)
Changes of assumptions	242	40	102	(900)
Changes of benefit terms	-	-	-	-
Benefit payments	(4,416)	(2,827)	(1,870)	(1,560)
Net change in total pension liability	(2,281)	(1,382)	(858)	(2,090)
Total pension liability, beginning of period	18,138	19,520	2,675	4,765
Total pension liability, end of period	\$ 15,857	\$ 18,138	\$ 1,817	\$ 2,675
<u>Plan fiduciary net position</u>				
Employer contributions	\$ 125	\$ 245	\$ 250	\$ 250
Net investment income	3,907	4,951	519	864
Benefit payments	(4,416)	(2,827)	(1,870)	(1,560)
Corrective distributions	(73)	-	(764)	-
Administrative expenses	(33)	(10)	(11)	(10)
Net change in fiduciary net position	(490)	2,359	(1,876)	(456)
Fiduciary net position, beginning of period	27,151	24,792	4,767	5,223
Fiduciary net position, end of period	26,661	27,151	2,891	4,767
Net pension (asset) liability, end of period	\$ (10,804)	\$ (9,013)	\$ (1,074)	\$ (2,092)

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

## 13. BENEFIT PLANS...continued

### Defined Benefit Plans...continued

The assumed allocation and expected real rates of return for each major asset class are summarized in the following table:

Asset Class	Administrative		Union	
	Target Asset Allocation	Long Term Expected Rate of Return	Target Asset Allocation	Long Term Expected Rate of Return
Fixed income	11.00%	2.00%	23.00%	2.00%
Mutual Funds	89.00%	7.50%	77.00%	8.60%
Total investments	100.00%		100.00%	

The following table presents the sensitivity of net pension (asset) liability calculation to a 1% increase and 1% decrease in the discount rate to measure the total pension (asset) liability:

Discount rate	Administrative		Union	
	2021	2020	2021	2020
	(In Thousands)			
1% decrease - 6.0%	\$ (9,158)	\$ (7,233)	\$ (802)	\$ (1,786)
Current discount rate - 7.0%	(10,804)	(9,013)	(1,074)	(2,092)
1% increase - 8.0%	(12,219)	(10,540)	(1,309)	(2,338)

The following table presents information about the pension-related deferred outflows and inflows of resources at December 31:

	Administration Plan			
	2021		2020	
<u>Deferred outflows (inflows) of resources</u>	(In Thousands)			
Difference between expected and actual experience	\$ 354	\$ (6)	\$ 277	\$ (19)
Changes of assumptions	151	-	77	-
Difference between projected and actual earnings on plan investments	-	(4,832)	-	(4,624)
Total deferred outflows (inflows) of resources	\$ 505	\$ (4,838)	\$ 354	\$ (4,643)

  

	Union Plan			
	2021		2020	
<u>Deferred outflows (inflows) of resources</u>	(In Thousands)			
Difference between expected and actual experience	\$ 305	\$ -	\$ -	\$ (42)
Changes of assumptions	45	-	23	(451)
Difference between projected and actual earnings on plan investments	-	(648)	-	(721)
Total deferred outflows (inflows) of resources	\$ 350	\$ (648)	\$ 23	\$ (1,214)

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements  
Years Ended December 31, 2021 and 2020

## 13. BENEFIT PLANS...continued

### Defined Benefit Plans...continued

The following table presents the future amortization of pension-related deferred outflows (inflows) of resources, which will be recognized in pension expense, at December 31:

	Administration	Union
	(In Thousands)	
2022	\$ (1,095)	\$ 158
2023	(1,755)	(278)
2024	(1,067)	(140)
2025	(416)	(38)
	<u>\$ (4,333)</u>	<u>\$ (298)</u>

The Required Supplementary Information following the Notes to the Financial Statements presents additional multiyear trend information demonstrating the components of change in the net pension liability from year to year, as well as trends in related statistical information and employer contributions to the Plans.

### Defined Contribution Plan

In 2007, MMWEC established a defined contribution (DC) plan in compliance with Section 401 (a) of the Internal Revenue Code for non-union employees hired after December 1, 2006 and for union employees hired after January 1, 2008. Thereafter, all new employees are no longer eligible to participate in MMWEC Defined Benefit plans. Under the DC plan, MMWEC contributes 6% of an employee's base salary and matches 50% of employee contributions to the defined contribution plan up to a maximum employee contribution of 6%. For the years ended December 31, 2021 and 2020, MMWEC contributed \$428,000 and \$379,000 and the employees contributed \$16,000 and \$23,000, respectively.

### Employee Savings Plan

MMWEC contributes to an employee savings plan administered by a financial holding company. All eligible full-time employees meeting the service and eligibility requirements participate in this plan. Under the provisions of the plan, MMWEC's contributions are vested immediately. For the years ended December 31, 2021 and 2020, MMWEC contributed \$40,000 and \$50,000, respectively, and the employees contributed \$88,000 and \$87,000, respectively. All employees eligible or participating in the DC plan established in 2007 are not eligible to participate in the employee savings plan.

Benefit provisions of all plans are determined and authorized by the MMWEC Board of Directors.

## 14. PROJECT JOINT OWNERSHIP AGREEMENTS

MMWEC's power supply capacity includes ownership interests in the Stony Brook Peaking and Stony Brook Intermediate Units, both of which MMWEC operates. MMWEC also owns Project 2015A, a capacity resource in Peabody, Massachusetts and Project 2020A, a solar unit in Ludlow, Massachusetts, both of which are under construction as of December 31, 2021.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 14. PROJECT JOINT OWNERSHIP AGREEMENTS...continued

MMWEC is a nonoperating joint owner in the Millstone Unit 3 and Seabrook Station. On July 17, 2019, MMWEC sold its full ownership interest in Wyman 4, of which MMWEC was also a nonoperating joint owner. As a result of the sale, MMWEC ceased accounting for operating activity of Wyman 4. MMWEC maintains cash and investments for Wyman that were previously collected from Wyman Participants for operating reserves and working capital. MMWEC will distribute the remaining cash and investments to the Wyman Participants once the potential for claims from the seller has expired.

Electric plant in service and construction work in progress also includes assets related to MMWEC's service company operations, which totaled \$21.9 million and \$28.1 million at December 31, 2021 and 2020, respectively.

The following is a summary of the balances by Project included in electric plant in service and construction work in progress, as well as MMWEC's share of capability in megawatts (MW).

Projects	Facility and MMWEC Share of Capability in MW	Amount as of December 31,	
		2021	2020
(In Thousands)			
Peaking Project	Stony Brook	172.7	
Intermediate Project	Stony Brook	321.3	
Nuclear Project No. 3	Millstone Unit 3	39.5	
Nuclear Mix No. 1	Millstone Unit 3	19.8	
Nuclear Mix No. 1	Seabrook Station	2.0	
Nuclear Project No. 4	Seabrook Station	54.0	
Nuclear Project No. 5	Seabrook Station	13.7	
Project No. 6	Seabrook Station	74.7	
Project 2015A	Capacity Resource	60.0	
Project 2020A	Campus Solar	7.0	
Totals			

2021	2020
\$ 61,942	\$ 60,485
183,176	180,603
151,535	149,825
62,295	61,436
10,282	10,178
303,992	301,211
82,267	81,563
563,128	559,227
31,575	-
1,252	-
<u>\$ 1,451,444</u>	<u>\$ 1,404,528</u>

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 15. RELATED PARTY TRANSACTIONS

MMWEC, together with Massachusetts municipal utility systems, has formed six cooperatives under Massachusetts General Laws to conduct business for the mutual benefit of the members of the cooperatives. The following is a summary of each Cooperative and the associated Cooperative members and purpose for each Cooperative. On September 29, 2021, the Massachusetts Municipal Light Department Solar Energy Cooperative was dissolved and MMWEC ceased accounting for operating activity of the Cooperative.

<u>Cooperative Name</u>	<u>Other Cooperative Members</u>	<u>Year Founded</u>	<u>Cooperative Purpose</u>
Southwest Cooperative Corporation	Westfield Gas & Electric Light Department (WG&E)	2006	Financing, constructing and operating a natural gas pipeline to provide natural gas transportation service to WG&E
Massachusetts Municipal Light Department Wind Energy Cooperative Corporation	Templeton Municipal Light Department	2007	Financing, owning, constructing and operating wind generation facilities located in the town of Templeton
Berkshire Wind Power Cooperative Corporation	Sixteen municipal light departments	2008	Financing, owning, constructing and operating wind turbines and ancillary equipment located in Hancock and Lanesborough, Massachusetts
Massachusetts Municipal Light Department Solar Energy Cooperative Corporation	West Boylston Municipal Light Plant	2008	Financing, owning, constructing and operating a solar energy production facility in West Boylston, Massachusetts
Wakefield Municipal Cooperative Corporation	Wakefield Municipal Gas & Light Department	2012	Financing, constructing, purchasing, owning, leasing, maintaining and operating real and personal property located in Wakefield
Massachusetts Clean Energy Cooperative Corporation	Holyoke Gas & Electric Department (HG&E)	2013	Purchasing, acquiring, generating, transforming, distributing, selling, reselling, supplying and providing energy, telecommunications, or any related products or service and financing, owning, leasing or otherwise acquiring, holding, using and improving interests therein for the benefit of HG&E

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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## 15. RELATED PARTY TRANSACTIONS...continued

Pursuant to contracts, MMWEC provides accounting, financial, power supply and administrative services to all six of these cooperatives. As such, although MMWEC is a member of each cooperative and has one representative on the Board of each cooperative, MMWEC has no rights to the entities' assets nor has management oversight of the six cooperatives. Thus, the entities are not required to be reported as component units of MMWEC under rules established by GASB 61, *The Financial Reporting Entity*.

MMWEC billed a total of \$623,000 and \$590,000 for MMWEC services and outside professional services during 2021 and 2020, respectively, for all cooperatives. At December 31, 2021 and 2020, \$59,000 and \$57,000 was due to MMWEC from all cooperatives.

## 16. CONTRACTS AND COMMITMENTS

### Letter of Credit

MMWEC maintains a letter of credit with a power counterparty in order to meet its collateral obligations under the bilateral agreement with the counterparty. The amount of the letter of credit is \$10.0 million and \$12.8 million as of December 31, 2021 and 2020, respectively.

### Long-Term Contracts – Cooperatives

MMWEC has contracts with each Cooperative described in Note 15 – Related Party Transactions, whereby MMWEC is to serve as the Cooperative's agent in the sale of power, transportation or lease to the municipal utility systems. The sale agreements between MMWEC and the Cooperatives are offset in each case by a purchase agreement between the Cooperative and the municipal utility systems, the revenues and expenses associated with these agreements are not included in the accompanying Statements of Revenues, Expenses and Changes in Net Position and are disclosed in the following table. On September 29, 2021, the Massachusetts Municipal Light Department Solar Energy Cooperative was dissolved and MMWEC ceased accounting for operating activity of the Cooperative.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 16. CONTRACTS AND COMMITMENTS...continued

### Long-Term Contracts – Cooperatives...continued

<u>Contract</u>	<u>2021</u>	<u>2020</u>
	(In Thousands)	
Transportation Agreement between MMWEC and the Southwest Cooperative Corporation	\$ 540	\$ 540
Power Sales Agreement between MMWEC and the Massachusetts Municipal Light Department Wind Energy Cooperative Corporation	239	230
Power Sales Agreement between MMWEC and the Berkshire Wind Power Cooperative Corporation	6,315	8,170
Power Sales Agreement between MMWEC and the Massachusetts Municipal Light Department Solar Energy Cooperative Corporation	425	105
Lease Agreement between MMWEC and the Wakefield Municipal Cooperative Corporation	227	202
Power Sales Agreement between MMWEC and the Massachusetts Clean Energy Cooperative Corporation	699	82
Total	<u>\$ 8,445</u>	<u>\$ 9,329</u>

### Long-Term Contracts – Power Purchases

MMWEC entered into agreements for participation in the transmission interconnection between New England utilities and the Hydro-Quebec electric system near Sherbrooke, Quebec (Phase I), which began commercial operation in October 1986. The New England portion of the interconnection was constructed at a total cost of approximately \$140.0 million, of which 3.65% (or initially \$5.0 million) was MMWEC's share to support Phase I. In 1990, MMWEC's participation share in Phase I changed to 3.45%. MMWEC also entered into similar agreements for participation in the interconnection between New England utilities and the Hydro-Quebec electric system. This agreement is for the expansion of the Hydro-Quebec interconnection (Phase II), which went into commercial operation in November 1990.

MMWEC's Phase II equity investment is approximately 0.6% (or initially \$3.3 million). MMWEC has corresponding agreements with certain of its Members and another utility to recover MMWEC's share of the costs associated with the Phase II interconnection. Beginning in 1995, capital refunds from Phase II have been received, reducing MMWEC's total equity investment. The equity balance of \$182,000 at December 31, 2021 and 2020, is included in other noncurrent charges on the Balance Sheet. The Phase I and Phase II participation agreements were renewed effective November 1, 2020. MMWEC's entitlement for Phase I and Phase II was increased to 3.47% and .65%, respectively, as of the renewal date.

On a limited basis, MMWEC may enter into agreements providing financial assurance to third parties. At December 31, 2021 and 2020, there were no outstanding guarantees related to its equity interest in the Hydro-Quebec transmission companies. Management believes that the likelihood MMWEC would be required to perform or otherwise incur any significant losses associated with this guarantee is remote.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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## 16. CONTRACTS AND COMMITMENTS...continued

### Long-Term Contracts – Power Purchases...continued

In 2013, MMWEC entered into a twenty-year power purchase agreement with Clement Dam Hydroelectric LLC, Franklin Power LLC, Greggs Falls Hydroelectric Associates LP, Pembroke Hydro Associates LP and HDI Associates I Partnership for 100% of the output of five hydroelectric generating facilities in New Hampshire with a combined nominal rating at 11.53 MW, effective January 1, 2014. This resource has been subscribed to by thirteen Members. Power purchased under this contract totaled \$2.2 million and \$1.7 million for the years ended December 31, 2021 and 2020, respectively.

Also, in 2013, MMWEC entered into a twenty-five year power purchase agreement with Hancock Wind LLC for 73.5% of the output of a wind generating facility in Hancock County, Maine (Hancock Facility) with a nominal rating at 51 MW. This resource has been subscribed to by seventeen Members. The Hancock Facility began commercial operations on December 14, 2016. The total power purchased under this contract was \$4.5 million and \$5.3 million for the years ended December 31, 2021 and 2020, respectively.

### Claims and Judgments

MMWEC is involved in various legal actions. Management believes that the ultimate resolution of litigation in which MMWEC is currently involved will not have a material, adverse effect on the financial position of MMWEC.

## 17. RISK MANAGEMENT

MMWEC is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; workers compensation; and health care of its employees. These risks are covered through the purchase of commercial insurance, with minimal deductibles. There were no settled claims in any of the past three years. There has been no material decrease in insurance coverage of MMWEC in the past year.

### Nuclear Insurance

The Price-Anderson Act (the Act), a federal statute, mandates an industry-wide program of liability insurance for nuclear facilities. The \$375.0 million primary layer of insurance for the liability has been purchased in the commercial insurance market. Secondary coverage is to be provided through an assessment on each of the currently licensed nuclear units in the United States of approximately \$137.6 million, not to exceed \$20.5 million per incident in any year. The assessment is to be adjusted for inflation every five years. Under the Act, MMWEC's ownership interests in Millstone Unit 3 and Seabrook Station could result in a maximum assessment of approximately \$6.6 million and \$16.0 million, respectively, limited to payments of \$1.1 million and \$2.3 million per incident per year, respectively. Originally enacted in 1957, the Act has been renewed several times and in July 2005, Congress extended the Act until the end of 2025, as part of the Energy Policy Act of 2005.

Insurance has been purchased from Nuclear Electric Insurance Limited (NEIL) to cover the cost of repair, replacement, decontamination or premature decommissioning of utility property resulting from insured occurrences at Millstone Unit 3 and Seabrook Station. The NEIL insurance is subject to retroactive assessments if losses exceed the accumulated funds available to the insurer. MMWEC is potentially subject to a \$1.1 million and \$2.3 million assessment for its participation in Millstone Unit 3 and Seabrook Station, respectively, for excess property damage, decontamination and premature decommissioning.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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## 18. CONCENTRATION OF CREDIT RISK / SIGNIFICANT CUSTOMERS

Credit risk represents the risk of loss that would occur if customers do not meet their financial obligations to MMWEC. Concentration of credit risk occurs when significant customers possess similar characteristics that would cause their ability to meet contractual obligations to be affected by the same events.

As of December 31, 2021, MMWEC had two municipal customers who were considered significant customers, which accounted for approximately \$38.9 million (17%) and \$37.9 million (16%) of MMWEC revenues in 2021. In 2020, MMWEC had two municipal customers who were considered significant customers, which accounted for approximately \$35.8 million (16%) and \$32.9 million (15%) of MMWEC revenues in 2020. As of December 31, 2021, two municipal customers had significant account receivable balances of \$3.6 million (17%) and \$3.5 million (16%). At December 31, 2020, one municipal customer had significant account receivable balances of \$3.2 million (17%).

## 19. ENVIRONMENTAL AND OTHER ISSUES

Nothing has come to management's attention concerning any material pollution liability claims made during 2021 and 2020 or outstanding as of December 31, 2021 and 2020.

MMWEC has established a trust fund to enhance its Directors' and Officers' liability coverage. The purpose of the trust fund is to make available funds for the purchase of Directors' and Officers' liability insurance and/or as a supplement to insurance for indemnification of the Directors or Officers. At December 31, 2021 and 2020, MMWEC has \$10.7 million and \$10.8 million, respectively, recorded in designated funds related to the trust fund with a corresponding liability in the same amount, representing advances from Members.

MMWEC has a guaranty with ISO New England, Inc. (ISO-NE) with respect to certain MMWEC Members' financial assurance obligations to ISO-NE. These Members do not have credit ratings and MMWEC provides financial assurances for their transactions in ISO-NE. MMWEC's financial assurance is backed by the NEPEX Account Agreement between MMWEC and each of these Members. Pursuant to the NEPEX Account Agreement, each Member has an absolute and unconditional obligation to pay MMWEC for its respective ISO-NE transactions. Management believes that the likelihood MMWEC would be required to perform or otherwise incur any significant losses associated with this guarantee is remote.

## 20. SEGMENT INFORMATION

MMWEC issues separate revenue bonds for each Project, which are payable solely from, and secured solely by, the revenues derived from the Project to which such bond issue relates, plus available funds pledged under the GBR for the bonds of such issues. Each Project operates various electric generation facilities, as shown in Note 14 – Project Joint Ownership Agreements. Following is a summary of the financial information for each Project with revenue bonds outstanding.

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

## 20. SEGMENT INFORMATION...continued

	2021
	Project
	2015A
	(In Thousands)
<b>CONDENSED BALANCE SHEET</b>	
Assets:	
Advances from projects	\$ (147)
Other current assets	9,843
Noncurrent assets	50,555
Capital assets, net	31,575
Deferred outflows of resources:	-
Total assets and deferred outflows of resources:	<u>91,826</u>
Liabilities:	
Current liabilities	9,228
Noncurrent liabilities	83,428
Deferred inflows of resources:	(830)
Total liabilities and deferred inflows of resources:	<u>91,826</u>
 <b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>	
Operating revenues	\$ -
Depreciation	-
Other operating expenses	-
Operating loss	<u>-</u>
Non-operating revenues (expenses):	
Investment loss	(1)
Interest expense on long-term debt	(211)
Other nonoperating expenses	(618)
Decrease in amounts payable under terms of the power sales agreements	830
Total non-operating revenues	<u>-</u>
Change in net position	-
Net position, beginning of year	-
Net position, end of year	<u>\$ -</u>
 <b>CONDENSED STATEMENT OF CASH FLOWS</b>	
Net cash provided by (used in):	
Operating activities	\$ -
Investing activities	(9,995)
Capital and related financing activities	60,399
Net change in cash and cash equivalents	<u>50,404</u>
Cash and cash equivalents, beginning of year	-
Cash and cash equivalents, end of year	<u>\$ 50,404</u>

# Massachusetts Municipal Wholesale Electric Company

Notes to Financial Statements

Years Ended December 31, 2021 and 2020

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## **21. SUBSEQUENT EVENTS**

On February 25, 2022, MMWEC issued additional short-term debt under the Pooled Loan Program for one Member. As of March 31, 2022, the outstanding balance under the pooled loan line of credit was \$573,000. As of March 1, 2022, the letter of credit discussed in Note 16 – Contracts and Commitments was reduced to \$6.8 million. MMWEC has evaluated subsequent events through March 31, 2022, the date which the financial statements were available to be issued, and did not note any additional subsequent events requiring recording or disclosure in the financial statements for the year ended December 31, 2021.

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REQUIRED SUPPLEMENTARY INFORMATION

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## Massachusetts Municipal Wholesale Electric Company

Required Supplementary Information (Unaudited)  
Years Ended December 31, 2021 and 2020

The following schedules present Administration Plan multiyear trend information that demonstrates the components of change in the net pension (asset) liability from year-to-year, as well as trends in related statistical information. Information is present related to all periods for which the required data is available. Amounts presented are determined as of the measurement date of the net pension liability for the following years ended December 31:

	Administrative Plan							
	2021	2020	2019	2018	2017	2016	2015	2014
<u>Total pension liability</u>				(In Thousands)				
Service cost	\$ 98	\$ 117	\$ 124	\$ 130	\$ 155	\$ 139	\$ 191	\$ 210
Interest cost	1,197	1,319	1,251	1,271	1,433	1,401	1,353	1,156
Difference between expected and actual experience	598	(31)	991	1,037	602	(391)	748	26
Changes of assumptions	242	40	190	(31)	(73)	1,395	(200)	1,789
Changes in benefit terms	-	-	-	426	-	-	-	-
Benefit payments	(4,416)	(2,827)	(1,558)	(3,347)	(4,078)	(1,789)	(1,275)	(313)
Net change in total pension liability	(2,281)	(1,382)	998	(514)	(1,961)	755	817	2,868
Total pension liability, beginning of period	18,138	19,520	18,522	19,036	20,997	20,242	19,425	16,556
Total pension liability, end of period	<u>15,857</u>	<u>18,138</u>	<u>19,520</u>	<u>18,522</u>	<u>19,036</u>	<u>20,997</u>	<u>20,242</u>	<u>19,424</u>
<u>Plan fiduciary net position</u>								
Employer contributions	\$ 125	\$ 245	\$ 500	\$ 275	\$ 361	\$ 174	\$ 480	\$ 877
Net investment income	3,907	4,951	5,590	(709)	3,807	1,303	314	1,593
Benefit payments	(4,416)	(2,827)	(1,558)	(3,347)	(4,078)	(1,789)	(1,275)	(313)
Corrective Distributions	(73)	-	-	-	-	-	-	-
Administrative expenses	(33)	(10)	(10)	(11)	(16)	(19)	(16)	(16)
Net change in fiduciary net position	(490)	2,359	4,522	(3,792)	74	(331)	(497)	2,141
Fiduciary net position, beginning of year	27,151	24,792	20,270	24,062	23,988	24,319	24,816	22,675
Fiduciary net position, end of year	<u>26,661</u>	<u>27,151</u>	<u>24,792</u>	<u>20,270</u>	<u>24,062</u>	<u>23,988</u>	<u>24,319</u>	<u>24,816</u>
Net pension (asset) liability, end of period	<u>\$ (10,804)</u>	<u>\$ (9,013)</u>	<u>\$ (5,272)</u>	<u>\$ (1,748)</u>	<u>\$ (5,026)</u>	<u>\$ (2,991)</u>	<u>\$ (4,077)</u>	<u>\$ (5,392)</u>
Plan fiduciary net position as a percentage of the total pension liability	168.13%	149.69%	127.01%	109.44%	126.40%	114.25%	120.14%	127.76%
Covered -employee payroll	\$ 1,889	\$ 2,046	\$ 1,874	\$ 2,060	\$ 2,354	\$ 2,371	\$ 2,785	\$ 3,104
Net pension (asset) liability as a percentage of covered -employee payroll	(571.85%)	(440.43%)	(281.35%)	(84.86%)	(213.48%)	(126.19%)	(146.30%)	(173.60%)
Annual money-weighted rate of return	15.62%	21.04%	29.11%	(3.05%)	17.09%	5.73%	1.28%	6.93%

## Massachusetts Municipal Wholesale Electric Company

Required Supplementary Information (Unaudited)  
Years Ended December 31, 2021 and 2020

The following schedules present Union Plan multiyear trend information that demonstrates the components of change in the net pension (asset) liability from year-to-year, as well as trends in related statistical information. Information is present related to all periods for which the required data is available. Amounts presented are determined as of the measurement date of the net pension liability for the following years ended December 31:

	2021	2020	2019	UnionPlan 2018	2017	2016	2015	2014
<u>Total pension liability</u>								
					(In Thousands)			
Service cost	\$ 41	\$ 72	\$ 79	\$ 96	\$ 109	\$ 89	\$ 106	\$ 106
Interest cost	173	317	335	312	299	327	340	338
Difference between expected and actual experience	696	(19)	(188)	(142)	(128)	(764)	709	226
Changes of assumptions	102	(900)	271	200	(15)	1,238	(52)	191
Changes in benefit terms	-	-	-	-	-	-	-	-
Benefit payments	(1,870)	(1,560)	(623)	(46)	(46)	(1,302)	(1,281)	(856)
Net change in total pension liability	(858)	(2,090)	(126)	420	219	(412)	(178)	5
Total pension liability, beginning of period	2,674	4,764	4,890	4,470	4,251	4,663	4,841	4,836
Total pension liability, end of period	<u>1,816</u>	<u>2,674</u>	<u>4,764</u>	<u>4,890</u>	<u>4,470</u>	<u>4,251</u>	<u>4,663</u>	<u>4,841</u>
<u>Plan fiduciary net position</u>								
Employer contributions	\$ 250	\$ 250	\$ 250	\$ 119	\$ 657	\$ 197	\$ 118	\$ 255
Net investment income	519	864	1,008	(106)	626	194	104	416
Benefit payments	(1,870)	(1,560)	(623)	(46)	(45)	(1,302)	(1,281)	(856)
Corrective Distributions	(764)	-	-	-	-	-	-	-
Administrative expenses	(11)	(10)	(10)	(10)	(10)	(10)	(10)	(10)
Net change in fiduciary net position	(1,876)	(456)	625	(43)	1,228	(921)	(1,069)	(195)
Fiduciary net position, beginning of year	4,766	5,222	4,597	4,640	3,412	4,333	5,402	5,597
Fiduciary net position, end of year	<u>2,890</u>	<u>4,766</u>	<u>5,222</u>	<u>4,597</u>	<u>4,640</u>	<u>3,412</u>	<u>4,333</u>	<u>5,402</u>
Net pension (asset) liability, end of period	<u>\$ (1,074)</u>	<u>\$ (2,092)</u>	<u>\$ (458)</u>	<u>\$ 293</u>	<u>\$ (170)</u>	<u>\$ 839</u>	<u>\$ 330</u>	<u>\$ (561)</u>
Plan fiduciary net position as a percentage of the total pension liability	159.11%	178.22%	109.61%	94.02	103.81%	80.27%	92.91%	111.59%
Covered -employee payroll	\$ 453	\$ 622	\$ 609	\$ 776	\$ 903	\$ 1,067	\$ 1,232	\$ 1,210
Net pension (asset) liability as a percentage of covered -employee payroll	(237.06%)	(336.11%)	(75.24%)	37.69%	(18.86%)	78.59%	26.83%	(46.38%)
Annual money-weighted rate of return	17.51%	17.58%	23.75%	(2.24%)	17.46%	5.61%	2.21%	7.77%

# Massachusetts Municipal Wholesale Electric Company

Required Supplementary Information (Unaudited)

Years Ended December 31, 2021 and 2020

The following schedules present multiyear trend information regarding employer contributions to the Plans. Information is presented related to all periods for which the required data is available. The amounts presented are determined as of the years ended December 31:

Administration Plan					
Year	Actuarial Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
(In Thousands)					
2021	\$ 3	\$ 125	\$ (122)	\$ 1,889	6.62%
2020	23	245	(222)	2,046	11.99%
2019	485	500	(15)	1,874	26.68%
2018	56	275	(219)	2,060	13.35%
2017	435	361	74	2,354	15.31%
2016	334	174	159	2,371	7.35%
2015	1	480	(479)	2,785	17.24%
2014	48	877	(829)	3,104	28.25%

  

Union Plan					
Year	Actuarial Determined Contribution	Contributions in Relation to the Actuarially Determined Contribution	Contribution Deficiency (Excess)	Covered- Employee Payroll	Contributions as a Percentage of Covered- Employee Payroll
(In Thousands)					
2021	\$ -	\$ 250	\$ (250)	\$ 453	55.18%
2020	29	250	(221)	622	40.16%
2019	132	250	(118)	609	41.07%
2018	110	119	(9)	776	15.33%
2017	233	658	(425)	903	72.78%
2016	175	197	(22)	1,067	18.48%
2015	123	118	5	1,232	9.57%
2014	65	255	(190)	1,210	21.10%

# Massachusetts Municipal Wholesale Electric Company

Required Supplementary Information (Unaudited)  
Years Ended December 31, 2021 and 2020

The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest valuation follows:

	<u>Administration Plan</u>	<u>Union Plan</u>
Valuation date	1/1/2021	1/1/2021
Actuarial cost method	Entry Age Normal with Frozen Initial Liability	Entry Age Normal with Frozen Initial Liability
Amortization method	Level dollar open	Level dollar open
Remaining amortization period	30 years	30 years
Asset valuation method	Fair Market Value	Fair Market Value
Actuarial assumptions:		
Investment rate of return	7.0%	7.0%
Projected salary increases	3.0%	3.0%
Cost-of-living adjustments	N/A	N/A
Mortality	Pri-2012 White Collar with Scale MP-2021 Generational Improvements (Male/Female)	Pri-2012 Blue Collar with Scale MP-2021 Generational Improvements (Male/Female)

There were no changes in benefit terms, in the size or composition of the population covered by the benefit terms that significantly affected trends from year to year in the amounts reported in the required supplementary information above. In 2020, mortality rates for the Administrative Plan were based on the Pri-2012 White Collar Employee Annuitant Table for Males or Females, as appropriate, projected using Scale MP-2020 generational improvements. Mortality rates for the Union Plan in 2020 were based on the Pri-2012 Blue Collar Table for Males or Females, as appropriate, projected using Scale MP-2020 generational improvements.

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SUPPLEMENTARY INFORMATION

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## Massachusetts Municipal Wholesale Electric Company

Project Balance Sheet  
December 31, 2021  
(In Thousands)

	SERVICE	NUCLEAR MIX 1	NUCLEAR PROJ. 3	NUCLEAR PROJ. 4	NUCLEAR PROJ. 5	PROJ. 6	PEAKING	INTERMEDIATE	WYMAN	Project 2015A	Project 2020A	TOTAL
<b>ASSETS</b>												
Current assets:												
Cash and temporary investments	\$ 16,172	\$ 816	\$ 1,803	\$ 931	\$ 375	\$ 1,559	\$ 1,163	\$ 2,629	\$ 3,127	\$ -	\$ -	\$ 28,575
Accounts receivable	18,094	791	1,226	1,922	482	2,695	441	1,440	-	-	-	27,091
Unbilled revenues	20,624	-	-	-	-	-	-	-	-	-	-	20,624
Inventories	-	106	-	2,820	714	3,906	1,999	16,817	-	-	-	26,362
Advances to (from) projects	625	(20)	(35)	(31)	(6)	(13)	(82)	(265)	-	(147)	(26)	-
Prepaid expenses	533	126	240	152	38	210	36	118	-	-	-	1,453
Current portion of restricted special funds	32,878	-	-	-	-	-	-	-	-	2,756	2,709	38,343
Interest receivable restricted special funds	62	-	-	-	-	-	-	-	-	1	-	63
Current portion of designated funds	980	-	-	-	-	-	-	-	-	7,086	-	8,066
Total current assets	89,968	1,819	3,234	5,794	1,603	8,357	3,557	20,739	3,127	9,696	2,683	150,577
Noncurrent assets:												
Restricted assets:												
Noncurrent portion of restricted special funds	-	-	-	-	-	-	-	-	-	50,555	-	50,555
Nuclear decommissioning trust	-	26,622	50,075	39,955	10,113	55,337	-	-	-	-	-	182,102
Net pension asset	10,804	-	-	-	-	-	-	1,074	-	-	-	11,878
Noncurrent charges:												
Designated funds	10,293	10,623	17,204	19,652	5,188	28,881	11,765	49,857	-	-	-	153,463
Designated funds interest receivable	49	(5)	(2)	50	4	107	20	112	-	-	-	335
Long-term accounts receivable	27,403	-	-	-	-	-	-	-	-	-	-	27,403
Other noncurrent charges	182	2,279	4,201	4,557	1,152	6,311	79	1,190	-	-	-	19,951
Total noncurrent assets	48,731	39,519	71,478	64,214	16,457	90,636	11,864	52,233	-	50,555	-	445,687
Capital assets:												
In service	21,884	70,373	147,397	300,578	81,403	558,400	60,036	179,522	-	-	-	1,419,593
Accumulated depreciation	(10,034)	(44,603)	(97,299)	(175,467)	(47,982)	(338,312)	(57,575)	(164,349)	-	-	-	(935,621)
Construction work in progress	2	2,204	4,138	3,414	864	4,728	1,906	3,654	-	31,575	1,252	53,737
Nuclear fuel, net of amortization	-	2,602	4,798	5,203	1,317	7,206	-	-	-	-	-	21,126
Total capital assets	11,852	30,576	59,034	133,728	35,602	232,022	4,367	18,827	-	31,575	1,252	558,835
<b>DEFERRED OUTFLOWS OF RESOURCES</b>												
Deferred loss on pension asset	505	-	-	-	-	-	-	350	-	-	-	855
Deferred asset retirement obligation	-	5,993	10,056	25,278	6,398	35,009	-	-	-	-	-	82,734
Total deferred outflows of resources	505	5,993	10,056	25,278	6,398	35,009	-	350	-	-	-	83,589
Total assets and deferred outflows of resources	\$ 151,056	\$ 77,907	\$ 143,802	\$ 229,014	\$ 60,060	\$ 366,024	\$ 19,788	\$ 92,149	\$ 3,127	\$ 91,826	\$ 3,935	\$ 1,238,688
<b>LIABILITIES</b>												
Current liabilities:												
Accounts payable	\$ 1,971	\$ 1,461	\$ 2,734	\$ 2,383	\$ 602	\$ 3,299	\$ 21	\$ 120	\$ -	\$ 82	\$ -	\$ 12,673
Member and Participant advances	26,931	9,098	16,055	17,186	4,491	23,899	3,706	11,131	1,632	8,935	447	123,511
Short-term debt	-	-	-	-	-	-	-	-	-	-	3,500	3,500
Accrued expenses	21,427	41	33	645	163	893	131	513	-	-	-	23,846
Current liabilities payable from restricted assets:												
Accrued interest payable	323	-	-	-	-	-	-	-	-	211	9	543
Current maturities of long-term debt	4,490	-	-	-	-	-	-	-	-	-	-	4,490
Total current liabilities	55,142	10,600	18,822	20,214	5,256	28,091	3,858	11,764	1,632	9,228	3,956	168,563
Noncurrent liabilities:												
Long-term debt	49,954	-	-	-	-	-	-	-	-	73,428	-	123,382
Asset retirement obligations	-	13,801	23,775	49,937	12,640	69,161	-	-	-	-	-	169,314
Long-term member and participant advances, net of current maturities	35,887	4	-	119	30	164	2,667	49,010	-	10,000	-	97,881
Total noncurrent liabilities	85,841	13,805	23,775	50,056	12,670	69,325	2,667	49,010	-	83,428	-	390,577
<b>DEFERRED INFLOWS OF RESOURCES</b>												
Pension regulatory credit	5,714	-	-	-	-	-	-	617	-	-	-	6,331
Amounts payable under terms of the power sales agreements	(479)	53,502	101,205	158,744	42,134	268,608	13,263	30,110	1,495	(830)	(21)	667,731
Deferred gain on pension asset	4,838	-	-	-	-	-	-	648	-	-	-	5,486
Total deferred inflows of resources	10,073	53,502	101,205	158,744	42,134	268,608	13,263	31,375	1,495	(830)	(21)	679,548
Total liabilities and deferred inflows of resources	\$ 151,056	\$ 77,907	\$ 143,802	\$ 229,014	\$ 60,060	\$ 366,024	\$ 19,788	\$ 92,149	\$ 3,127	\$ 91,826	\$ 3,935	\$ 1,238,688



# Massachusetts Municipal Wholesale Electric Company

Project Statement of Cash Flows  
Year Ended December 31, 2021  
(In Thousands)

	SERVICE	NUCLEAR MIX 1	NUCLEAR PROJ. 3	NUCLEAR PROJ. 4	NUCLEAR PROJ. 5	PROJECT PROJ. 6	PEAKING	INTERMEDIATE	WYMAN	Project 2015A	Project 2020A	TOTAL
<b>Cash flows from operating activities:</b>												
Received from sales to members and participants	\$ 150,979	\$ 6,943	\$ 13,120	\$ 11,078	\$ 2,869	\$ 14,993	\$ 3,864	\$ 14,351	\$ -	\$ -	\$ 447	\$ 218,644
Paid to suppliers for goods and services	(162,581)	(2,976)	(5,384)	(6,907)	(1,790)	(9,577)	(2,400)	(8,869)	(1)	-	14	(200,471)
Paid to employees	(4,789)	-	-	-	-	-	(1,078)	(4,250)	-	-	-	(10,117)
Net cash provided by (used in) operating activities	(16,391)	3,967	7,736	4,171	1,079	5,416	386	1,232	(1)	-	461	8,056
<b>Cash flows from investing activities:</b>												
Purchases of investments	(59,693)	(6,983)	(11,406)	(8,992)	(3,219)	(18,609)	(8,583)	(30,525)	-	(136,185)	(3,500)	(287,695)
Proceeds from sales and maturities of investments	59,312	5,826	9,021	10,154	3,279	19,184	9,820	32,902	1,000	126,192	3,500	280,190
Interest received	(569)	16	55	(145)	(41)	(256)	(86)	(335)	(2)	(2)	-	(1,365)
Net cash provided by (used in) investing activities	(950)	(1,141)	(2,330)	1,017	19	319	1,151	2,042	998	(9,995)	-	(8,870)
<b>Cash flows from capital and related financing activities:</b>												
Construction expenditures and purchases of nuclear fuel	6,274	(2,559)	(4,673)	(5,697)	(1,443)	(7,889)	(1,460)	(2,580)	-	(31,346)	(1,252)	(52,625)
Proceeds from issuance of long-term debt	18,500	-	-	-	-	-	-	-	-	73,505	-	92,005
Principal payments on long-term debt	(3,926)	-	-	-	-	-	-	-	-	-	-	(3,926)
Decommissioning trust payments	-	-	-	-	-	-	-	-	-	-	-	-
Interest payments on long-term debt	(1,445)	-	-	-	-	-	-	-	-	-	-	(1,445)
Proceeds from issuance of short-term debt	-	-	-	-	-	-	-	-	-	-	3,500	3,500
Proceeds from participant capital contributions	-	-	-	-	-	-	-	-	-	18,935	-	18,935
Bond financing issuance expenditures	-	-	-	-	-	-	-	-	-	(695)	-	(695)
Net cash provided by (used in) capital and related financing activities	19,403	(2,559)	(4,673)	(5,697)	(1,443)	(7,889)	(1,460)	(2,580)	-	60,399	2,248	55,749
<b>Cash flows from noncapital financing activities:</b>												
Proceeds from issuance of short-term debt	3,590	-	-	-	-	-	-	-	-	-	-	3,590
Principal payments on short-term debt	(3,592)	-	-	-	-	-	-	-	-	-	-	(3,592)
Interest payments on short-term debt	(211)	-	-	-	-	-	(10)	(20)	-	-	-	(241)
Net cash provided by (used in) noncapital financing activities	(213)	-	-	-	-	-	(10)	(20)	-	-	-	(243)
Net change in cash and cash equivalents	1,849	267	733	(509)	(345)	(2,154)	67	674	997	50,404	2,709	54,692
Cash and cash equivalents, beginning of year	22,044	547	1,068	2,440	720	3,709	1,094	2,951	2,130	-	-	36,703
Cash and cash equivalents, end of year	\$ 23,893	\$ 814	\$ 1,801	\$ 1,931	\$ 375	\$ 1,555	\$ 1,161	\$ 3,625	\$ 3,127	\$ 50,404	\$ 2,709	\$ 91,395
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>												
Operating income (loss)	\$ (64)	\$ (394)	(987)	(2,426)	(650)	(4,925)	1,256	4,088	-	-	(12)	(4,114)
<b>Noncash items included in operating income:</b>												
Depreciation	1,843	1,259	2,454	5,205	1,380	8,867	155	1,090	-	-	-	22,253
Amortization of nuclear fuel and accretion of ARO	-	1,561	2,842	3,589	909	4,971	-	-	-	-	-	13,872
<b>Changes in assets, liabilities and deferred outflows and inflows:</b>												
<b>(Increase) decrease in:</b>												
Accounts receivable	(3,260)	(156)	(168)	(370)	(79)	(313)	(130)	(212)	-	-	-	(4,688)
Unbilled revenues	(615)	-	-	-	-	-	-	-	-	-	-	(615)
Inventories	-	-	-	(11)	(3)	(16)	(330)	(3,007)	-	-	-	(3,367)
Prepaid expenses	225	5	(2)	166	43	231	30	103	-	-	-	801
Net pension asset	(1,791)	-	-	-	-	-	-	1,018	-	-	-	(773)
Long term accounts receivable	(8,035)	-	-	-	-	-	-	-	-	-	-	(8,035)
Other deferred charges	-	14	(65)	1,230	311	1,703	(59)	(442)	-	-	-	2,692
<b>Increase (decrease) in:</b>												
Accounts payable	(888)	687	1,432	(855)	(217)	(1,184)	(20)	(160)	-	-	-	(1,205)
Member and participant advances	(8,657)	1,047	2,273	(1,440)	(383)	(2,648)	(561)	(310)	(1)	-	473	(10,207)
Accrued expenses	3,060	14	33	(61)	(16)	(85)	45	162	-	-	-	3,152
Other noncurrent liabilities	-	-	-	-	-	-	-	(80)	-	-	-	(80)
Pension regulatory liability	1,748	-	-	-	-	-	-	(126)	-	-	-	1,622
Changes in deferred outflows of resources	(151)	(70)	(76)	(856)	(216)	(1,185)	-	(327)	-	-	-	(2,881)
Changes in deferred inflows or resources	194	-	-	-	-	-	-	(565)	-	-	-	(371)
Net cash provided by (used in) operating activities	\$ (16,391)	\$ 3,967	\$ 7,736	\$ 4,171	\$ 1,079	\$ 5,416	\$ 386	\$ 1,232	\$ (1)	\$ -	\$ 461	\$ 8,056
<b>Reconciliation of cash and cash equivalents to the statement of net position:</b>												
Cash and temporary investments	\$ 16,172	\$ 816	\$ 1,803	\$ 931	\$ 375	\$ 1,559	\$ 1,163	\$ 2,629	\$ 3,127	\$ -	\$ -	\$ 28,575
Restricted and designated funds - noncurrent	44,151	10,623	17,204	19,652	5,188	28,881	11,765	49,857	-	60,397	2,709	250,427
Total cash and investments	60,323	11,439	19,007	20,583	5,563	30,440	12,928	52,486	3,127	60,397	2,709	279,002
Less - long-term investments	(36,430)	(10,625)	(17,206)	(18,652)	(5,188)	(28,885)	(11,767)	(48,861)	-	(9,993)	-	(187,607)
Total cash and cash equivalents	\$ 23,893	\$ 814	\$ 1,801	\$ 1,931	\$ 375	\$ 1,555	\$ 1,161	\$ 3,625	\$ 3,127	\$ 50,404	\$ 2,709	\$ 91,395

# Massachusetts Municipal Wholesale Electric Company

Combining Fiduciary Financial Statements

December 31, 2021 and 2020

(In Thousands)

## STATEMENTS OF FIDUCIARY NET POSITION

	Administrative Plan		Union Plan		Total Fiduciary Funds	
	2021	2020	2021	2020	2021	2020
<b>ASSETS</b>						
Investments at fair value:						
Mutual funds	\$ 15,325	\$ 25,998	\$ 1,434	\$ 4,594	\$ 16,759	\$ 30,592
Money market funds	2,917	-	661	-	3,578	-
Guaranteed income funds	8,420	1,153	796	173	9,216	1,326
Total investments	<u>26,662</u>	<u>27,151</u>	<u>2,891</u>	<u>4,767</u>	<u>29,553</u>	<u>31,918</u>
Net position available for pension benefits	<u>\$ 26,662</u>	<u>\$ 27,151</u>	<u>\$ 2,891</u>	<u>\$ 4,767</u>	<u>\$ 29,553</u>	<u>\$ 31,918</u>

## STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION

	Administrative Plan		Union Plan		Total Fiduciary Funds	
	2021	2020	2021	2020	2021	2020
<b>ADDITIONS</b>						
Employer contributions	\$ 125	\$ 245	\$ 250	\$ 250	\$ 375	\$ 495
Investment activity:						
Interest and dividends	321	9	21	19	342	28
Net appreciation in fair value of investments	3,564	4,942	496	846	4,060	5,788
Total investment activity	<u>3,885</u>	<u>4,951</u>	<u>517</u>	<u>865</u>	<u>4,402</u>	<u>5,816</u>
Total additions	<u>4,010</u>	<u>5,196</u>	<u>767</u>	<u>1,115</u>	<u>4,777</u>	<u>6,311</u>
<b>DEDUCTIONS</b>						
Benefits paid directly to participants	4,490	2,827	2,634	1,560	7,124	4,387
Administrative expenses	9	10	9	10	18	20
Total deductions	<u>4,499</u>	<u>2,837</u>	<u>2,643</u>	<u>1,570</u>	<u>7,142</u>	<u>4,407</u>
Net increase (decrease) in net position	(489)	2,359	(1,876)	(455)	(2,365)	1,904
Net position available for pension benefits, beginning of year	<u>27,151</u>	<u>24,792</u>	<u>4,767</u>	<u>5,222</u>	<u>31,918</u>	<u>30,014</u>
Net position available for pension benefits, end of year	<u>\$ 26,662</u>	<u>\$ 27,151</u>	<u>\$ 2,891</u>	<u>\$ 4,767</u>	<u>\$ 29,553</u>	<u>\$ 31,918</u>