Dear Mrs. Jones
“Mrs. Jones” is the inspiration for improving the quality and value of MMWEC service to Member and Project Participant utilities. CEO Ron DeCurzio frequently reminds staff to consider the impacts of their work on “Mrs. Jones in Shrewsbury”, the virtual customer of all MMWEC utilities and the ultimate beneficiary of the work we do.

At MMWEC, we’ve got a thing going on with Mrs. Jones, and it’s leading to better service for our municipal utilities and their customers.
Dear Mrs. Jones,

We understand it has been a difficult year, what with the struggling economy, a harsh New England winter and the rising cost of most everything, from groceries and gasoline to heat and health care.

As you strive to make ends meet, it may help to know that MMWEC is working in concert with your local municipal utility to make your life a little less stressful. We cannot do much about the weather or the economy, but we are determined to provide you with a reliable and affordable supply of electricity.

In fact, the decisions we make every day are measured against how they affect the cost and reliability of your electric service. Our goal is to protect and enhance the benefits of public power, which bring you quality service, reasonable rates and local control of your electric utility.

Your municipal utility is a Member and Project Participant of MMWEC, a non-profit organization that provides electric power supply, financial, risk management and other services to municipal utilities. We also own shares in power plants throughout New England and deliver the benefits of that ownership to you.

Your electric bill was a topic of discussion during recent meetings between MMWEC and officials of the Federal Energy Regulatory Commission in Washington, D.C. We also talked about you in meetings with members of Congress, where we are seeking equitable treatment of public power in national energy policies. We think of you when ISO New England, operator of the regional power grid, proposes a change in its market rules that could affect power costs.

Because you motivate and inspire our work, we’d like to share some of our accomplishments with you in this year’s annual report. Please don’t worry if the details seem puzzling. It is our job to understand and manage the complexities of today’s electricity business, not yours.

Just remember that there is a dedicated team of public power professionals working on your behalf throughout the MMWEC organization. We thank you for your inspiration and wish you the best in life, made easier with a comfortable supply of electricity.

Very Truly Yours,
Jon, Pete and Ron
Renewable Energy

We have heard your call for renewable energy, driven by a sense of environmental responsibility, the economic potential of a green energy industry and the need to expand domestic energy resources.

In response, MMWEC and its Member utilities have made a strong commitment to renewable resources at a level that makes energy and economic sense for our customers. The wind and solar energy assets of Member utilities are impressive by any standard, and the costs are reasonable.

We are taking an innovative approach to developing renewable energy that streamlines the development and financing process and makes the most of joint action. Together, MMWEC and its Members have formed several Municipal Lighting Plant Cooperatives to develop wind and solar resources, including the 15-megawatt Berkshire Wind Power Project, the largest wind project in Massachusetts.

We have established a solar photovoltaic energy program that offers one-stop solar project shopping with discounted pricing for municipal utilities and their customers. So far, we have installed more than 527 kilowatts of solar energy in nine municipal utility communities.

In 2010, our solar program expanded to incorporate a new, state development incentive based upon the production and sale of Solar Renewable Energy Certificates (SRECs). SRECs are tradable credits tied to the amount of solar energy produced, intended to generate revenue to offset project development costs. Now, MMWEC is a state-approved SREC Aggregator, handling SREC transactions from start to finish for municipal utilities and their customers.

In addition, we have created a comprehensive energy efficiency program for municipal utilities that includes service to all customer classes. This program, which is being implemented on a pilot basis in individual communities, is locally funded and managed by local utility staff.

As a result of these activities, part of your electricity supply comes from renewable energy projects, and the opportunities to save energy in your community are expanding. You can take credit for responsible environmental stewardship and reducing the carbon footprint of your community.

Together, we are part of the green energy movement, and we are continuing our work to make renewable energy an integral part of your electric power supply.
MMWEC's Ed Kaczenski, Ron DeCurzio and Jay Kline (l to r) visited Fitch Ratings in New York City, touting the strength of MMWEC’s financial condition.
Ownership Benefits

You have worked hard to meet your financial commitments, maintain your credit score and build equity in the assets that you own. On a different scale, we have done the same to ensure that the benefits of our ownership in energy facilities accrue to you as a customer and owner of your municipal utility.

MMWEC has unique statutory authority to issue tax-free bonds to finance ownership interests in energy facilities. We have issued more than $4.4 billion in bonds to finance and refinance our ownership interests in several New England power plants, including the 527-megawatt Stony Brook plant, which is operated by MMWEC. We also own shares of the Seabrook Station and Millstone Unit No. 3 nuclear plants, as well as an oil-fired plant called W.F. Wyman Unit No. 4.

We have retired the debt – essentially, paid off the mortgage – associated with the Stony Brook and Wyman plants. The approximate $440 million still owed on the Seabrook and Millstone plants will be retired by 2019. Both of these plants are expected to operate at least until 2045, long after the related debt is retired. At the same time, the market value of carbon-free nuclear energy is increasing, as a hedge against volatile fuel prices and various initiatives to price carbon emissions.

As a result, we are in very good shape financially, as reflected in the 2010 credit rating upgrades MMWEC received from the three major credit rating agencies, bringing all of our projects into the “A” category of ratings. We also are planning to fine-tune our debt portfolio by replacing up to $170 million in variable-rate debt with fixed-rate bonds.

The rating agencies also found strength in the financial positions of MMWEC’s Project Participants, including your municipal utility. That strength stems from low retail rates, local rate-setting authority, strong liquidity, limited capital requirements and a supportive regulatory environment.

Our strong and stable financial position validates MMWEC’s joint action system of financing for municipal utilities, which has stood the test of both good and difficult times. This system, in combination with our innovative use of Municipal Lighting Plant Cooperatives, gives us the tools required to finance the next generation of municipal utility energy resources.

Importantly, we are not making a profit on any of the transactions that bring you electricity from the MMWEC-owned power plants. MMWEC and your utility are non-profit entities with no stockholders to pay, working together to bring you the full value of our energy assets.
Market Opportunities

Whether it’s paper towels or pasta, you shop for bargains and purchase in bulk when prices are low. We take the same approach to buying electricity for you. It’s a little more complicated in the wholesale energy marketplace, but the principle is the same.

Electricity prices have been relatively low lately, and we have signed contracts to purchase electricity for you as far out as 2015, locking up economic energy to help meet your future power requirements.

These purchases are made through MMWEC’s Energy Portfolio Management Program, an integrated activity that encompasses power supply planning, market analysis, resource development, contracting and risk management. It includes the assessment of counterparty risks, which enables MMWEC to identify and secure adequate financial assurance from its trading partners.

The program is structured to meet individual Member needs, accommodating each system’s risk tolerance and unique portfolio goals. Managing exposure to volatile fuel and energy prices is a key objective. Typically, Members have diverse portfolios that include owned generation, various contractual resources and some exposure to the spot market for electricity.

We have upgraded technology and management systems to maintain the value of this service. As a result, we are better able to monitor fuel prices and marketplace activity, conduct a wider range of analyses and complete transactions with greater efficiency and economy. The integration of power supply, commodities trading, financial and risk management staff functions has been important to the success of this program, as has the addition of appropriately skilled staff.

In 2010, with our Energy Portfolio Management functions sharpened, we have taken advantage of low prices and opportunities to hedge open market positions with forward purchases of energy at favorable prices. We are now discussing opportunities to hedge exposures in 2016. According to Moody’s Investors Service, the success of the Portfolio Management Program is “a key rating consideration.”

Using MMWEC’s expertise, your utility has locked in low prices on electricity you will need between now and 2015. It’s like buying a four-year supply of paper towels, confident that the price is more likely to increase than decrease, only without the storage problem.
Dear Mrs. Jones,

Economic energy purchases as far out as 2015 benefit customers of MMVEC Members.
The right stuff earns awards for MMWEC’s Stony Brook plant, below, and adds value to realigned MMWEC services.
The Right Stuff

It always helps to have the right tool for the job, the right answer to a question or the right time for an appointment. At MMWEC, we have the right stuff to deliver a reliable and economic supply of electricity to municipal utilities and their customers.

In 2010, the Stony Brook power plant, a 527-megawatt electric generator operated and principally owned by MMWEC, was named a “Pacesetter Plant” by an international journal. The journal cited MMWEC’s role as an industry leader in retaining plant value through technological upgrades and innovative maintenance practices that address changing market conditions. MMWEC also received an award from the National Safety Council for six years without a lost-time accident at Stony Brook.

Such recognition is a tribute to MMWEC’s staff and their commitment to keeping the 30-year-old Stony Brook plant in tip-top condition, a primary requirement for maintaining plant value in a changing marketplace. At a more basic level, it means that MMWEC has the right people with the right skills in the right places when it comes to operating Stony Brook.

This is true of other staff functions as well, but it is essential to keep pace with industry change, which is constant in the electric power industry, from the structure of wholesale power markets and national energy policy to the technology needed to operate and interact with the power grid.

To address this issue, MMWEC has adopted an organizational realignment process that involves a comprehensive assessment of its Members’ service requirements, as compared to existing staff capabilities, and realignment to ensure that staff has the skill sets required to meet Member needs.

Through this process, MMWEC is adding several information technology positions to implement a redesign and upgrade of its electronic business systems and processes. We have added a position to oversee compliance with new national electric reliability standards and are performing rate studies for Member utilities. There also have been staff skill set improvements in engineering, accounting, treasury and commodities trading.

In addition, MMWEC has nearly 45 years of experience working with municipal utilities to meet their energy requirements. Another key asset is Chapter 775 of the Acts of 1975, the state law through which MMWEC became a public corporation with unique powers to plan, finance and develop municipal utility energy facilities.

It all leads to superior customer service and results, from MMWEC to its Members and you.
Protecting Your Rights

As a public power consumer, you have certain rights that are affected by an abundance of laws, rules and regulations governing the electric utility industry. With your rights at issue in various forums on a regular basis, part of our job is to protect your interests.

For example, because you are unable to attend the next meeting of the ISO New England (ISO-NE) Markets Committee, where a rule change could compromise your interests, we’ll be there for you. Likewise, if an opportunity arises to qualify your utility’s wind project for a federal Treasury Grant, we’ll push hard to make it happen.

In our visits with members of Congress, we have shown the impacts of rising transmission costs on your electric bill and encouraged action to keep your bill from becoming another burden during difficult economic times. In meetings with commissioners of the Federal Energy Regulatory Commission, we have explained why small utilities like yours should be exempt from certain North American Electric Reliability Corporation compliance requirements.

Representatives of MMWEC sit on the various ISO-NE committees where power market rules are developed. In analyzing a rule change, we consider the impact on the cost and reliability of your electric service.

In negotiations with ISO-NE over new Forward Capacity Market rules, we reached an agreement that preserves the value of our inexpensive federal preference power, which is delivered to you and other residential customers of Massachusetts municipal utilities from a federally licensed hydroelectric project near Niagara Falls.

MMWEC has been an advocate for municipal utility interests since its formation in the late 1960’s. In founding MMWEC, municipal utilities decided to pool their resources and work cooperatively to address common issues affecting their customers. The issues are different today, but the concept of working together to achieve common goals remains the heart of MMWEC.

It’s called Joint Action and it brings together a host of public power professionals who leverage their strength in numbers to advance the interests of consumers like you. We are proud to have you as a customer, and you can be proud of our public power achievements.

That’s about all for now. Please let us know if you have any questions or concerns about your electric service.

Have a nice day!

Visiting Washington, D.C., on your behalf (l to r), are West Boylston Commissioner Denny Smith, MMWEC Director Gary Babin, CEO Ron DeCurzio, MMWEC Director Sean Hamilton and West Boylston General Manager Brad White.
Dear Mrs. Jones,

We fight to protect your interests as laws, rules and regulations change.

Massachusetts Members & Project Participants

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

Out of State Project Participants

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

*MMWEC Members
Directors

Robert V. Jolly, Jr.  
Director/Elected

Gary R. Babin  
Director/Elected

James M. Lavelle  
Director/Elected

Jeffrey R. Cady  
Director/Elected

Sean Hamilton  
Director/Elected

Jonathan V. Fitch  
Director/Elected, Chairman

Thomas R. Josie  
Director/Elected

Paul Robbins  
Director/Gubernatorial Appointee

Michael J. Flynn  
Director/Gubernatorial Appointee/Town of Wilbraham

Luis Vitorino,  
Director/Town of Ludlow

John M. Flynn  
Director/Town of Hampden

Officers

Peter D. Dion  
President

Ronald C. DeCurzio  
CEO/Secretary

Nicholas J. Scobbo, Jr.  
General Counsel

James B. Kline  
Treasurer

Alan R. Menard  
Assistant Treasurer

Nancy A. Brown  
Assistant Secretary

Managers

Edward Kaczenski  
Director of Engineering and Generation Assets

Michael J. Lynch  
Director of Market Management and Planning

Carol A. Martucci  
Director of Accounting and Financial Reporting

David Tuohy  
Director of Communications & External Affairs

Pictured Above:

Ronald C. DeCurzio, Chief Executive Officer

James B. Kline, Director of Treasury and Commodities

Alan R. Menard, Director of Business Support and Administrative Services
MMWEC’s Financial Statements for the years ended December 31, 2010 and 2009 are contained on the CD included in this year’s annual report.

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

Communications and External Affairs
Massachusetts Municipal Wholesale Electric Company
327 Moody Street, P.O. Box 426, Ludlow, MA 01056
E-mail: mmwec@mmwec.org | Internet: www.mmwec.org

The Massachusetts Municipal Wholesale Electric Company (MMWEC) is a not-for-profit, public corporation and political subdivision of the Commonwealth of Massachusetts, created in 1976 through an Act of the Massachusetts General Court. MMWEC provides a broad range of power supply, financial, risk management and other services to enhance the competitiveness of Massachusetts municipal utilities. MMWEC also is the operator and principal owner of the Stony Brook power plant, a 527-megawatt, combined-cycle generating station located at MMWEC’s Stony Brook Energy Center in Ludlow, Massachusetts.