



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

**MMWEC A-level credit ratings affirmed by three major credit rating agencies**

LUDLOW, Mass. – October 7, 2013 – Three major credit rating agencies have affirmed the A-level credit ratings of Massachusetts Municipal Wholesale Electric Company (MMWEC) power supply projects, citing the financial and competitive strength of MMWEC and its municipal utility project participants.

MMWEC project ratings are all in the “A” category, reflecting a strong and stable financial profile for the non-profit, joint action agency that provides services to the Commonwealth’s consumer-owned municipal electric utilities.

“These rating actions verify that the MMWEC organization is in sound financial shape and that MMWEC and its project participants are managing their assets wisely,” said MMWEC Chief Executive Officer Ronald C. DeCurzio. “In addition, as the power marketplace evolves, we are seeing greater value in the ability of public power to finance and own generating assets,” he said.

Among several achievements cited by the rating agencies, MMWEC has elevated its energy portfolio and risk management services, bringing even greater value to its municipal utilities and the consumers they serve.

“The effectiveness of MMWEC’s enterprise risk management program with regards to energy price hedging, contract negotiation, and the ongoing monitoring of member power supply needs remains a key rating consideration,” according to Moody’s Investors Service.

In decisions announced in recent weeks:

- Fitch Ratings affirmed the “A+” ratings on all MMWEC power supply projects;
- Standard & Poor’s affirmed its “A+” rating on three projects and its “A” and “A-” ratings on two others;  
and
- Moody’s Investors Service affirmed its “A3” rating on all projects.

The five rated MMWEC power supply projects and the organization’s approximate \$284 million in outstanding debt are associated with MMWEC’s ownership in the Millstone Unit No. 3 and Seabrook Station nuclear plants, which are licensed to operate until 2045 and 2030, respectively. MMWEC’s nuclear project debt is scheduled for retirement no later than 2019.

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“The long operating life of these units and relatively short life of related debt brings significant value to these resources,” DeCurzio said. “The rating agencies also recognize the long-term marketplace value of carbon-free nuclear assets as a hedge against volatile fossil fuel prices and initiatives to price carbon emissions,” he said.

In reviewing MMWEC’s credit standing, the rating agencies examine numerous factors, including project operations and the ability of project participants to pay their share of MMWEC’s debt service. MMWEC sells the output of its projects to 28 Massachusetts municipal utilities and one Rhode Island utility under contracts that require the utilities to pay their share of project costs, including the debt service on MMWEC bonds.

The rating agencies found strength in the financial positions of MMWEC’s project participants, including low retail rates, local rate-setting authority, strong liquidity, limited capital requirements and a supportive regulatory environment.

“The strong credit quality of the participants ... underpins the A+ ratings on the project bonds,” according to Fitch. “The participants maintain strong financial positions, little-to-no electric system debt, and full rate-setting authority over their currently competitive retail rates,” the Fitch rating states.

According to Standard & Poor’s, “a supportive regulatory environment provides some insulation from competitive forces.” This reflects recognition of the independence, stability and value of the public power business model in Massachusetts laws and regulations.

“Beyond the immediate credit and financial benefits, these rating decisions validate MMWEC’s time-tested system of financing and owning energy resources for municipal utilities,” DeCurzio said. “In addition, asset ownership is becoming even more of a natural hedge against changes in today’s marketplace, giving municipal utilities another source of income to offset higher power costs for their consumers,” he said.

MMWEC has issued more than \$4.7 billion in bonds to finance and refinance its 735-megawatt ownership in several New England power plants. Bonds that were issued to finance MMWEC’s ownership in the Stony Brook power plant in Ludlow, Mass., and the W.F. Wyman plant in Maine have been retired.

MMWEC’s project participants include Massachusetts municipal utilities based in the communities of Ashburnham, Boylston, Braintree, Danvers, Georgetown, Groton, Hingham, Holden, Holyoke, Hudson, Hull, Ipswich, Littleton, Mansfield, Marblehead, Middleborough, Middleton, North Attleborough, Paxton, Peabody, Reading, Shrewsbury, South Hadley, Sterling, Templeton, Wakefield, West Boylston and Westfield as well as the Pascoag (RI) Utility District.

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