FORTY YEARS
MASSACHUSETTS MUNICIPAL WHOLESALE ELECTRIC COMPANY

2015 ANNUAL REPORT
LETTER FROM MANAGEMENT

In this year’s annual report we recognize MMWEC’s first four decades as a full-fledged Joint Action Agency for Massachusetts municipal utilities. MMWEC was created in 1969 to help municipal utilities develop an independent public power supply, but it was state legislation passed 40 years ago in 1975 that enabled MMWEC to fulfill its promise of bringing reliability, economy and stability to the municipal power supply.

Chapter 775 of the Acts of 1975 enabled MMWEC to become a nonprofit public corporation and political subdivision of the Commonwealth of Massachusetts, empowered to issue tax-exempt revenue bonds to finance and own energy facilities for the benefit of the state’s municipal utilities. Forty years later, MMWEC has issued more than $4.7 billion in bonds to finance and refinance its approximate 750-megawatt ownership in various New England generating facilities, including its flagship Stony Brook power plant, a 527-megawatt, combined-cycle generating station.

In addition to Stony Brook, which is principally owned and operated by MMWEC, ownership interests in Seabrook Station, Millstone Unit 3, Wyman Unit 4 and Berkshire Wind constitute the foundation of an independent power supply for Massachusetts municipal utilities.

Importantly, only $112.5 million in MMWEC debt remains outstanding, and that will be paid off by 2019, giving the 28 Massachusetts municipal utilities that participate in
MMWEC’s Power Supply Projects a debt-free power supply that is on track to operate for another 30 years.

We’ve tried to capture the most important MMWEC milestones in the timelines-by-decade on the following pages. Reading between the lines you’ll recognize the revolutionary changes in the electric industry over these years as well as MMWEC’s ability to promote and protect public power interests in a changing marketplace.

Also featured in this report are MMWEC’s Member and Massachusetts Project Participant municipal utilities, whose collective strength and commitment to joint action led to the creation of MMWEC. Over several decades, leaders of these utilities have sustained the bold and successful initiatives that have municipal utilities well positioned to address future challenges.

Some of the challenges that lie ahead are rooted in an evolving wholesale power marketplace, where MMWEC continues to represent public power interests in deliberations before various ISO New England committees, regulatory agencies and in litigation, if necessary. There also are regional challenges related to fuel diversity, natural gas pipeline constraints, distributed generation and the conflict between competitive markets and public policy objectives.

In some ways, the challenges at the start of MMWEC’s Fifth Decade are similar to ones we’ve faced in the past, reflecting a need to adapt to changing circumstances in our industry and promote public power interests in the forums where change is taking place. This is what MMWEC has done successfully for four decades, and we will continue to exercise the collective strengths of joint action to ensure a positive future for Massachusetts municipal utilities and their customers.
Jeffrey R. Cady, Manager
Chicopee Electric Light Department
Established - 1896
Customers - 25,580
Peak Load - 91.4 MW

David Lane, Director of Public Works and Utilities
Danvers Electric Division
Established - 1889
Customers - 13,098
Peak Load - 74 MW

William G. Bottiggi, General Manager
Groton Electric Light Department
Established - 1909
Customers - 4,856
Peak Load - 16.3 MW

Ashburnham Municipal Light Plant
Established - 1908
Customers - 2,993
Peak Load - 7.3 MW

Boylston Municipal Light Department
Established - 1912
Customers - 2,147
Peak Load - 6.5 MW

Braintree Electric Light Department
Established - 1893
Customers - 16,104
Peak Load - 83 MW

Georgetown Municipal Light Department
Established - 1912
Customers - 3,479
Peak Load - 13.6 MW

Kevin P. Kelly, Manager
Georgetown Municipal Light Department
Established - 1912
Customers - 3,479
Peak Load - 13.6 MW

Mark Barakian, General Manager
Boylston Municipal Light Department
Established - 1912
Customers - 2,147
Peak Load - 6.5 MW

David Schofield, Manager
Georgetown Municipal Light Department
Established - 1912
Customers - 3,479
Peak Load - 13.6 MW

Mike Rivers, General Manager
Ashburnham Municipal Light Plant
Established - 1908
Customers - 2,993
Peak Load - 7.3 MW

William G. Bottiggi, General Manager
Braintree Electric Light Department
Established - 1893
Customers - 16,104
Peak Load - 83 MW

Kevin P. Kelly, Manager
Groton Electric Light Department
Established - 1909
Customers - 4,856
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Members
& Project Participants

Mark Barakian, General Manager
Boylston Municipal Light Department
Established - 1912
Customers - 2,147
Peak Load - 6.5 MW

William G. Bottiggi, General Manager
Braintree Electric Light Department
Established - 1893
Customers - 16,104
Peak Load - 83 MW

Kevin P. Kelly, Manager
Groton Electric Light Department
Established - 1909
Customers - 4,856
Peak Load - 16.3 MW
Empowered by its enabling legislation, Chapter 775 of the Acts of 1975, MMWEC becomes a public corporation and political subdivision of the Commonwealth, authorized to issue tax-exempt bonds to finance energy facilities.

Robert Feragan is MMWEC’s first general manager.

MMWEC offers joint ownership in Stony Brook, Seabrook, Millstone Unit 3, and other pool-planned generating units.

25 Member utilities sign Power Sales Agreements for all the capacity in a 772-megawatt (MW) MMWEC power supply program.

MMWEC purchases 471-acre Stony Brook Energy Center property in Ludlow, MA, home to the Stony Brook plant and MMWEC offices.

Department of Public Utilities (DPU) approves $645 million in MMWEC borrowings to finance power supply program; MMWEC completes its first long-term bond issue of $75 million.

In addition to power supply planning and development, MMWEC functions expand to include short-term power contracting, New England Power Pool representation and other essential services.


In the first-ever U.S.-Canadian nuclear power contract, MMWEC executes a contract for 100 MW from Point Lepreau I plant in New Brunswick.


MMWEC struggles with construction and licensing delays, rising costs, financing challenges, and litigation related to its 11.59% ownership in Seabrook Station.

32 Member utilities approve documents to participate via MMWEC in Hydro-Quebec Phase I.

MA municipal utilities receive their first-ever allocation of inexpensive hydroelectric preference power from New York’s Niagara Project, with MMWEC designated by the DPU to administer the allocation.
Richard A. Miller,
Operations Manager
Hull Municipal Light Plant
Established - 1894
Customers - 6,175
Peak Load - 13.6 MW

HULL

Paul Heanue, General Manager
Hingham Municipal Lighting Plant
Established - 1894
Customers - 10,415
Peak Load - 50.4 MW

HUMPHAM

Donald Newell, Manager
Ipswich Municipal Light Department
Established - 1904
Customers - 7,049
Peak Load - 25.6 MW

IPSWICH

Gary R. Babin, Director (retired)
Mansfield Municipal Electric Department
Established - 1903
Customers - 9,773
Peak Load - 46.7 MW

MANSFIELD

Andrew Hadden, General Manager
Marblehead Municipal Light Department
Established - 1894
Customers - 12,483
Peak Load - 24.6 MW

MARBLEHEAD

James S. Robinson, Manager
Holden Municipal Light Department
Established - 1912
Customers - 7,736
Peak Load - 22.1 MW

HOLDEN

James M. Lavelle, General Manager
Holyoke Gas & Electric Department
Established - 1902
Customers - 16,919
Peak Load - 70.8 MW

HOLYOKE

Members & Project Participants
THE SECOND DECADE

- MMWEC establishes Home Energy Loss Prevention Services (HELPS) program, providing residential energy conservation services to municipal utilities
- Gary Hunt is named MMWEC general manager (1988), succeeded by David A. Sjosten (1990)
- Vermont Supreme Court invalidates Seabrook contracts between MMWEC and Vermont utilities; later, the same court validates Vermont’s virtually identical Stony Brook contracts with MMWEC
- Sections of MMWEC’s enabling legislation are amended to allow tax-exempt financing for load management and conservation programs
- PSNH Chapter 11 bankruptcy judge approves MMWEC-initiated Seabrook settlement agreement, a comprehensive settlement of claims among PSNH, MMWEC and other Seabrook owners
- MMWEC institutes Consolidated Billing procedure, combining MMWEC service, power contract and NEPOOL billings to ease administrative burden on Member utilities
- Seabrook receives full-power license from Nuclear Regulatory Commission and achieves commercial operation in August 1990
- State Division of Capital Planning and Operations takes 50 acres of SBEC property for construction of a new Hampden County jail
- MA Supreme Judicial Court upholds MMWEC Power Sales Agreements, affirming contracts for participation in Seabrook and other MMWEC power supply projects
- MMWEC enters into $2.5 million financing for equity participation of 29 municipal utilities in the Hydro-Quebec Phase II project
- MMWEC issues $748.3 million in 1992 bonds to refund high-interest debt, saving Project Participants more than $670 million in debt service payments
- MMWEC sues NEPOOL over an amendment to the NEPOOL agreement that threatens Pool-Planned Unit status for future municipal units
- MA DEP approves MMWEC plan for controlling NOx emissions at Stony Brook in compliance with the 1990 Clean Air Act Amendments
- MA DPU opens an investigation into electric industry restructuring to allow greater competition and customer choice; state legislators, regulators, NEPOOL and FERC also are pursuing restructuring initiatives
The Millstone nuclear units are shut down by the NRC, with Unit 3 closed from March 1996 to July 1998; MWMEC settles related claims for damages against Northeast Utilities.

FERC issues Order 888, requiring transmission owners to provide non-discriminatory, open-access to transmission facilities at regionwide, postage-stamp rates; it also outlines principles for the creation of Independent System Operators (ISOs).

MMWEC represents and protects public power interests as ISO New England (ISO-NE) is formed and New England moves toward competitive wholesale electricity markets.


MMWEC retains ownership in Seabrook and Millstone 3 as other joint owners sell due to regulatory/legislative divestment orders.

ISO-NE and the U.S. Department of Justice deny MMWEC information requests regarding a federal inquiry into price-fixing in the installed capacity market; MMWEC claims secrecy to protect “competitive interests” is harming consumers.

MMWEC issues $1.03 billion in bonds to refund all of its outstanding debt and rewrite the General Bond Resolution, saving $134 million in power costs and easing restrictions on debt/asset management.

ISO-NE implements Standard Market Design, adding a day-ahead energy market, locational marginal pricing and complex electronic systems to the marketplace; MMWEC develops compatible software systems to ensure Members are efficient and effective market participants.

MMWEC completes construction of a 5.6-mile natural gas pipeline that increases the availability and economy of natural gas to serve the Stony Brook power plant.

MMWEC receives APPA’s 2004 Community Service Award for its service to the Town of Ludlow.

MMWEC represents MA public power interests in negotiations to establish a Regional Transmission Organization (RTO); effort preserves NEPOOL as the representative of market participants with rights to challenge RTO-NE decisions on market rules.

MMWEC and 14 Members sign contract to purchase the 15 MW output of Berkshire Wind Project.

Stony Brook Peaking Project is debt-free as MMWEC retires the last of the project’s bonds.

Millstone 3 receives a 20-year operating license extension, until 2045.
John Driscoll, General Manager  
Templeton Municipal Light & Water Plant  
Established - 1906  
Customers - 3,851  
Peak Load - 10.9 MW

Michael Hale, General Manager  
Shrewsbury Electric & Cable Operations  
Established - 1908  
Customers - 15,462  
Peak Load - 56.7 MW

Jonathan V. Fitch, General Manager  
West Boylston Municipal Light Plant  
Established - 1910  
Customers - 3,547  
Peak Load - 11.8 MW

Peter D. Dion, General Manager  
Wakefield Municipal Gas & Light Department  
Established - 1894  
Customers - 12,730  
Peak Load - 44 MW

Sean Hamilton, General Manager  
Sterling Municipal Light Department  
Established - 1911  
Customers - 3,777  
Peak Load - 11.7 MW

Wayne Doerpholz, Manager  
South Hadley Electric Light Department  
Established - 1914  
Customers - 7,772  
Peak Load - 25.3 MW

Daniel J. Howard, General Manager  
Westfield Gas & Electric  
Established - 1899  
Customers - 17,870  
Peak Load - 77.5 MW

Not pictured: Hudson, Littleton, North Attleborough
THE FOURTH DECADE

- MMWEC challenges numerous Reliability Must Run (RMR) agreements with generators, urging instead public power ownership in new transmission projects to address reliability issues

- Glenn O. Steiger named General Manager (2006), succeeded by Ronald C. DeCurzio as Chief Executive Officer (2008)

- A Forward Capacity Market is established in New England, the product of FERC-directed negotiations spurred by Congressional opposition to an alternative capacity market design

- SBEC’s Intermediate Unit 1B and Peaking Unit 2B equipped with black start generating capabilities, creating a significant new revenue stream for Stony Brook

- MMWEC forms Municipal Lighting Plant Cooperatives to help municipal utilities develop and finance wind and solar energy resources

- Members receive $94 million in refunds and savings from MMWEC challenges to various RMR agreements and the rate of Return on Equity (ROE) for transmission owners

- MMWEC purchases Berkshire Wind Project assets, forms MLP Cooperative with 14 Member utilities and brings 15 MW project to commercial operation in 2011

- MMWEC retires debt related to ownership in the Stony Brook Intermediate Unit and Wyman Unit 4; all remaining debt scheduled for retirement by 2019

- MMWEC enabling legislation is amended, expanding financing authority to include a broader array of “energy” facilities and creating a Pooled Loan Program for Member utilities

- MMWEC seeks tighter controls on FERC transmission incentives policy and a reduction in the ROE for transmission owners, yielding a stricter incentives policy and ROE refunds

- Green Opportunity (GO) Program is introduced, providing energy efficiency services to commercial and industrial customers of municipal utilities

- Strategic Information Technology Plan is launched to upgrade financial and market management information systems and business processes

- Continuous improvement to MMWEC’s power portfolio management program, including sophisticated hedging and risk management initiatives, brings reliability and price stability to Members’ power supplies

- A-level MMWEC credit ratings affirmed by major credit agencies, citing financial and competitive strengths of MMWEC and project participants
Directors

Gary R. Babin
Mansfield Municipal Electric Department Director (retired)

Jeffrey R. Cady
Chicopee Electric Light General Manager

Jonathan V. Fitch
West Boylston Municipal Lighting Plant General Manager

Cornelius Flynn
Town of Hampden Representative

Michael J. Flynn
Chairman, Gubernatorial Appointee and Wilbraham Representative

Sean Hamilton
Sterling Municipal Light Department General Manager

Kevin P. Kelly
Groton Electric Light Department Manager

James M. Lavelle
Holyoke Gas & Electric Department General Manager

Glenn Trueira
Peabody Municipal Light Plant General Manager

Luis Vitorino
Town of Ludlow Representative

Charmaine White
Gubernatorial Appointee
Officers

Peter D. Dion
MMWEC President

Peter H. Barry
General Counsel

Nancy A. Brown
Assistant Secretary

Ronald C. DeCurzio
Chief Executive Officer and Secretary

Matthew J. Ide
Treasurer

Stephen J. Smith
Assistant Treasurer

Senior Management

Peggy Bushey
Director of Business Support & Administrative Services

Ronald C. DeCurzio
Chief Executive Officer

Matthew J. Ide
Director of Treasury & Commodities

Edward Kaczenski
Director of Engineering & Generation Assets

Michael J. Lynch
Director of Market Management & Planning

Carol A. Martucci
Director of Accounting & Financial Reporting

Daniel L. Suppin
Director of Information Technology

David Tuohey
Director of Communications & External Affairs
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
Russell 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
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 Member and Participant
** MMWEC Member Only
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.