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Fitch Ratings Upgrades Massachusetts Clean Energy Cooperative Bonds

Holyoke, MA – July 17, 2019 – Fitch Ratings has upgraded bonds issued by the Massachusetts Clean Energy Cooperative Corporation (MCECC) from A+ to AA-.

According to Fitch Ratings, the rating upgrade on the \$42.7 million fixed-rate revenue bonds series 2013 reflects the credit quality of Holyoke Gas & Electric (HG&E), whose payments ultimately flow through the financing structure to repay the MCECC bonds. HG&E's payments are made pursuant to a power purchase agreement with the Massachusetts Municipal Wholesale Electric Company (MMWEC), while corresponding payments from MMWEC to MCECC are made pursuant to a separate power sales contract. The rating outlook is stable.

MCECC is a municipal light plant cooperative, formed in 2013, consisting of HG&E and MMWEC. It was formed to finance upgrades at the Hadley Falls hydroelectric station, on behalf of the Holyoke utility, which owns the facility. In 2015, upgrades to Hadley Falls Station Unit 1 were completed, including an increase in generating capacity, a new substation and upgraded fish passage facilities.

Fitch has deemed the operating risk of the bonds AA, which is driven by the low operating cost associated with the purchase of Hadley Falls Unit 1 capacity, and the strategic importance of the resource. HG&E's hydroelectric generating resources play an important role in the utility's mission to expand carbon-free generation, a mission shared by MMWEC, the utility's joint action agency, and support public policies to decrease carbon emissions in the state and the region. Over 65% of electricity sold by HG&E is produced from local renewable resources and over 90% of electricity sold is carbon-free. HG&E strives to keep its rates low while reducing the overall carbon footprint of its community.

In its ratings upgrade, Fitch cites HG&E's very competitive rates and affordable services. Electric rates at HG&E are among the lowest in the state: approximately 74% of the state average in 2017, and 65% of average residential rates. The competitiveness of its rates is largely driven by HG&E's low-cost hydroelectric resources.

"We are pleased with the upgrade on the MCECC bonds as it reflects the strong operating performance and credit quality of HG&E," said HG&E General Manager James M. Lavelle.

"HG&E aims to provide superior service at the lowest cost, all while helping to reduce greenhouse gas emissions," said MMWEC CEO Ronald C. DeCurzio. "MMWEC is proud to partner with them in this cooperative."

MMWEC is a non-profit, public corporation and political subdivision of the Commonwealth of Massachusetts, created by an Act of the General Assembly in 1975 and authorized to issue debt to finance a wide range of energy facilities. MMWEC provides a variety of power supply, financial, risk management and other services to the state's consumer-owned municipal utilities.

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