



# TOWN OF HUDSON

MASSACHUSETTS

OFFICE OF THE LIGHT AND POWER DEPT.

July 25, 1988

Mr. George E. Leary  
Chairman of the Board  
Massachusetts Municipal Wholesale  
Electric Company  
P.O. Box 426  
Ludlow, MA 01056

Re: Seabrook Project

Dear Mr. Leary,

The Hudson Municipal Light Board remains highly concerned as to the consequences of the MMWEC Board of Directors' June 1, 1988 #88-57 and July 13, 1988 #88-75 votes not to make further construction payments to the Seabrook Project. Not only do we fear that these votes may represent a break with tradition of an organization formed to represent the best interest of its Membership, we also dread its potential negative financial impact on the ratepayers of the Hudson Light and Power Department.

We foresee no significant financial relief for our consumers as a result of the Board's decision not to make the payments to the Seabrook Project. On the contrary, this decision may only lead to further financial burdens for our already beleaguered customers.

To date, MMWEC's decision has only served to reopen old issues of financial viability, which in our opinion will diminish the value of our investment. The Hudson Municipal Light Board, as the single largest (18%) Participant in Seabrook Project #6, demands in the strongest possible terms, that the MMWEC Board of Directors rescind their votes not to make payments to the Seabrook Project.

We also recommend the MMWEC Board of Directors take firm steps towards reducing the debt burden on Participants and their consumers, and towards deferring an MMWEC default on construction payments. Specifically, we suggest the Board direct and authorize the General Manager to approach the Bond Holders of Mix 1 and Projects 4, 5 and 6 with regard to restructuring MMWEC debt payments and revamping the interest schedule with reduced interest rates until the Unit is commercially available.

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Mr. Leary

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The Hudson Municipal Light Board views with great concern MMWEC's withdrawal of its petition for further Project financing before the State Department of Public Utilities (DPU). It is our opinion that failure to obtain the bond authority could negatively impact our ratepayers.

We urge MMWEC to refile its petition with the DPU and to vigorously pursue obtaining bond authority for this Project.

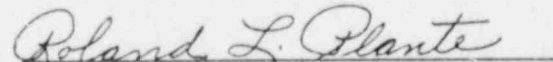
In the unfortunate event that the restructuring is not supported by the Bond Holders and MMWEC does not obtain DPU authorization for further financing, MMWEC should, in accordance with the legal agreements between MMWEC and both the Joint Owners and Project Participants, continue to make construction payments to the Project as long as there are funds available in the Construction Bond Fund. When the Construction Bond Fund is exhausted, MMWEC should seek judicial relief for its financial difficulties.

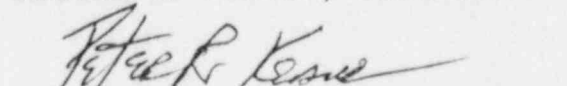
Since its inception in 1969, MMWEC's first responsibility has been its Membership. It is our opinion that MMWEC's current course of action defies that principle and the very reason for its existence - to provide Municipal Light Departments with access to economical power.

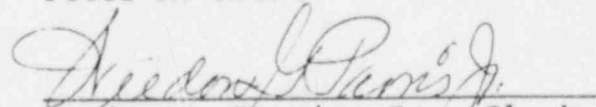
The MMWEC Board's votes not to make the Seabrook Project payments violates both the Joint Owners Agreement and the Power Sales Agreements with members who are Project Participants. Our investment in the Seabrook Project has been jeopardized, yet there has been no relief from our long-term debt obligations to that same Project. We conclude that the best interest of the Membership and its consumers is not being served and intend to explore any remedy available to reverse this situation.

Very truly yours,

HUDSON MUNICIPAL LIGHT BOARD

  
Roland L. Plante, Chairman

  
Peter R. Keane

  
Weedon G. Parris, Jr., Clerk

MLB/k

cc: Mr. Gary Hunt, General Manager  
Municipal Seabrook Project Participants  
Nuclear Regulatory Commission  
Atty. Gen. James Shannon