

In the opinion of Bond Counsel, under existing law and assuming compliance with the tax covenants described herein and the accuracy of certain representations and certifications described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is also of the opinion that interest on the Bonds is not a preference item for purposes of the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations under the Code. As further described under “TAX MATTERS” herein, legislation is pending in Congress that would significantly change individual and corporate income tax rates and eliminate the alternative minimum tax for corporations for tax years beginning after 2017. See “TAX MATTERS” herein regarding certain other tax considerations.

\$40,210,000

BERKSHIRE WIND POWER COOPERATIVE CORPORATION

(A Massachusetts Municipal Lighting Plant Cooperative)

Wind Project Revenue Bonds, Berkshire Refunding Series 2 (Green Bonds)

Dated: Date of Delivery

Due: As shown on the inside cover page

The Wind Project Revenue Bonds, Berkshire Refunding Series 2 (Green Bonds) (the “Series 2 Bonds”) are issuable as fully registered bonds and will be registered initially in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”). Purchases of the Series 2 Bonds will be made in book-entry form only, in principal amounts of \$5,000 or any integral multiple thereof, through brokers and dealers who are, or who act through, DTC participants. Semiannual interest on the Series 2 Bonds is payable on each January 1 and July 1, commencing July 1, 2018. See APPENDIX F – “Book-Entry Only System” hereto.

The Series 2 Bonds are subject to redemption prior to maturity as described herein.

The Series 2 Bonds are being issued by the Berkshire Wind Power Cooperative Corporation, a Massachusetts municipal lighting plant cooperative and a body politic and corporate constituted as a public instrumentality (the “Cooperative”), for the purpose of advance refunding a portion of the Cooperative’s outstanding Wind Project Revenue Bonds, Berkshire Series 1 (the “Series 1 Bonds”) and to pay costs of issuance of the Series 2 Bonds. The Series 1 Bonds were issued to finance the costs of acquisition and construction of the Berkshire Wind Energy Project (the “Berkshire Project”). See “PLAN OF REFUNDING AND APPLICATION OF THE SERIES 2 BOND PROCEEDS” herein. As more fully described herein, the Cooperative sells 100 percent of the capacity and output and, to the extent available, environmental attributes of the Berkshire Project, to the Massachusetts Municipal Wholesale Electric Company, a public corporation and political subdivision of the Commonwealth (“MMWEC”), which in turn sells the capacity and output and environmental attributes purchased from the Cooperative to Massachusetts municipal light departments that are members of the Cooperative (the “Light Departments”). The Cooperative has labelled the Series 2 Bonds as “Green Bonds.”

The Series 2 Bonds are special limited obligations of the Cooperative payable solely from, and secured solely by a pledge of, revenues to be received by the Cooperative from MMWEC pursuant to a power sales contract that the Cooperative has entered into with MMWEC (the “Power Sales Contract”), and the Funds and Accounts created under the Cooperative’s General Bond Resolution. MMWEC’s obligation to make payments to the Cooperative pursuant to the Power Sales Contract is a special limited obligation payable solely from revenues to be received by MMWEC from the Light Departments pursuant to identical power purchase agreements that MMWEC has entered into with each Light Department for the sale of the capacity and output of the Berkshire Project (each a “PPA”, and collectively, the “PPAs”) that MMWEC has purchased from the Cooperative. The obligation of MMWEC to make payments to the Cooperative pursuant to the Power Sales Contract does not constitute a charge against the general credit of MMWEC and is not secured by an interest in any other revenues or assets of MMWEC. The PPAs require the Light Departments to make the payments due MMWEC under the PPAs whether or not the Berkshire Project is completed, operating, or operable, and notwithstanding the suspension or interruption of output of the Berkshire Project. The Light Departments’ obligations to make payments to MMWEC are payable solely from their revenues as an operating expense, and do not constitute charges against the general credit or any other assets of the towns or cities in which the Light Departments operate. Each Light Department is obligated pursuant to the terms of its PPA to fix and revise rates sufficient to provide revenues adequate to meet its payment obligations under its PPA.

The Cooperative has no taxing power, and the Series 2 Bonds will not be a debt of the Commonwealth or of any city or town or other political subdivision of the Commonwealth and neither the faith and credit nor the taxing power of the Commonwealth nor of any such city or town or other political subdivision is pledged to the payment thereof.

This cover page contains certain information for reference only. It is *not* a summary of these issues. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2 Bonds are offered when, as and if issued and received by the Underwriters, subject to the approval of legality by Nixon Peabody LLP, New York, New York, Bond Counsel. Certain legal matters in connection with the Series 2 Bonds will be passed upon by Nicholas J. Scobbo, Jr., Esq., as representative of Ferriter Scobbo & Rodophele PC, Boston, Massachusetts, Counsel to the Cooperative, and Norton Rose Fulbright US LLP, New York, New York, Counsel to the Underwriters. It is expected that the Series 2 Bonds in definitive form will be available for delivery through the facilities of DTC on or about December 22, 2017.

Piper Jaffray

Morgan Stanley

MATURITIES, AMOUNTS, INTEREST RATES, YIELDS AND PRICES OR YIELDS

\$40,210,000

**Berkshire Wind Power Cooperative Corporation
(A Massachusetts Municipal Lighting Plant Cooperative)
Wind Project Revenue Bonds, Berkshire Refunding Series 2 (Green Bonds)**

Serial Bonds

<u>Maturity (July 1)</u>	<u>Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP* Number</u>
2020	\$2,830,000	5.00%	1.69%	084719 AU7
2021	2,970,000	5.00%	1.76%	084719 AV5
2022	3,120,000	5.00%	1.86%	084719 AW3
2023	3,275,000	5.00%	1.98%	084719 AX1
2024	3,445,000	5.00%	2.10%	084719 AY9
2025	3,610,000	5.00%	2.18%	084719 AZ6
2026	3,795,000	5.00%	2.26%	084719 BA0
2027	3,985,000	5.00%	2.36%	084719 BB8
2028	4,180,000	5.00%	2.48%**	084719 BC6
2029	4,390,000	5.00%	2.54%**	084719 BD4
2030	4,610,000	5.00%	2.61%**	084719 BE2

*CUSIP numbers have been provided by an organization not affiliated with the Cooperative and are included solely for the convenience of the holders of the Series 2 Bonds. The Cooperative is not responsible for the selection or uses of these CUSIP numbers, nor is any representation made as to their correctness on the Series 2 Bonds or as indicated above.

**Priced at the stated yield to the July 1, 2027 optional redemption date at a redemption price of 100%.

BERKSHIRE WIND POWER COOPERATIVE CORPORATION

**125 High Street
Boston, MA 02110
(617) 737-1800
c/o Ferriter Scobbo Rodophele PC**

BOARD OF DIRECTORS

John Driscoll, Chairman	Manager, Templeton Municipal Light & Water Plant
Ronald C. DeCurzio	Chief Executive Officer & Secretary, Massachusetts Municipal Wholesale Electric Company
Peter D. Dion	Manager, Wakefield Municipal Gas and Light Department
Sean Hamilton	Manager, Sterling Municipal Light Department
Glenn Trueira	Manager, Peabody Municipal Light Plant

OFFICERS

John Driscoll	Chairman
Peter D. Dion	President
Ronald C. DeCurzio	Treasurer
Nicholas J. Scobbo, Jr.	Clerk

MEMBERS

Ashburnham Municipal Light Plant	Paxton Municipal Light Department
Boylston Municipal Light Department	Peabody Municipal Light Plant
Groton Electric Light Department	Shrewsbury Electric & Cable Operations
Holden Municipal Light Department	Sterling Municipal Light Department
Hull Municipal Light Plant	Templeton Municipal Light & Water Plant
Ipswich Municipal Light Department	Wakefield Municipal Gas & Light Department
Marblehead Municipal Light Department	West Boylston Municipal Light Plant
Massachusetts Municipal Wholesale Electric Company	

Counsel

Ferriter Scobbo & Rodophele, PC

Bond Counsel

Nixon Peabody LLP

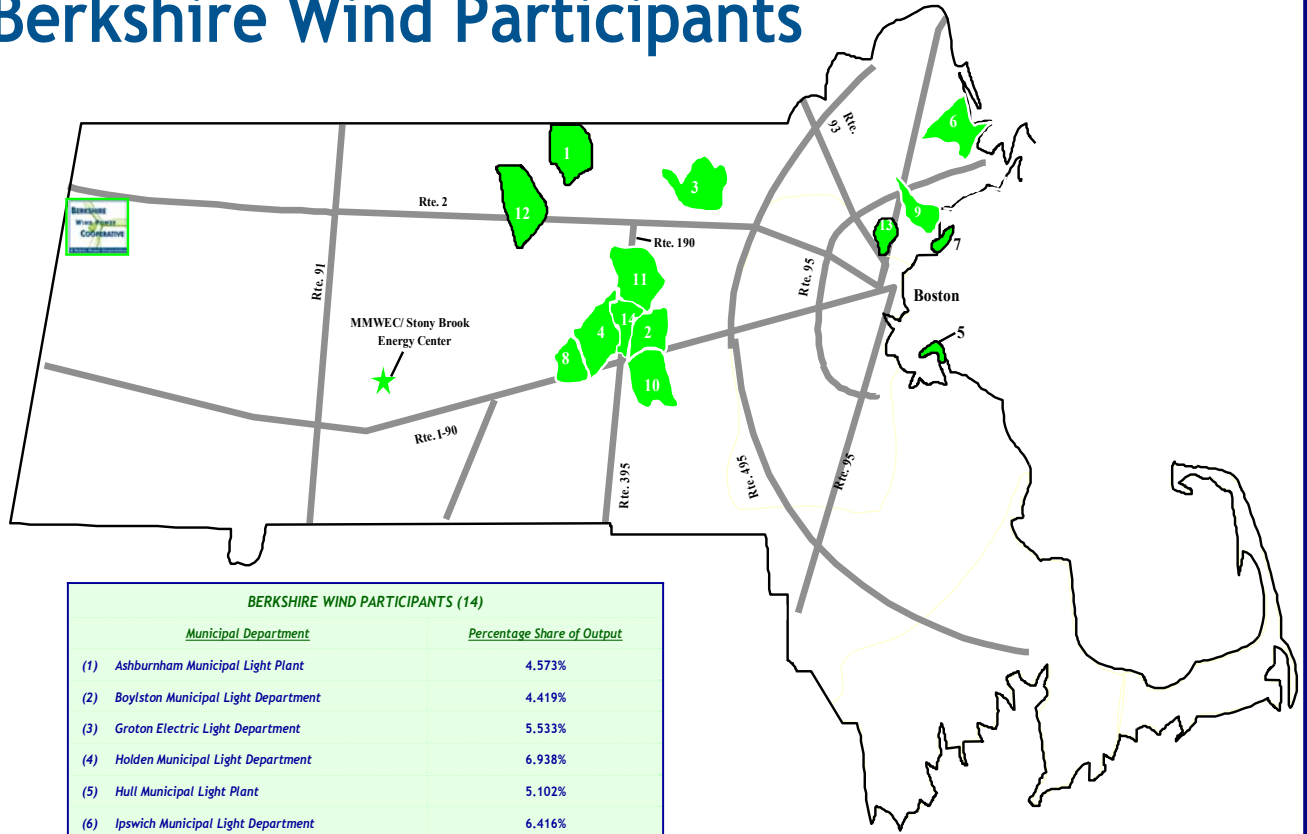
Bond Fund Trustee

U.S. Bank National Association

Financial Advisor

PFM Financial Advisors, LLC

Berkshire Wind Participants



BERKSHIRE WIND PARTICIPANTS (14)	
<u>Municipal Department</u>	<u>Percentage Share of Output</u>
(1) Ashburnham Municipal Light Plant	4.573%
(2) Boylston Municipal Light Department	4.419%
(3) Groton Electric Light Department	5.533%
(4) Holden Municipal Light Department	6.938%
(5) Hull Municipal Light Plant	5.102%
(6) Ipswich Municipal Light Department	6.416%
(7) Marblehead Municipal Light Department	6.727%
(8) Paxton Municipal Light Department	4.212%
(9) Peabody Municipal Light Plant	18.180%
(10) Shrewsbury Electric & Cable Operations	12.718%
(11) Sterling Municipal Light Department	5.232%
(12) Templeton Municipal Light & Water Plant	5.484%
(13) Wakefield Municipal Gas & Light Department	9.091%
(14) West Boylston Municipal Light Plant	5.374%

BERKSHIRE WIND POWER COOPERATIVE

No dealer, salesman, or any other person has been authorized to give any information or to make any representation, other than the information and representations contained herein, in connection with the offering of the Series 2 Bonds, and if given or made, such information or representation must not be relied upon. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Series 2 Bonds in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction.

The information set forth herein has been furnished by the Cooperative, MMWEC, the Light Departments, and other sources that are believed to be reliable. However, the information and expressions of opinion contained herein are subject to change without notice and neither the delivery of this Official Statement, nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Cooperative, MMWEC or the Light Departments since the date hereof.

This Official Statement contains statements which, to the extent they are not recitations of historical fact, constitute “forward-looking statements.” In this respect, the words “estimate”, “project”, “anticipate”, “expect”, “intend”, “believe” and similar expressions are intended to identify forward-looking statements. A number of factors affecting the Cooperative’s, MMWEC’s, and the Light Departments’ business and financial results could cause actual results to differ materially from those stated in the forward-looking statements.

The Underwriters have furnished the following sentence for inclusion in this Official Statement: The Underwriters have reviewed the information in this Official Statement in accordance with, and as part of, their responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriters do not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THE OFFERING OF THE SERIES 2 BONDS, THE UNDERWRITERS MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH SECURITIES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

References to website addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader’s convenience. Unless specified otherwise, such websites, including the websites of the Cooperative, its Counsel and MMWEC, and information and links contained therein are not incorporated into and are not part of, this Official Statement for purposes of, and as that term is defined in, Rule 15c2-12 of the United States Securities and Exchange Commission, as amended, and in effect on the date hereof.

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\$ 40,210,000
Berkshire Wind Power Cooperative Corporation
(A Massachusetts Municipal Lighting Plant Cooperative)
Wind Project Revenue Bonds, Berkshire Refunding Series 2 (Green Bonds)

INTRODUCTORY STATEMENT

This Official Statement, which includes the cover page hereof and the Appendices hereto, is furnished in connection with the issuance, by the Berkshire Wind Power Cooperative Corporation (“Cooperative”) of its \$40,210,000 principal amount of Wind Power Revenue Bonds, Berkshire Refunding Series 2 (Green Bonds) (the “Series 2 Bonds”). The Cooperative has labelled the Series 2 Bonds as “Green Bonds.” This Introductory Statement is only a brief description of the Cooperative, the Berkshire Wind Energy Project (the “Berkshire Project”), MMWEC (hereinafter defined), and the Light Departments (hereinafter defined), and is qualified in its entirety by reference to the entire Official Statement, including the Appendices hereto, which should be read in its entirety. This Official Statement also includes summaries of the terms of the Resolution (hereinafter defined), certain provisions of the Cooperative Statute (hereinafter defined), and certain contracts for the supply of capacity and energy output and environmental energy attributes and the security for the payment of the Bonds (as hereinafter defined). The summaries of and references to all documents, statutes, contracts and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such summary and reference is qualified in its entirety by reference to each such document, statute, contract or instrument. Capitalized terms not otherwise defined herein shall be as defined in the Resolution, the Power Sales Contract (hereinafter defined), and the PPAs (hereinafter defined).

This Official Statement speaks only as of the date hereof, and the information contained herein is subject to change.

Berkshire Wind Power Cooperative Corporation

The Cooperative is a Massachusetts municipal lighting plant cooperative organized in 2008 pursuant to Massachusetts General Laws Chapter 164, §47C (the “Cooperative Statute”). Under the Cooperative Statute, it is a body politic and corporate constituted as a public instrumentality. The Cooperative currently has 15 members, consisting of the Massachusetts Municipal Wholesale Electric Company, a public corporation and political subdivision of the Commonwealth of Massachusetts (“MMWEC”), and fourteen Massachusetts municipal light departments (the “Light Departments”). The Light Departments were established pursuant to Massachusetts General Laws Chapter 164, §34 (or its predecessor statute) by the towns or cities in which they operate, or by special act of the Massachusetts Legislature, for the purpose of manufacturing or purchasing electric power and energy for sale to retail customers in the towns or cities in which they operate.

The Berkshire Project

The Berkshire Project is a wind power electric generating facility located on Brodie Mountain in western Massachusetts. It consists of ten wind turbines and ancillary equipment with an aggregate generating capacity of approximately 15 megawatts. The Berkshire Project commenced commercial operations on May 28, 2011.

The Cooperative operates the Berkshire Project pursuant to its statutory authority to operate electric generating facilities and to sell electricity generated by such facilities.

Purpose of the Bonds

The Series 2 Bonds are being issued for the purpose of advance refunding a portion of the Cooperative's outstanding Wind Project Revenue Bonds, Berkshire Series 1 (the "Series 1 Bonds"), and to pay costs of issuance of the Series 2 Bonds. See "PLAN OF REFUNDING AND APPLICATION OF THE SERIES 2 BOND PROCEEDS" herein. The Series 1 Bonds were issued to finance the costs of acquisition and construction of the Berkshire Project.

Green Bonds

The Berkshire Project is a renewable energy project that benefits the environment of the Commonwealth of Massachusetts ("Commonwealth"). The purpose of labelling the Series 2 Bonds as "Green Bonds" is to allow investors more easily to identify that they are investing directly in bonds which finance an environmentally beneficial project.

Power Sales Contract and Power Purchase Agreements

The Cooperative sells all of the capacity and energy output and, to the extent available, the environmental energy attributes of the Berkshire Project to MMWEC pursuant to a power sales contract (the "Power Sales Contract") which obligates MMWEC to pay to the Cooperative the Cooperative's costs of financing, constructing, acquiring, and operating the Berkshire Project, including all payments of the principal or redemption price of and interest on the Bonds. MMWEC, in turn, sells the capacity and energy output and environmental energy attributes purchased from the Cooperative to the Light Departments pursuant to identical take-or-pay power purchase agreements with each Light Department (each a "PPA", and collectively, the "PPAs"). Each PPA requires MMWEC to sell to the Light Department that is a party thereto, a percentage share (the "Purchaser's Percentage") of the capacity and energy output and environmental energy attributes of the Berkshire Project, if any, that MMWEC is obligated to purchase pursuant to the Power Sales Contract.

Security for the Bonds

The Bonds are a direct and special obligation of the Cooperative payable solely from, and secured solely by, the Revenues derived from the Berkshire Project and any Additional Facilities (hereafter defined), the proceeds of the Bonds, the Funds and Accounts created under the General Bond Resolution adopted by the Cooperative on November 30, 2010, as supplemented by the Supplemental Resolution authorizing the Series 2 Bonds (said Resolution, as supplemented, the "Resolution"), and the earnings on and the income from the investment thereof, to the extent provided in the Resolution, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. See "SECURITY AND SOURCES OF PAYMENT" herein.

Additional Bonds

The Resolution permits additional bonds to be issued by the Cooperative on a parity basis with the Series 2 Bonds upon satisfaction of certain requirements described more fully in “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Issuance of Bonds” in Appendix B hereto. Additional bonds may be issued for the purpose of paying the Costs of Acquisition and Construction, including costs relating to capital additions and possible additional facilities of the Cooperative.

Additional bonds also may be issued to pay the Costs of Acquisition and Construction (hereafter defined) of wind turbines and ancillary equipment for the production of energy (other than the wind turbines and ancillary equipment comprising the Berkshire Project), and for certain real property interests and rights, which energy is to be purchased under the Power Sales Contract and PPAs (“Additional Facilities”).

The Series 2 Bonds, any Series 1 Bonds not refunded and any additional bonds which may be issued in the future under the Resolution are referred to herein collectively as the “Bonds.”

The Cooperative may issue refunding Bonds for the purpose of refunding any Bonds then outstanding (“Outstanding Bonds”).

PLAN OF REFUNDING AND APPLICATION OF THE SERIES 2 BOND PROCEEDS

The proceeds of the Series 2 Bonds, together with other available funds of the Cooperative, are expected to be used (i) to refund on January 1, 2020 the Series 1 Bonds maturing on and after July 1, 2020 (the “Refunded Bonds”) and (ii) to pay costs of issuance of the Series 2 Bonds.

The Refunded Bonds will consist of the Series 1 Bonds listed in the following table:

<u>Maturity Date (July 1)</u>	<u>Interest Rate</u>	<u>Amount to be Refunded</u>	<u>CUSIP</u>
2020	5.00%	\$3,115,000	084719AK9
2021	4.40%	\$3,270,000	084719AL7
2022	5.25%	\$3,415,000	084719AM5
2023	5.25%	\$3,595,000	084719AN3
2024	5.25%	\$3,785,000	084719AP8
2025	5.00%	\$3,980,000	084719AQ6
2026	5.25%	\$4,180,000	084719AR4
2027	5.25%	\$4,400,000	084719AS2
2030	5.25%	\$14,635,000	084719AT0

The Cooperative selected the particular Series 1 Bonds to be refunded through the issuance of the Series 2 Bonds at the time of the pricing of the Series 2 Bonds; such selection was based upon, among other things, market conditions existing at the time.

Upon delivery of the Series 2 Bonds, the Cooperative will enter into an Escrow Deposit Agreement with U.S. Bank National Association, as Trustee, to provide for the refunding and the defeasance of the Refunded Bonds. The Escrow Deposit Agreement will create an irrevocable trust fund to be held by such Trustee and applied to the payment of the Refunded Bonds. A portion of the proceeds of the Series 2 Bonds, together with other available funds of the Cooperative, will be deposited with such Trustee and either held as cash, or invested in Defeasance Securities. Such investments shall mature as to principal and interest at such times and in such amounts as will be sufficient without reinvestment (i) to pay the redemption price of the Refunded Bonds to be redeemed on January 1, 2020, and (ii) to pay the interest on all of the Refunded Bonds on and prior to January 1, 2020. The cash, together with the principal of and interest earned on such investments under the Escrow Deposit Agreement, will be pledged solely for the benefit of the holders of the Refunded Bonds.

The estimated sources and uses of funds in connection with the issuance of the Bonds are shown in the following table:

Sources of Funds:

Principal Amount of Bonds	\$ 40,210,000.00
Premium	7,221,486.45
Debt Service Reserve Release	<u>510,655.43</u>
Other Available Funds.....	951,731.25
Total Sources of Funds.....	\$ 48,893,873.13

Uses of Funds:

Deposit to Escrow Account.....	\$ 48,375,056.39
Cost of Issuance*	518,816.74
Total Uses of Funds	\$ 48,893,873.13

*Includes Underwriters' discount

THE SERIES 2 BONDS

General

The Series 2 Bonds are dated the date of their delivery, and mature on July 1 in the years and in the principal amounts shown on the inside cover page of this Official Statement. The Series 2 Bonds bear interest, payable on January 1 and July 1 of each year, commencing July 1, 2018, at the rates shown on the inside cover page of this Official Statement. Interest on the Series 2 Bonds will be calculated based on a 360-day year, consisting of twelve 30-day months. U.S. Bank National Association, St. Paul, Minnesota, has been appointed the Trustee, Paying Agent and Registrar for the Series 2 Bonds (collectively, the “Trustee”).

The Series 2 Bonds will be issued as registered bonds, registered in the name of The Depository Trust Company or its nominee (together, “DTC”), New York, New York, which will act as securities depository for the Series 2 Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. So long as DTC is the registered owner of the Series 2 Bonds, all payments on the Series 2 Bonds will be made directly to DTC. DTC is responsible for disbursement of those payments to its participants, and DTC participants and indirect participants are responsible for making those payments to beneficial owners. See APPENDIX F hereto – “Book Entry-Only System.”

Redemption Provisions

Optional Redemption

The Series 2 Bonds maturing on or after July 1, 2028 are subject to redemption at the option of the Cooperative, in whole or in part, on any date on or after July 1, 2027, at a redemption price of 100 percent of the principal amount thereof plus interest accrued to the date fixed for redemption.

The particular maturities of the Series 2 Bonds to be redeemed at the option of the Cooperative will be determined by the Cooperative in its sole discretion.

Notice of Redemption; Partial Redemption

Notice of redemption is to be mailed not less than 30 days prior to the redemption date to each registered Holder of a Bond called for redemption at the address appearing on the books of registry. Failure of any such Holder actually to receive such notice shall not affect the redemption proceedings. So long as the Series 2 Bonds are book entry bonds, the Cooperative shall send the notice of redemption to DTC or its nominee, or its successor. Any failure of DTC or its successor or a Direct Participant or Indirect Participant to do so, or to notify a beneficial owner of a Bond of any redemption, will not affect the sufficiency or the validity of the redemption of the Series 2 Bonds. Neither the Cooperative nor the Trustee can make any assurance that DTC, the Direct Participants or the Indirect Participants will distribute such redemption notices to the beneficial owners of the Series 2 Bonds, or that they will do so on a timely basis.

Any notice of optional redemption may state that it is conditional upon receipt by the Trustee of monies sufficient to pay the redemption price of the Series 2 Bonds or upon the satisfaction of any other condition or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such

redemption price if any such condition so specified is not satisfied or if any such other event has occurred.

SECURITY AND SOURCES OF PAYMENT

Pledge of Revenues Under the Resolution

The principal of, premium, if any, and interest on the Bonds are payable solely from, and secured solely by, the Revenues of the Cooperative derived from the Berkshire Project and any Additional Facilities, the proceeds of the Bonds, the funds and accounts created under the Resolution, and the earnings on and the income from the investment thereof, to the extent provided in the Resolution, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution, as more fully described in “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION” in APPENDIX B hereto. All the Bonds are equally and ratably secured without distinction as to series or time of issue.

No Pledge of Faith and Credit or Taxing Power

The Bonds are special obligations of the Cooperative payable solely from, and secured solely by, the Revenues of the Cooperative derived from the Berkshire Project and any Additional Facilities, consisting primarily of payments from MMWEC under the Power Sales Contract and other available funds pledged therefor under the Resolution. MMWEC’s obligations to make payments to the Cooperative pursuant to the Power Sales Contract are special limited obligations payable solely from revenues to be received by MMWEC from the Light Departments pursuant to the PPAs. The Cooperative has no taxing power and the Bonds are not debts of the Commonwealth or MMWEC, or of any Light Department or any city or town of the Commonwealth, and neither the faith and credit nor the taxing power of the Commonwealth nor of any such city or town is pledged to the payment thereof.

Power Sales Contract

Under the Power Sales Contract, the Cooperative sells and MMWEC purchases all of the capacity and energy output and, to the extent available, the environmental energy attributes of the Berkshire Project. Pursuant to the Power Sales Contract, MMWEC is required to pay monthly all of the Cooperative’s costs related to the Berkshire Project (exclusive of costs payable from Bond proceeds). These costs include 110% of the amount required to be paid each month into the Bond Fund for debt service on the Bonds, with the excess being transferred into the Reserve and Contingency Fund. MMWEC’s obligation to make its payments to the Cooperative is absolute, and is not conditioned upon the performance of the Cooperative under the Power Sales Contract.

MMWEC’s payments to the Cooperative under the Power Sales Contract are payable solely from the revenues that MMWEC receives from the Light Departments pursuant to the PPAs. MMWEC’s obligations under the Power Sales Contract are not general obligations of MMWEC, do not constitute charges against the general credit or assets of MMWEC, and are not secured by an interest in any revenues or assets of MMWEC.

The Power Sales Contract provides that the Cooperative may sell the Berkshire Project, or terminate operation of the Berkshire Project and cause it to be salvaged, decommissioned and disposed of in whole or in part if the Cooperative determines that it is unable to proceed as owner of the Berkshire Project due to licensing or regulatory issues, Berkshire Project operating

conditions, or other causes beyond the Cooperative's control, or the Cooperative determines that the Berkshire Project is incapable of producing energy consistent with Prudent Utility Practice, as defined in the Power Sales Contract. In such event, MMWEC remains obligated to make the payments required under the Power Sales Contract from the revenues received from the Light Departments under the PPAs.

The Power Sales Contract may not be amended in any manner that will materially and adversely affect the rights of the Bondholders. See "SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Certain Covenants – Power Sales Contract and Power Purchase Agreements" in APPENDIX B hereto and "SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACT" in APPENDIX C hereto.

PPAs

General

MMWEC has executed a separate, but identical, PPA with each Light Department. Each PPA requires MMWEC to sell and the Light Department that is a party thereto to purchase its respective Purchaser's Percentage of the Berkshire Project capacity and energy output and environmental energy attributes purchased by MMWEC from the Cooperative. Each Light Department is required to pay monthly its Purchaser's Percentage of the payment due with respect to such calendar month by MMWEC to the Cooperative pursuant to the Power Sales Contract. The PPAs, in the aggregate, obligate the Light Departments to: (i) purchase one hundred percent (100%) of the capacity and energy output and environmental energy attributes of the Berkshire Project that MMWEC is obligated to purchase from the Cooperative; and (ii) pay one hundred percent (100%) of all amounts to be paid by MMWEC to the Cooperative pursuant to the Power Sales Contract. The PPAs require payments to be made to MMWEC on a take-or-pay basis, *i.e.* whether or not the Berkshire Project is completed, operating, or operable, and notwithstanding the suspension or interruption of output of the Berkshire Project.

Under MMWEC's enabling statute, chapter 775 of the Massachusetts Acts of 1975, as amended from time to time (the "MMWEC Act"), the payment obligations of the Light Departments under their PPAs are payable solely from their revenues as an operating expense, and do not constitute charges against the general credit or any other assets of the towns or cities in which the Light Departments operate. The payment obligation of each Light Department is a several obligation and not a joint obligation with that of any other Light Department. See "Purchaser's Percentages" below.

Each Light Department is required by the MMWEC Act, and covenants in its respective PPA, to fix and revise rates sufficient to provide revenues adequate to pay all amounts payable from or constituting a charge and lien upon such revenues, including amounts sufficient to meet its obligations under the PPA and to pay the principal of, and interest on, all bonds issued for energy purposes.

Step-up Provision

Each of the PPAs provides that upon the failure of any Light Department to make payment under a PPA, MMWEC is to use its best efforts to sell all or part of such defaulting Light Department's Purchaser's Percentage for all or any portion of the remaining term of the PPA. If such a sale is made, the defaulting Light Department is not relieved of its liability for payments under the PPA, except to the extent of payments received by MMWEC on account of such a sale. If, and to the extent, such a sale is not made, the PPAs provide that MMWEC is required to transfer to the non-defaulting Light Departments on a pro rata basis, the remaining portion of the Purchaser's Percentage of the defaulting Light Department. In no event shall any such transfer result in a transferee Light Department having a Purchaser's Percentage (including sales to such transferee Light Department) in excess of 125% of its original Purchaser's Percentage. This 25% "step up" provision would enable MMWEC to cover a default by any one Light Department, but may be insufficient to cover the defaults of multiple Light Departments. Under the MMWEC Act, Massachusetts municipal light departments are authorized to enter into contracts with MMWEC containing such "step-up" provisions. In no event, including, but not limited to, the default by any Light Department under its PPA, is MMWEC obligated to make any payment to the Cooperative under the Power Sales Contract other than from the revenues that MMWEC has received from the Light Departments pursuant to the PPAs. See "SUMMARY OF CERTAIN PROVISIONS OF THE POWER PURCHASE AGREEMENTS – *Obligations in the Event of Default*" in APPENDIX C hereto.

Purchaser's Percentages

The following table identifies the Light Departments that are parties to PPAs with MMWEC and their respective Purchaser's Percentages. See APPENDIX A, which contains certain financial, operating and demographic information on the Light Departments.

<u>Purchaser</u>	<u>KW</u>	<u>Purchaser's Percentage</u>
Ashburnham Municipal Light Plant	686	4.573%
Boylston Municipal Light Department	663	4.419
Groton Electric Light Department	830	5.533
Holden Municipal Light Department	1,041	6.938
Hull Municipal Light Plant	765	5.102
Ipswich Municipal Light Department	962	6.416
Marblehead Municipal Light Department	1,009	6.727
Paxton Municipal Light Department	632	4.212
Peabody Municipal Light Plant	2,727	18.180
Shrewsbury Electric & Cable Operations	1,908	12.718
Sterling Municipal Light Department	785	5.232
Templeton Municipal Light & Water Plant	823	5.484
Wakefield Municipal Gas & Light Department	1,363	9.091
West Boylston Municipal Light Plant	<u>806</u>	<u>5.374</u>
TOTAL	<u>15,000</u>	<u>100.000%</u>

Reserve Account

The Resolution establishes a Reserve Account in the Bond Fund held by the Trustee. Pursuant to the Resolution, the Trustee may establish one or more separate subaccounts in the Reserve Account to provide additional security for the Bonds of one or more Series (each such Series being referred to herein as “Additionally Secured Series”). Amounts on deposit in (and any Reserve Account Substitute (hereinafter defined) credited to) each such subaccount in the Reserve Account are to be used solely for the payment of principal of, premium, if any, and interest on the Bonds that are additionally secured thereby.

Pursuant to the Resolution, in connection with the issuance of the Series 1 Bonds, the Trustee established in the Reserve Account a separate subaccount to be known as the "Initial Subaccount" to additionally secure (a) the Series 1 Bonds and (b) any Series of Bonds hereafter issued as the Cooperative may determine in the Supplemental Resolution authorizing the Bonds of such Series. The Cooperative has designated the Series 2 Bonds as an “Additionally Secured Series” to be secured by amounts on deposit in the Initial Subaccount. The Reserve Account Requirement, with respect to the Initial Subaccount, is equal to an amount for each Additionally Secured Series secured thereby calculated as of the date of such Additionally Secured Series equal to the maximum amount required to be paid into the Debt Service Accounts in the Bond Fund to provide for the payment of Debt Service on the Bonds of such Additionally Secured Series during any Bond Year.

Pursuant to the Resolution, when the Bonds of an Additionally Secured Series of Bonds are refunded in whole or in part, the Reserve Account Requirement for the separate subaccount in the Reserve Account securing such Bonds will be calculated for the refunding Series (but only to the extent that the refunding Series is an Additionally Secured Series that is additionally secured by amounts on deposit in the same separate subaccount) and for the Bonds (if any) of the refunded Series to be outstanding after the issue of the refunding Series, as if all such Bonds were of one Series.

As of the date of this Official Statement, the Reserve Account Requirement for the Initial Subaccount attributable to the Series 1 Bonds is \$5,402,405.00 and such amount is on deposit in the Initial Subaccount. As a result of the issuance of the Series 2 Bonds and the refunding of the Refunded Bonds, the Reserve Account Requirement for the Initial Subaccount will be \$5,123,750.00, representing the maximum annual debt service of the aggregation of Series 1 and Series 2.

The Resolution provides that in lieu of maintaining moneys or investments in any subaccount in the Reserve Account, the Cooperative at any time may cause to be deposited with the Trustee, for credit to such subaccount, a surety bond, an insurance policy or a letter of credit (a “Reserve Account Substitute”) satisfying the conditions set forth in the Resolution.

Reserve and Contingency Fund

The Resolution establishes a Reserve and Contingency Fund to be held by the Trustee. After making the payments into the Bond Fund and paying operating expenses of the Berkshire Project and any Additional Facilities, the Trustee is to pay monthly from the Revenue Fund into the Reserve and Contingency Fund an amount equal to 10 percent of the amount required to be paid in such month into the Bond Fund for debt service on the Bonds.

To the extent not required to make up any deficiencies in the Debt Service Accounts and in the Reserve Account, amounts in the Reserve and Contingency Fund (other than any amounts deposited to a separate account in the Reserve and Contingency Fund as provided in the Resolution and required to be applied exclusively to the purchase, redemption, defeasance or retirement of Bonds) may be used for renewals, replacements, extraordinary costs and certain other purposes relating to the Berkshire Project and any Additional Facilities. Any balance in such Reserve and Contingency Fund that is in excess of the Reserve and Contingency Fund Requirement therefor as of June 30th of each year is to be transferred to the Revenue Fund and applied as described under “Surplus Moneys” below. Pursuant to the Resolution, the Reserve and Contingency Fund Requirement is established by the Cooperative Board of Directors (“Cooperative Board”) from time to time. The Cooperative Board of Directors has established the initial Reserve and Contingency Fund Requirement at \$1.5 million, and it is currently funded at that level. See “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Funds and Accounts – Reserve and Contingency Fund” in APPENDIX B hereto.

Flow of Funds

The Resolution establishes a Revenue Fund held by the Trustee into which the Revenues of the Berkshire Project and any Additional Facilities are to be paid. The Trustee is required to make monthly payments from the Revenue Fund into the Bond Fund held by the Trustee for credit to separate Debt Service Accounts established within the Bond Fund in amounts sufficient to pay the interest on and principal (at maturity or by purchase or redemption from mandatory sinking fund installments) of the Bonds as the same become due and payable. After making the payments to the Bond Fund, Revenues of the Berkshire Project and any Additional Facilities are to be used to pay the operating expenses of the Berkshire Project and any Additional Facilities and to make required deposits into the Reserve and Contingency Fund.

Surplus Moneys

Under the terms of the Resolution, the Cooperative performs a valuation of the amount on deposit in the Reserve Account in the Bond Fund on June 30th of each year. If the amount on deposit in the Reserve Account exceeds the Reserve Account Requirement, then the excess is transferred to the Revenue Fund.

Additionally, the amount on deposit in the Reserve and Contingency Fund (excluding any amounts deposited to a separate account in the Reserve and Contingency Fund and required to be applied exclusively to the purchase, redemption, defeasance or retirement of Bonds), is valued on June 30th of each year and any amounts in excess of the Reserve and Contingency Fund Requirement are transferred to the Revenue Fund, provided the amount on deposit in the Debt Service Accounts and in the subaccounts in the Reserve Account in the Bond Fund is at least equal to the respective amount required to be on deposit therein. Excess funds are accumulated from debt service coverage collected in the past twelve months and interest earnings on the

Reserve and Contingency Fund, and are reduced by capital projects funded from the Reserve and Contingency Fund.

Under the Resolution, the amount which exists in the Revenue Fund as of any June 30th is deemed to be the amount by which the assets in the Fund exceed the current liabilities with respect thereto (excluding payments required to be made for the next twelve-month period into the Bond Fund). To the extent such amount exceeds the minimum required levels for working capital and operating reserves established by the Cooperative Board for the Berkshire Project and any Additional Facilities, the excess is to be applied to reduce the payments required to be made by MMWEC under the Power Sales Contract, provided that with the consent of MMWEC, all or any part of the excess may be applied by the Trustee at the direction of the Cooperative for the purchase or redemption of Bonds or other purposes.

Rates

The Cooperative

The Cooperative is authorized by the Cooperative Statute to sell electric power, to create reserves, to secure its obligations by pledge of any of its funds, and to exercise all powers necessary or appropriate to the exercise of any of the foregoing powers. The Cooperative has covenanted in the Resolution to fix and collect charges with respect to the Berkshire Project and any Additional Facilities which will be sufficient, whether or not the generation or transmission of power from the Berkshire Project and any Additional Facilities is suspended, interrupted or reduced, together with other available funds, to produce Revenues to (a) pay all operating expenses of the Berkshire Project and any Additional Facilities; (b) pay the principal of, premium, if any, and interest on the Bonds; (c) make the required payments into the Reserve Account or any subaccount therein; (d) make the required payments into the Reserve and Contingency Fund; and (e) make all other payments required of the Cooperative under the Resolution. The Cooperative also has covenanted not to furnish electric power or other services free of charge. As noted above, the required payments into the Reserve and Contingency Fund equal 10% of debt service on the Bonds.

The Cooperative's charges to MMWEC under the Power Sales Contract are not subject to supervision or regulation by any agency of the Commonwealth or any municipality or other political subdivision of the Commonwealth and are not subject to regulation by the Federal Energy Regulatory Commission ("FERC").

MMWEC

MMWEC is authorized by the MMWEC Act to fix, revise and collect fees and charges for energy and other services furnished and supplied by it. For so long as any of its own indebtedness is outstanding, it is required by the MMWEC Act to fix such charges so as to provide revenues at least sufficient to pay any and all amounts that MMWEC may be obligated to pay by law or contract. MMWEC's charges to the Light Departments under the PPAs are not subject to supervision or regulation by any agency of the Commonwealth or any municipality or other political subdivision of the Commonwealth and are not subject to regulation by FERC.

The Light Departments

Each Light Department is required by the MMWEC Act, and covenants in its PPA, to fix and collect rates sufficient to provide revenues adequate to pay all amounts payable from or constituting a charge and lien upon such revenues, including amounts sufficient to meet its obligations under the PPA and to pay the principal of, and interest on, all bonds issued for energy purposes.

Under Massachusetts law, rates of the Light Departments are fixed by their individual municipal light boards. Rates are filed with the Massachusetts Department of Public Utilities (“DPU”), but while the DPU exercises some supervisory authority over Massachusetts municipal light departments, the Light Departments’ overall rates are not subject to DPU approval.

For information on the Light Departments, see “THE LIGHT DEPARTMENTS” herein, and APPENDIX A, which contains certain financial, operating and demographic information on the Light Departments.

Additional Bonds

The Resolution permits the Cooperative to issue Additional Bonds on a parity basis with the Bonds upon satisfaction of certain requirements described more fully in “SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION – Issuance of Bonds” in APPENDIX B hereto.

Additional Bonds may be issued under the Resolution for the purpose of paying all or part of the Costs of Acquisition and Construction of the Berkshire Project and any Additional Facilities or any portion thereof upon compliance with the following conditions: certification by the Trustee that there is no deficiency in the payments required by the Resolution into the Bond Fund and Reserve and Contingency Fund; and certification by the Authorized Officers of the Cooperative to the Trustee that the Cooperative is not in default in the performance of any of its covenants and agreements in the Resolution with respect to the Bonds (unless in the opinion of an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may be counsel to the Cooperative) any such default does not deprive any Holder of the Bonds in any material respect of the security afforded by the Resolution).

If such Bonds are being issued to pay the Costs of Acquisition and Construction of Additional Facilities, the Authorized Officers of the Cooperative must certify that the Power Sales Contract and the PPAs as then in effect require the payment of amounts sufficient to pay principal of and premium, if any, and interest on Outstanding Bonds including the Bonds then being issued.

The Cooperative may issue refunding Bonds for the purpose of refunding any Outstanding Bonds.

In addition, the Cooperative may issue, under authority separate from the Resolution, obligations to finance electric power facilities to be acquired as separate systems.

DEBT SERVICE REQUIREMENTS

The annual debt service requirements for the Bonds, upon the refunding of the Series 1 Bonds, shown on the basis of a fiscal year ending December 31 are set forth in the following table:

<u>Year Ending</u>	<u>Aggregate Debt Service on Series 1 Bonds¹</u>	<u>Series 2 Bonds</u>			<u>Aggregate Debt Service After Refunding</u>
		<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2018	\$ 3,114,500		\$1,055,513	\$1,055,513	\$4,170,013
2019	3,113,250		2,010,500	2,010,500	5,123,750
2020		2,830,000	2,010,500	4,840,500	4,840,500
2021		2,970,000	1,869,000	4,839,000	4,839,000
2022		3,120,000	1,720,500	4,840,500	4,840,500
2023		3,275,000	1,564,500	4,839,500	4,839,500
2024		3,445,000	1,400,750	4,845,750	4,845,750
2025		3,610,000	1,228,500	4,838,500	4,838,500
2025		3,795,000	1,048,000	4,843,000	4,843,000
2027		3,985,000	858,250	4,843,250	4,843,250
2028		4,180,000	659,000	4,839,000	4,839,000
2029		4,390,000	450,000	4,840,000	4,840,000
2030		4,610,000	230,500	4,840,500	4,840,500
	<u>\$6,227,750</u>	<u>\$40,210,000</u>	<u>\$16,105,513</u>	<u>\$56,315,513</u>	<u>\$62,543,263</u>

¹Excludes debt service on Refunded Bonds

THE COOPERATIVE

General

The Cooperative is a Massachusetts municipal lighting plant cooperative, a body politic and corporate constituted as a public instrumentality. It was formed in 2008 pursuant to the Cooperative Statute, which authorizes municipal light departments and other public entities to join together to form a municipal lighting plant cooperative to conduct business for the mutual benefit of its members as patrons of the cooperative.

Also in 2008, the Cooperative purchased the Berkshire Project assets of the original developer of the Berkshire Project, Berkshire Wind Power, LLC (“Original Developer”). The purchased assets include easement agreements with three landowners allowing for the construction and operation of the Berkshire Project on the land subject to the easements, environmental and land use permits, and contracts for the sale of certain environmental attributes of the Berkshire Project.

The Cooperative Statute

The Cooperative is authorized by the Cooperative Statute to transact any business associated with the purchase, acquisition, distribution, sale and resale of energy or energy-related services to wholesale or retail customers, and to issue bonds and secure its obligations by mortgage or pledge of any of its property and income. Under the Cooperative Statute, the Cooperative is authorized to sell and provide electricity to any customer other than a customer served by a municipal light department that is not a member of a municipal lighting plant cooperative. It is exempt from paying taxes on its income and real and personal property located within the Commonwealth, but is required by the Cooperative Statute to make payments in lieu of taxes on its real and personal property in the amount which would be assessable if such property were the property of a domestic corporation. Pursuant to the Cooperative Statute, the Cooperative has made and will continue to make payments in lieu of taxes on the Berkshire Project. The Cooperative is subject to the Massachusetts Public Records Law and the Massachusetts Open Meeting Law except to the extent necessary to protect trade secrets, confidential, competitively sensitive or other proprietary information provided in the course of proceedings conducted under the Cooperative Statute.

Organization and Management

The Cooperative is governed by a five-member Board of Directors, one of whom is appointed by MMWEC, and four of whom are elected by the Light Departments from among the managers of the Light Departments. The business of the Cooperative is under the management of the Board of Directors.

The following lists the members of the Cooperative Board and the Cooperative officers, and includes the background of the directors.

Board of Directors

John Driscoll, Chairman. John Driscoll is general manager of the Templeton Municipal Light & Water Plant (“Templeton”), one of the Light Departments. Mr. Driscoll assumed the general manager’s position of Templeton in December of 2010, after serving over four years as Light Superintendent. In addition to his service on the Cooperative Board, Mr.

Driscoll currently serves on the MMWEC Board of Directors and the Northeast Public Power Association Board of Directors. He is also a Director of the Massachusetts Municipal Light Department Wind Energy Cooperative Corporation.

Peter D. Dion. Peter D. Dion is general manager of the Wakefield Municipal Gas & Light Department (“WMGLD”), one of the Light Departments. Mr. Dion joined WMGLD in 2007 as its General Manager. In addition to his service on the Cooperative Board, Mr. Dion is a nine-term president of MMWEC. Mr. Dion also serves as president and chairman of the Wakefield Municipal Cooperative Corporation. He also is chairman of the legislative committee for the Municipal Electric Association of Massachusetts and a member of the policy makers’ council of the American Public Power Association. In addition, he is an elected commissioner of the Georgetown Municipal Electric Department, which is not a member of the Cooperative. Prior to joining WMGLD, he was the engineering and operations manager of the Reading Municipal Light Department and held various managerial and engineering positions at Boston Edison Company (now NSTAR). Mr. Dion holds a bachelor’s degree in electrical engineering from Tufts University and an MBA from Boston College.

Sean Hamilton. Sean Hamilton is general manager of Sterling Municipal Light Department (“Sterling”). Mr. Hamilton assumed the general manager’s position of Sterling in 2010, after serving six years as general manager of the Templeton Municipal Light and Water Plant, where he directed the construction of a \$3.2 million water treatment facility and a \$3.8 million 1.65 MW wind turbine project. In addition to his service on the Cooperative Board, Mr. Hamilton is currently an MMWEC director, and is serving as chairman of the risk oversight committee of the MMWEC Board of Directors. Prior to serving as general manager in Templeton, Mr. Hamilton served for seven years as the operation supervisor for the Sterling, and prior to that, worked for five years as Verizon’s area construction manager.

Glenn Trueira. Glenn Trueira is general manager of the Peabody Municipal Light Plant (“Peabody”), one of the Light Departments. Mr. Trueira joined Peabody in 1986, serving in many capacities, and became its general manager in 2012. In addition to his service on the Cooperative Board, Mr. Trueira is currently an MMWEC director and is serving on the risk oversight committee of the MMWEC Board of Directors. Mr. Trueira holds a bachelor’s degree in electrical engineering from Worcester Polytechnic Institute and an MBA from Salem State University.

Ronald C. DeCurzio. Ronald C. DeCurzio is the MMWEC representative appointed to the Cooperative Board. In addition to his duties with the Cooperative Board, Mr. DeCurzio is chief executive officer and secretary of MMWEC. In that position, he is responsible for management, staffing, administration and operation of MMWEC, and for overall relations between governing boards, employees, customers, and the general public. Most recently, Mr. DeCurzio served as MMWEC’s chief financial officer and treasurer. Additionally, he sits on the boards of the Westfield Gas & Electric Light Cooperative and the Massachusetts Municipal Light Department Wind Energy Cooperative. Mr. DeCurzio joined MMWEC in 1997, bringing 15 years of treasury experience in areas such as debt restructuring, portfolio management, banking relations and cash management. Prior to joining MMWEC, he was employed at the New York Power Authority, where he served in various treasury positions. He holds a bachelor’s degree in business administration from Hofstra University’s School of Business. Mr. DeCurzio is a member of the Association for Financial Professionals (formerly the Treasury Management Association) and was the New York Power Authority’s representative on New York State’s Securities and Investments Coordinating Committee.

Officers

Chairman. The chairman of the Cooperative is John Driscoll.

President. The president of the Cooperative is Peter Dion. Mr. Dion also is a director of the Cooperative.

Treasurer. The treasurer of the Cooperative is Ronald C. DeCurzio. Mr. DeCurzio also is a director of the Cooperative.

Clerk. The clerk of the Cooperative is Nicholas J. Scobbo, Jr., Esq.

Membership

The Cooperative has 15 members, consisting of MMWEC and the Light Departments. The Light Departments were established between 1892 and 1914. For further information on the Cooperative members, see “MMWEC” and “THE LIGHT DEPARTMENTS” herein and APPENDIX A attached hereto, which contains certain financial, operating and demographic information on the Light Departments.

Under the Cooperative By-laws, no Cooperative member may transfer its membership in the Cooperative without an affirmative vote of the members. A member may terminate its membership by giving written notice 12 months prior to the effective date of the termination. The liabilities of a terminating member under contracts in force with the Cooperative are not affected by any such termination except as provided in such contracts.

THE BERKSHIRE PROJECT

Description of the Berkshire Project

The Berkshire Project is a wind power generating facility having a design net electrical capability of approximately 15 megawatts. It is located on Brodie Mountain in the towns of Hancock and Lanesborough in western Massachusetts.

The Berkshire Project consists of ten General Electric Company (“GE”) model “1.5 MW sle” wind turbines and one meteorological tower, each located in Hancock. The turbines are equipped with approximately 253-foot rotors on towers with hub heights of approximately 262 feet. The blade tips reach a height of 390 feet above ground level. The turbines are of monopole, tubular tower construction. According to GE, over 12,000 1.5 MW wind turbines manufactured by GE are in operation in a total of 19 countries and have operated over 170 million hours producing over 100,000 GWh of electricity. GE has five wind manufacturing and assembly facilities in three countries, including the United States. The Berkshire Project is located within 40 miles of GE’s Renewable Energy Headquarters in Schenectady, New York.

The Berkshire Project includes an access road which runs from Brodie Mountain Road in Lanesborough and extends to all ten wind turbine sites in Hancock. The total length of the access road is approximately 16,000 feet.

The Berkshire Project also includes an electric interconnect system which transmits the power generated by each of the ten turbines to a point of interconnection with the Western Massachusetts Electric Company (“WMECo”) (d/b/a Eversource Energy) system located on Brodie Mountain Road in Lanesborough, MA. The system, which is primarily above ground, interconnects each turbine and then follows the access road to the point of interconnection to the WMECo system. From the point of interconnection, a dedicated circuit runs approximately eight miles to WMECo’s Partridge substation in Pittsfield, Massachusetts.

The Berkshire Project commenced commercial operations on May 28, 2011.

Location of the Berkshire Project

The Cooperative secured the land for the Berkshire Project under easement agreements with three private landowners (“easement grantors”) and a license agreement with MMWEC. The easements were recorded in the Northern Berkshire Registry of Deeds. The easement agreements terminate on September 9, 2034, subject to earlier termination if a material default occurs and is not cured. The Cooperative does not expect to amend any of the easement agreements before the Series 2 Bonds are issued but may contemplate amending them after the Series 2 Bonds are issued to accommodate future project expansion.

The license agreement with MMWEC provides for the use by the Cooperative of a small landlocked parcel of land which MMWEC owns. Under the license agreement, the Cooperative uses the land owned by MMWEC solely for purposes of accessing, constructing, operating, and maintaining the Berkshire Project. The license agreement expires on August 4, 2034.

The Bonds are not secured by any interest in the easement agreements or the license agreement.

Licensing and Permitting

The Cooperative has in place all permits and approvals required for the Berkshire Project’s operation, including certificates from the Massachusetts Environmental Policy Act (“MEPA”) office certifying that the overall impacts of the Berkshire Project as originally designed, and as subsequently modified, did not warrant the preparation of an Environmental Impact Report under MEPA.

In addition to the MEPA certificates, the permits and approvals which the Cooperative has in place include the following: Massachusetts Department of Environmental Protection (“DEP”) Certificate of Compliance with respect to the DEP Superceding Order of Conditions relating to construction in Lanesborough; DEP Extension Permit with respect to the DEP Superceding Order of Conditions relating to construction in Hancock; Hancock Building Permits; Lanesborough Special Permit relating to construction of the access road, and approval of the Reliability Council of the Independent System Operator of New England (“ISO-NE”) relating to the Interconnection Service Agreement.

Environmental Matters

The issuance of the MEPA certificates constitutes the primary approval of the construction and operation of the Berkshire Project with respect to environmental impacts. However, no assurance can be provided that environmental surveys and studies conducted with respect to the Berkshire Project revealed all environmental liabilities, that any prior owners or

tenants of the easement properties did not create any material environmental condition not known to the Cooperative, that future laws, ordinances or regulations will not impose any material environmental liability, or that a material environmental condition does not otherwise exist on the site.

Operating History

The following table summarizes the historical operating statistics of the Berkshire Project for the period 2012-2016.

Historical Operating Statistics Berkshire Wind Cooperative Corporation

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net Capability (MW)	15	15	15	15	15
Net Generation (MW)	47,693	51,700	51,208	49,413	47,492
Capacity Factor (%)*	36.3	39.4	39.0	37.6	36.1
Availability Factor (%)**	90.8	94.8	95.0	95.4	89.4
<u>Production Costs (\$/kWH)</u>	0.128	0.119	0.113	0.118	0.126

* Percentage of actual energy produced versus maximum potential energy output (calculated based on net capability).

**Percentage of time the Berkshire Project was available for dispatch at full capacity.

Since the commencement of commercial operations in May, 2011 through October, 2017, the Berkshire Project has maintained a steady state of operations, as evidenced by a constant capacity factor which has averaged 36.8%. This level of operations is consistent with pre-construction forecasts. During this same time period, the Berkshire Project generated 311,277 MWhs of electricity that was provided to the Light Departments through their respective PPAs valued at \$13.8 million. In addition to energy, the PPAs provided the Light Departments with \$15.7 million in revenue from the sale of Renewable Energy Credits and \$1.1 million in capacity payments. The total economic benefit to the Light Departments from their PPAs was \$30.6 million over this period.

In 2016, the availability factor did decline to 89.4% from the prior four year average of 94.0%, due to a severe failure of a gear box on one of the turbines. All damaged components were replaced and the wind turbine returned to service after 43 days. There was an insurance recovery resulting in a net gain on impairment of the asset.

The condensed statements of Revenues, Expenses and Changes in Net Position for the Berkshire Project income statements for the past three calendar years of operation are included in the Cooperative's audited financial statements, which are attached hereto as Appendix G.

Operations

Operations & Maintenance

The Cooperative has contracted with GE Renewable Energy – Wind, a certified wind turbine operation and maintenance entity for periodic inspection and maintenance of the wind turbines and ancillary equipment, including real time 24/7 vibration and operations monitoring. Additional services provided under the contract include Original Equipment Manufacturer (“OEM”) preventative maintenance inspections and lubrication service. The GE Remote Operating Center monitors the Berkshire Project’s performance and compares it to the GE installed base. Certain administrative and other services for the Berkshire Project are provided by MMWEC pursuant to a service contract between the Cooperative and MMWEC.

Deliveries and Metering

MMWEC takes title of Berkshire Project energy output at WMECo’s substation in Pittsfield, Massachusetts, which is the point of interconnection of the Berkshire Project dedicated circuit with the bulk transmission system. The PPAs require each Light Department to arrange all transmission services required to accept delivery of its Purchaser’s Percentage of Berkshire Project energy output. The Light Departments take delivery of the output at the same WMECo substation.

Sale of Environmental Attributes

The Massachusetts Department of Energy Resources (“DOER”) has adopted renewable energy portfolio (“RPS”) regulations requiring retail electricity suppliers in Massachusetts to utilize power generated by new renewable energy facilities for a certain percentage of their power supply. Legislation enacted by the Massachusetts Legislature in 2008 and newly published regulations in August of 2017 have established the rate of increase in the RPS at 1% per year, and established a goal of meeting at least 45% of the state’s electrical load through new, renewable and alternative energy generation by 2050. Currently, the RPS is 12% of sales for 2017, increasing to 15% of sales for 2020. See “FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY – Environmental Issues – Massachusetts Climate Change Initiatives” herein.

Currently, the RPS regulations do not apply to the sale of electricity by the Cooperative to MMWEC, the sale of electricity by MMWEC to the Light Departments, or to the sale of electricity by the Light Departments to their retail customers.

An electricity supplier to which the RPS regulations do apply may satisfy the RPS by purchasing New Renewable Generation Attributes (“NRGAs”) or Renewable Energy Certificates (“RECs”) from qualified new renewable generation facilities. The owner, operator, or developer of a proposed renewable generation facility may apply to the DOER for a “Statement of Qualification.” The Cooperative applied for and received a Statement of Qualification so that it may sell NRGAs or RECs. Currently, the Cooperative has sold in excess of \$15.6 million in RECs since commencement of commercial operations.

Insurance

The Resolution and the Power Sales Contract require the Cooperative to keep the Berkshire Project insured to the extent available at a reasonable cost with responsible insurers against, among other things, risks of direct physical loss, damage or destruction of the Berkshire Project, accidents, casualties, or negligence, including liability insurance. In addition, the easement agreements require the Cooperative to maintain liability insurance naming the easement grantors as additional insureds. The license agreement with MMWEC also requires the Cooperative to maintain liability insurance. The Cooperative has insurance in place compliant with these requirements.

MMWEC

General

MMWEC is a public corporation and a political subdivision of the Commonwealth, formed pursuant to the MMWEC Act with authority to acquire and finance ownership interests and other entitlements in energy facilities for the benefit of its members and other utilities, and to issue bonds to finance those interests.

Any Massachusetts city or town having a municipal electric department is authorized by the MMWEC Act to become a member of MMWEC. Pursuant to contractual arrangements, MMWEC provides its members with a variety of planning, development and administrative services related to meeting their electric capacity and energy requirements in a reliable and cost-effective manner. Through the development of MMWEC-owned and financed interests in electric generating facilities and the arrangement of short- and long-term contractual power entitlements, MMWEC has made available to its members a diversified mix of generation resources, including nuclear, oil, gas and hydroelectric generation. MMWEC is seeking to add to this combination, power generated by renewable energy resources such as wind and solar energy.

The MMWEC Act

The MMWEC Act authorizes MMWEC, among other things, to enter into contracts for the purchase and sale of energy, which contracts may be for the life of a facility and may provide for the payment of unconditional obligations imposed without regard to whether a facility is completed or operating and notwithstanding the suspension or interruption of facility output.

MMWEC's Projects

MMWEC owns interests in five New England generating units, all of which have been operating for at least 27 years. MMWEC created eight "Projects" for purposes of acquiring and financing these ownership interests, and selling the capacity and energy attributable to the ownership interests to "Participants" pursuant to take-or-pay power sales agreements for each of MMWEC's Projects. Twenty-eight Massachusetts cities and towns having municipal light departments, 18 of which are MMWEC members, and 7 out-of-state utilities have entered into power sales agreements with respect to MMWEC's Projects.

THE LIGHT DEPARTMENTS

General

The Light Departments are located in central and eastern Massachusetts. In 2016, the estimated combined population of the towns or cities in which they are organized was approximately 231,000, or approximately 3.4 percent of the estimated Massachusetts population. In 2016, the Light Departments had a non-coincident combined peak demand of approximately 398,808 kW,¹ with estimated energy sales of about 1,664,359 kWh to approximately 109,870 customers, and combined total operating revenues of approximately \$224,592,317. Each Light Department owns and operates an electric system for the distribution of electric power and energy, together with general plant necessary to conduct its business.

APPENDIX A hereto contains certain financial, operating and demographic information on the Light Departments.

The operation of the Light Departments is governed by the provisions of Chapter 164 of the Massachusetts General Laws (“Chapter 164”), which provide for the establishment, management and operation of municipal lighting plants for the purpose of manufacturing or distributing gas or electricity for municipal use and for the use of the city or town inhabitants.

Under the provisions of Chapter 164, the manager of each municipal light department has full charge of its operation and management, subject to the direction and control of a municipal light board or equivalent person or body. Municipal light boards typically are three or five-member bodies to which citizens are either elected by the voters or appointed by elected officials for staggered three-year terms.

The MMWEC Act authorizes Massachusetts cities and towns having municipal electric departments to enter into contracts with MMWEC for the purchase of all or a portion of the capacity and output of a particular energy facility, and provides that such contracts may be for the life of the facility and may provide for the payment of unconditional obligations imposed without regard to whether the facility is completed or operating and notwithstanding the suspension or interruption of facility output. The MMWEC Act further provides that a city or town may exercise any of its power or authority contained in the MMWEC Act through its municipal light board. Pursuant to this authority, the municipal light boards of the Light Departments approved execution of their respective PPAs.

Under the MMWEC Act, the obligations of the Light Departments under their PPAs are treated as expenses of operating their electric systems and constitute special obligations of the cities and towns in which the light departments operate, payable solely from the revenues and other moneys derived by the cities and towns from the light departments, the liability of such cities and towns from other funds being limited to obligations undertaken by them to pay for the electric power and energy used by them. The Light Departments are obligated by the MMWEC Act, and have covenanted in the PPAs, to fix, revise and collect fees or charges for electric power and energy and other services, facilities and commodities sold, furnished or supplied by them at least sufficient to provide revenues adequate to meet their obligations under the PPAs and to pay all other amounts constituting a charge and lien upon such revenues, including amounts sufficient

¹ Calculation of the peak demand was based on 2015 data of the Hull Municipal Light Plant. 2016 data for the Paxton Municipal Light Department is preliminary.

to pay the principal of and interest on all bonds issued by them for electric purposes. The obligation to fix and collect such fees and charges is not subject to limitation by the DPU. As discussed below, the Light Departments must file their rate adjustments with the DPU. See “REGULATION – Massachusetts DPU” herein.

Under the provisions of Chapter 164, a city or town may sell its light plant with the approval of the DPU. The Cooperative is not aware that the sale of any Light Department is contemplated.

Historical Operating Data

The number of customers, electric energy sales, gross operating revenues and operating expenses of the Light Departments for the years 2012-2016 are as follows:

Year ⁽¹⁾	Number of Customers	Total Energy Sales (kWh)	Total Operating Revenues	Total Operating Expenses
2012	107,305	1,748,123	\$210,522,263	\$186,811,476
2013	107,996	1,681,410	219,666,809	201,504,250
2014	108,935	1,679,806	224,852,425	206,059,887
2015	109,398	1,698,750	232,128,344	210,320,033
2016 ⁽²⁾	109,870	1,664,359	224,592,317	200,340,047

Source: DPU reports dated December 31 for the relevant calendar years.

(1) As of December 31.

(2) Utilized 2015 data of the Hull Municipal Light Plant. 2016 data for Paxton Municipal Light Department is preliminary.

Light Department Operations

A table showing the electric rates of the Light Departments and those of certain investor-owned utilities (“IOUs”) serving areas contiguous to those served by the Light Departments is included in APPENDIX A hereto. Most of the Light Departments have adopted purchased power adjustment clauses in their rate schedules which permit them to pass along changes in their costs of purchased power and fuel, including billings under the PPAs, to customers without formal rate changes. Chapter 164 provides that rates may not be fixed to yield less than production cost unless approved by the DPU. Massachusetts municipal light departments may earn up to 8 percent per year of the cost of plant after payment of all expenses, including operating expenses, debt service, and an allowance for depreciation. The allowance for depreciation is 3 percent of the cost of plant, or such larger or smaller amount as the DPU may approve. The allowance for depreciation may be used only for renewals in excess of ordinary repairs, reconstruction and enlargements, or with DPU permission, for debt service on bonds issued for similar purposes by the city or town in which the light department operates. To the extent there is a surplus remaining after making payments for such purposes, the surplus may be used for, among other things, deferred costs related to contractual commitments that the light board determines to be above market value.

Power Supply Program

Power and Energy Requirements

It is estimated that during the year ended December 31, 2016, the Light Departments obtained approximately 30 percent of their total energy requirements through contracts with MMWEC relating to MMWEC's direct ownership interests in generating units located in New England. The Light Departments' remaining energy requirements were supplied through contracts with MMWEC relating to MMWEC's power purchases from various generating facilities located in New England and elsewhere, the Light Departments' own resources, and other power purchases.

NEPOOL and ISO-NE

As authorized by General Law Chapter 164A, and similar laws enacted in all of the New England states, the New England Power Pool ("NEPOOL") was formed in 1971. It is a voluntary association of entities in the electric power business in the six-state New England region. The Cooperative, the Light Departments and MMWEC are all participant members of NEPOOL.

In July 1997, ISO-New England ("ISO-NE") assumed NEPOOL's responsibility to coordinate and dispatch the generation and transmission facilities of the NEPOOL participants. ISO-NE is a not-for-profit, non-stock Delaware corporation. ISO-NE's primary responsibilities are to ensure power system reliability, administer the NEPOOL open access transmission tariff, and oversee the efficient and competitive functioning of the regional wholesale power markets.

As NEPOOL members, the Cooperative, the Light Departments and MMWEC are subject to, and participate in, the ISO-NE markets, including the standard market design ("SMD"), and forward capacity markets ("FCM"). Generally, pursuant to the NEPOOL tariff, the ISO-NE considers each Light Department's share of the capacity of and energy derived from the Cooperative as owned by the Light Departments. On behalf of the Cooperative and the Light Departments, MMWEC bids the capacity and energy into the relevant ISO-NE markets. Likewise, on behalf of the Light Departments, MMWEC bids in their respective loads. The ISO-NE matches the loads in the region with the capacity and energy and pursuant to the settlement process, compensates the generation with the payments from the load. MMWEC then monitors the ISO-NE dollar settlement process on behalf of the Light Departments and the Cooperative.

Approximately half of the Light Departments' economic benefits are derived from revenues produced in the wholesale electricity and capacity markets, as described above.

The SMD is a multi-settlement market-based bid system which included both bidding of load to be served on an hourly basis and generation to be provided on an hourly basis. Under the SMD system, ISO-NE reports on an hourly basis separate locational marginal prices ("LMPs") for each of over approximately 900 locations (or "nodes") in New England. Also under SMD, generating resources, such as each Light Department's share of the Cooperative's generation, are paid the LMP associated with the node at which the resource is connected to the bulk power system. Thus, the Light Departments are paid the LMP at the interconnection node in western Massachusetts. SMD also provides for settlement of hourly loads of each participant under a locational marginal pricing settlement for those loads. The LMPs are comprised of an energy component, a congestion component and a marginal loss component which is different for each hour.

The Berkshire Project currently participates in this market.

FERC also approved the implementation of an FCM for New England with the goal of ensuring the region has sufficient resources available to meet peak demand. Under FCM, ISO-NE conducts an annual auction for capacity, with the clearing price in the auction set by the highest price bid for capacity offered into the auction which is just sufficient to meet the capacity need identified by ISO-NE. The Berkshire Project currently participates in the FCM.

ISO-NE is expected to continue to request FERC approval for new market rules and new electric products as it continues to address modifications to the New England wholesale market design. ISO-NE has added significant complexity and increased costs to all New England electric utilities, including the Cooperative, MMWEC and the Light Departments, and the Cooperative expects such complexity and increased costs to continue.

The ongoing development of changes in market mechanisms through NEPOOL and the ISO-NE stakeholder process, resulting in FERC orders, could have a material impact on the Light Departments.

REGULATION

General

The Cooperative, MMWEC and the Light Departments are subject to regulation in varying degrees at federal, state and local levels and are affected by regulation of other utilities in the New England region.

Massachusetts DPU

The Cooperative's financings do not require DPU approval, and its charges to MMWEC under the Power Sales Contract are not subject to regulation by the DPU or any other state or federal entity. MMWEC's charges to the Light Departments under the PPAs are not subject to DPU approval. The electric rates of the Light Departments are filed with the DPU, but while the DPU has general supervisory authority over Massachusetts municipal light departments, their overall rates are not subject to DPU approval. IOUs operating in Massachusetts are subject to regulation by the DPU to the extent not preempted by federal regulation. The DPU has jurisdiction over the issuance of securities, conservation and other matters relating to IOUs, and continues to regulate their retail distribution rates, which cover the cost of delivering electricity from the transmission network to the consumer. It is expected that distribution charges of IOUs will remain regulated by the DPU.

FACTORS AFFECTING THE ELECTRIC UTILITY INDUSTRY

General Factors Affecting the Electric Utility Industry

The electric utility industry has been, and in the future may be, affected by a number of actions which could impact the financial condition of a public power utility such as the Cooperative, MMWEC and the Light Departments. Such factors include, among others: (i) effects of inflation on the operation and maintenance costs of an electric utility and its facilities, (ii) changes from projected future load requirements and relative costs and availability of different fuels, (iii) effects of compliance with rapidly changing environmental, safety, licensing, regulatory and legislative requirements, (iv) changes resulting from conservation and demand side management programs on the timing and use of electric energy, (v) changes that might result

from a national energy policy and climate change legislation or other federal or state legislative changes, (vi) effects of competition from other suppliers of electricity, and (vii) changes in revenues due to unseasonable changes in the weather. Public power utilities also are affected by factors related to their ability to issue tax-exempt obligations and on the ability to sell, to non-governmental entities, power and energy from generation projects that are financed with outstanding, tax-exempt debt. The Cooperative, MMWEC and the Light Departments also could be adversely affected by technological or market developments that change the relative costs of the electric power and energy that the Cooperative provides to MMWEC in comparison with the costs of electric power and energy available in the region. The Cooperative cannot predict what effects these and other factors will have on the business, operations and financial condition of the Cooperative, MMWEC or the Light Departments. This Official Statement includes a brief discussion of certain of these factors. This discussion does not purport to be comprehensive or definitive, and these matters are subject to change subsequent to the date hereof. Extensive information on the electric utility industry is available from legislative and regulatory bodies and other sources in the public domain. Potential purchasers of the Bonds should obtain and review such information.

Federal Energy Legislation/Regulation

Numerous bills have been under consideration in Congress addressing United States energy policies and various environmental matters, including those related to energy supplies, global warming and water quality. Many of these bills, if enacted into law, could have a material impact on the Cooperative, MMWEC, and the Light Departments, and the electric utility industry generally. The Cooperative cannot predict at this time whether any additional legislation or rules will be enacted at the state or federal level that will affect the Cooperative's operations, the operation of the Berkshire Project or the operations of MMWEC or the Light Departments, and if such rules or laws are enacted, what the impact of such actions to the Cooperative might be in the future.

Environmental Issues

Electric utilities are subject to continuing environmental regulation. Federal, state and local standards and procedures which regulate the environmental impact of electric utilities are subject to change. These changes may arise from continuing legislative, regulatory and judicial action regarding such standards and procedures. Consequently, there is no assurance that the Berkshire Project or any MMWEC or Light Department facility or project will remain subject to the laws and regulations currently in effect, will always be in compliance with future laws and regulations, or will always be able to obtain all required operating permits. An inability to comply with environmental standards could result in additional capital expenditures, reduced operating levels or the shutdown of individual units not in compliance. In addition, increased environmental laws and regulations may create certain barriers to new facility development, may require modification of existing facilities and may result in additional costs for affected resources.

Massachusetts Climate Change Initiatives

The Massachusetts Department of Energy Resources ("DOER") has adopted renewable portfolio standard ("RPS") regulations requiring retail electricity suppliers in Massachusetts to utilize power generated by new renewable energy facilities for a certain percentage of their power supply. The Green Communities Act, enacted in 2008, established the rate of increase in the RPS at 1% per year, and established a goal of meeting at least 20% of the state's electrical load through new, renewable and alternative energy generation by 2020. Currently, the RPS is 12% of sales for 2017.

Currently, the RPS regulations do not apply to the sale of electricity by the Cooperative to MMWEC and MMWEC to the Light Departments, or to the sale of electricity by the Light Departments to retail customers.

The Global Warming Solutions Act, enacted in 2008, requires that the Commonwealth adopt greenhouse gas emission reduction goals for Massachusetts that will achieve reductions of between 10% and 25% below statewide 1990 greenhouse gas emission levels by 2020, and 80% below 1990 greenhouse gas emission levels by 2050. The Act requires electronic GHG reporting for both fossil-fuel fired generators and “Suppliers of Electricity,” which include municipal light departments. MMWEC has successfully assisted its members in completing and filing their respective electronic reports with the Massachusetts Department of Environmental Protection. The current costs to MMWEC and the Light Departments for compliance with these new GHG reporting regulations are minimal, but MMWEC cannot yet determine the impact of any future reduction of GHG emissions required by the Act. Currently, it is expected that any new facility constructed will be subject to GHG emissions reductions over the life of the facility and a date certain for retirement of the facility. The Cooperative is unable to predict at this time the full impact that this Act will have on the Cooperative’s operations and finances or the electric utility industry generally.

On August 11, 2017, the Massachusetts Executive Office of Environmental Affairs and the Massachusetts Department of Environmental Protection published two regulations to reduce CO2 emissions from power plants in Massachusetts. 310 CMR: 7.75: Clean Energy Standard (CES) requires utilities and competitive suppliers of electricity to procure increasing amounts of clean energy in a similar manner to the Massachusetts Renewable Portfolio Standard (RPS). 310 CMR 7.74: Reducing CO2 Emissions from Electricity Generating Facilities sets annually-declining emission limits for 21 in-state fossil fuel-powered power plants to ensure that emissions reductions associated with clean energy programs occur in Massachusetts.

310 CMR 7.74 does not impact the Berkshire Project as the regulations do not apply to wind generation.

While 310 CMR 7.75 does not directly impact the Cooperative, MMWEC or the Light Departments, implementation of these regulations may result in indirect future impact. The Cooperative cannot predict such potential future impact on the Cooperative’s operations or the electric utility industry generally.

Massachusetts Law

Massachusetts Environmental Policy Act

The Massachusetts Environmental Policy Act (“MEPA”) establishes jurisdiction over projects or activities undertaken by agencies and authorities of the Commonwealth involving financial assistance provided by an agency of the Commonwealth, or requiring a permit, license, certificate, variance, approval or other entitlement for use granted by an agency of the Commonwealth. Any entity undertaking projects or activities for which MEPA review is required must assess the environmental impact of its projects or activities and possible mitigation measures. In certain instances, the review under MEPA may require the preparation and distribution of an environmental impact report for public comment and approval by the Massachusetts Secretary of Energy and Environmental Affairs. The Cooperative has complied

with MEPA with respect to the Berkshire Project. See “THE BERKSHIRE PROJECT – Licensing and Permitting” herein.

Chapter 21E Massachusetts Oil and Hazardous Material Release Prevention Act

Under Massachusetts General Laws Chapter 21E, the Oil and Hazardous Material Release Prevention Act, owners and operators of property, including MMWEC and the Light Departments, are liable without fault for damages and clean-up costs incurred by the Commonwealth and others in the event of a release or threat of a release of oil or hazardous material from or at their properties. In certain circumstances, amounts owing to the Commonwealth may be trebled. The statute also provides for significant civil and criminal penalties in the event of a violation of the statutory provisions. However, property and revenues of MMWEC and the Light Departments are exempt from the lien in favor of the Commonwealth which may be created on the property of other owners.

LITIGATION

No litigation is pending or, to the knowledge of the Cooperative, threatened in any court to restrain or enjoin the issuance or delivery of any of the Series 2 Bonds or the collection of Revenues pledged to pay the Series 2 Bonds, or in any way contesting or affecting the validity of the Series 2 Bonds or the Resolution or the power of the Cooperative to fix and charge rates and collect and pledge Revenues to pay the Series 2 Bonds, or contesting the power or authority of the Cooperative to issue the Series 2 Bonds or adopt the Resolution, or questioning the corporate existence of the Cooperative or the title of the officers of the Cooperative to their respective offices.

No litigation is pending or, to the knowledge of MMWEC, threatened in any court to restrain or enjoin the collection of Revenues pledged to pay the Series 2 Bonds, or in any way contesting or affecting the validity of the Power Sales Contract, or the power of MMWEC to fix and charge rates and collect and pledge revenues to pay the monthly operating costs under the Power Sales Contract, or questioning the corporate existence of MMWEC or the title of the officers of MMWEC to their respective offices.

No litigation is pending or, to the knowledge of each Light Department, respectively, threatened in any court to restrain or enjoin the collection of Revenues pledged to pay the Series 2 Bonds, or in any way contesting or affecting the validity of their PPA, or the power of the Light Department to fix and charge rates and collect and pledge revenues to pay the monthly operating costs under their respective PPA, or questioning the corporate existence of the Light Department or the title of the officers of the Light Department to their respective offices.

VERIFICATION OF MATHEMATICAL COMPUTATIONS

Robert Thomas, CPA, LLC, a firm of independent public accountants, will deliver to the Cooperative on or before the settlement date of the Series 2 Bonds, its attestation report indicating that it has examined, in accordance with standards established by the American Institute of Certified Public Accountants, the information provided by the Cooperative and its representatives. Included in the scope of its examination will be a verification of the mathematical accuracy of (i) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the investment securities deposited pursuant to the Escrow Deposit Agreement (a) to pay, when due, (i) the redemption price of the Refunded Bonds to be redeemed on January 1, 2020, (ii) interest on the Refunded Bonds on and prior to January 1, 2020, and (b)

the mathematical computations supporting the conclusion of Bond Counsel that the interest on the Series 2 Bonds is excluded from gross income under the Code.

The examinations performed by Robert Thomas, CPA, LLC will be solely based upon data, information, and documents provided to Robert Thomas, CPA, LLC by the Cooperative and its representatives. The Robert Thomas, CPA, LLC report of its examination will state that Robert Thomas, CPA, LLC has no obligation to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

CONTINUING DISCLOSURE UNDERTAKINGS

Pursuant to a Continuing Disclosure Undertaking to be executed by the Cooperative simultaneously with the issuance of the Series 2 Bonds, the Cooperative will covenant for the benefit of the holders and beneficial owners of the Series 2 Bonds to provide certain financial information and operating data relating to the Cooperative and the Light Departments by not later than nine months following the end of each of the Cooperative's fiscal years, commencing with the report for the fiscal year ending December 31, 2017 (the "Annual Information"), and to provide notices of the occurrence of certain enumerated events with respect to the Series 2 Bonds. The Annual Information and notices of such events will be filed by or on behalf of the Cooperative with the Electronic Municipal Market Access System (EMMA) of the Municipal Securities Rulemaking Board (the "MSRB"). The specific nature of the information to be contained in the Annual Information or the notices of events is set forth in the description of the Continuing Disclosure Undertaking attached hereto as APPENDIX E. The Continuing Disclosure Undertaking will require the Cooperative to provide such financial information and operating data with respect to the Light Departments.

As provided in the Continuing Disclosure Undertakings, if the Cooperative shall fail to comply with any provision of the Continuing Disclosure Undertaking, then any beneficial owner of the Series 2 Bonds may enforce, for the equal benefit and protection of all beneficial owners similarly situated, by mandamus or other suit or proceeding at law or in equity, the Continuing Disclosure Undertaking against the Cooperative and any of its officers, agents and employees, and may compel the Cooperative or any of its officers, agents or employees to perform and carry out their duties under the Continuing Disclosure Undertakings; *provided* that the sole and exclusive remedy for breach of the Continuing Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Cooperative thereunder and no person or entity shall be entitled to recover monetary damages thereunder under any circumstances, and, *provided, further*, that any challenge to the adequacy of any information provided pursuant to the Continuing Disclosure Undertakings shall be brought only by the beneficial owners of 25 percent in aggregate principal amount of the Series 2 Bonds at the time outstanding which are affected thereby. Failure to comply with any provision of the Continuing Disclosure Undertaking shall not constitute a default under the Resolution nor give right to any person to exercise any of the remedies under the Resolution. **IF ANY PERSON SEEKS TO CAUSE THE COOPERATIVE TO COMPLY WITH ITS OBLIGATIONS UNDER THE CONTINUING DISCLOSURE UNDERTAKING, IT IS THE RESPONSIBILITY OF SUCH PERSON TO DEMONSTRATE THAT IT IS A BENEFICIAL OWNER WITHIN THE MEANING OF THE CONTINUING DISCLOSURE UNDERTAKING.**

To its knowledge, in the last five years, the Cooperative has not failed to comply in any material respect with its undertakings pursuant to a continuing disclosure agreement executed by the Cooperative in connection with the sale of any other bonds except the Cooperative discovered in 2015 that it inadvertently did not file on EMMA its 2013 audited financial

statements and certain financial and operating data. The Cooperative filed such financial statements and such financial and operating data and on January 12, 2015, the Cooperative filed a notice on EMMA of its failure to file such financial statements and such financial and operating data. In addition, the Cooperative recently discovered that it inadvertently did not file on EMMA notices of ratings upgrades on the Series 1 Bonds by the rating agencies in November of 2014. On December 5, 2017, the Cooperative filed a notice on EMMA of its failure to file such notices, and on December 7, 2017 the Cooperative filed such notices.

TAX MATTERS

Federal Income Taxes

General. The Internal Revenue Code of 1986, as amended (the “Code”), imposes certain requirements which must be met subsequent to the issuance of the Series 2 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause interest on the Series 2 Bonds to be included in gross income for federal tax purposes retroactive to the date of issuance of the Series 2 Bonds. Pursuant to the Supplemental Resolution with respect to the Series 2 Bonds and the Tax Certificate executed in connection with the delivery of the Series 2 Bonds (the “Tax Certificate”), the Cooperative has covenanted to comply with the applicable requirements of the Code in order to maintain the exclusion of the interest on the Series 2 Bonds from gross income for federal income tax purposes pursuant to Section 103 of the Code. In addition, the Cooperative has made certain representations and certifications in the Supplemental Resolution and the Tax Certificate. Bond Counsel will not independently verify the accuracy of those representations and certifications.

In the opinion of Nixon Peabody LLP, Bond Counsel, under existing law and assuming compliance with the aforementioned covenant, and the accuracy of certain representations and certifications made by the Cooperative described above, interest on the Series 2 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. Bond Counsel is also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations. Interest on the Series 2 Bonds is, however, included in the adjusted current earnings of certain corporations for purposes of computing the alternative minimum tax imposed on such corporations.

Original Issue Premium. Certain maturities of the Series 2 Bonds (each a “Premium Bond”, and collectively, the “Premium Bonds”) are being offered at prices in excess of their principal amounts. An initial purchaser with an initial adjusted basis in a Premium Bond in excess of its principal amount will have amortizable bond premium which is not deductible from gross income for federal income tax purposes. The amount of amortizable bond premium for a taxable year is determined actuarially on a constant interest rate basis over the term of each Premium Bond based on the purchaser’s yield to maturity (or, in the case of Premium Bonds callable prior to their maturity, over the period to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). For purposes of determining gain or loss on the sale or other disposition of a Premium Bond, an initial purchaser who acquires such obligation with an amortizable bond premium is required to decrease such purchaser’s adjusted basis in such Premium Bond annually by the amount of amortizable bond premium for the taxable year. The amortization of bond premium may be taken into account as a reduction in the amount of tax-exempt income for purposes of determining various other tax consequences of owning such Premium Bonds. Owners of Premium Bonds are advised that they should consult with their own tax advisors with respect to the state and local tax consequences of owning such Premium Bonds.

Ancillary Tax Matters. Ownership of the Series 2 Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, individuals receiving Social Security or Railroad Retirement benefits, individuals seeking to claim the earned income credit, and taxpayers (including banks, thrift institutions and other financial institutions) who may be deemed to have incurred or continued indebtedness to purchase or carry the Series 2 Bonds. Prospective investors are advised to consult their own tax advisors regarding these rules.

Interest paid on tax-exempt obligations such as the Series 2 Bonds is subject to information reporting to the Internal Revenue Service (the “IRS”) in a manner similar to interest paid on taxable obligations. In addition, interest on the Series 2 Bonds may be subject to backup withholding if such interest is paid to a registered owner that (a) fails to provide certain identifying information (such as the registered owner’s taxpayer identification number) in the manner required by the IRS, or (b) has been identified by the IRS as being subject to backup withholding.

Bond Counsel is not rendering any opinion as to any federal tax matters other than those described in the opinion attached as APPENDIX D hereto. Prospective investors, particularly those who may be subject to special rules described above, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Series 2 Bonds, as well as any tax consequences arising under the laws of any state or other taxing jurisdiction.

State Income Taxes

Bond Counsel is also of the opinion that under existing law, interest on the Series 2 Bonds and any profit from the sale thereof are exempt from Massachusetts personal income taxes. Bond Counsel expresses no opinion as to other state or local tax consequences arising with respect to the Series 2 Bonds nor as to the taxability of the Series 2 Bonds or the income therefrom under the laws of any state other than Massachusetts.

Changes in Law and Post Issuance Events

Legislative or administrative actions and court decisions, at either the federal or state level, could have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Series 2 Bonds for federal or state income tax purposes, and thus on the value or marketability of the Series 2 Bonds. This could result from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax), repeal of the exclusion of the interest on the Series 2 Bonds from gross income for federal or state income tax purposes, or otherwise. In this regard, there have been various proposals in recent years that would limit the extent of the exclusion from gross income of interest on obligations of states and political subdivisions under Section 103 of the Code for taxpayers whose income exceeds certain thresholds. In addition, there is legislation currently pending in the U.S. Congress which, if enacted, would significantly change the individual and corporate income tax rates and eliminate the alternative minimum tax for corporations effective for tax years beginning after 2017. It is not possible to predict whether any legislative or administrative actions or court decisions will occur or have an adverse impact on the federal or state income tax treatment of holders of the Series 2 Bonds. Prospective purchasers of the Series 2 Bonds should consult their own tax advisors regarding the impact of any change in law or proposed change in law on the Series 2 Bonds.

Bond Counsel has not undertaken to advise in the future whether any events after the date of issuance and delivery of the Series 2 Bonds may affect the tax status of interest on the Series 2 Bonds. Bond Counsel expresses no opinion as to any federal, state or local tax law consequences with respect to the Series 2 Bonds, or the interest thereon, if any action is taken with respect to the Series 2 Bonds or the proceeds thereof upon the advice or approval of other counsel or otherwise.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Series 2 Bonds and certain other legal matters are subject to the approving opinions of Bond Counsel. The form of approving opinion that Bond Counsel proposes to render with respect to the Series 2 Bonds is attached hereto as APPENDIX D. Certain legal matters will be passed upon for the Underwriters by Norton Rose Fulbright US LLP, counsel to the Underwriters. Certain legal matters will be passed upon for the Cooperative and MMWEC by Nicholas J. Scobbo, Jr., Esq., as representative of Ferriter Scobbo & Rodophele, PC, Boston, Massachusetts, Counsel to the Cooperative and MMWEC. Counsel to the Light Departments have not been requested to render, and have not rendered, opinions as to the legal, valid, binding and enforceable nature of the PPAs.

UNDERWRITING

The Underwriters for the Series 2 Bonds listed on the cover page of this Official Statement, for which Piper Jaffray & Co. is acting as Representative, have agreed, jointly and severally, subject to certain conditions, to purchase the Series 2 Bonds from the Cooperative at an Underwriters' discount of \$162,846.61 plus original issue premium of \$7,221,486.45. The Underwriters' obligations are subject to certain conditions precedent and the Underwriters will be obligated to purchase all the Series 2 Bonds if any Bonds are purchased.

The Underwriters have provided the following information to the Cooperative for inclusion in this Official Statement. The Underwriters and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Underwriters and their respective affiliates have provided, and may in the future provide, a variety of these services to the Cooperative and to persons and entities with relationships with the Cooperative, for which they received or will receive customary fees and expenses.

Piper Jaffray & Co., an Underwriter of the Series 2 Bonds, has entered into a distribution agreement ("Distribution Agreement") with Charles Schwab & Co., Inc. ("CS&Co") for the retail distribution of certain securities offerings, including the Series 2 Bonds, at the original issue prices. Pursuant to the Distribution Agreement, CS&Co. will purchase Series 2 Bonds from Piper Jaffray & Co. at the original issue price less a negotiated portion of the selling concession applicable to any Series 2 Bonds that CS&Co. sells.

Morgan Stanley & Co. LLC., an Underwriter of the Series 2 Bonds, has entered into a retail distribution arrangement with its affiliate Morgan Stanley Smith Barney LLC. As part of the distribution arrangement, Morgan Stanley & Co. LLC may distribute municipal securities to retail investors through the financial advisor network of Morgan Stanley Smith Barney LLC. As part of this arrangement, Morgan Stanley & Co. LLC may compensate Morgan Stanley Smith Barney LLC for its selling efforts with respect to the Series 2 Bonds.

In the ordinary course of their various business activities, the Underwriters and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Cooperative (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Cooperative. The Underwriters and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the Cooperative.

The Series 2 Bonds may be offered and sold to certain dealers (including the Underwriters and other dealers depositing Bonds into investment trusts) at prices lower than such public offering prices. The public offering prices may be changed from time to time by the Underwriters.

FINANCIAL ADVISOR

PFM Financial Advisors, LLC, (the “Financial Advisor”) has assisted the Cooperative and MMWEC with various matters relating to the planning, structuring and delivery of the Series 2 Bonds. The Financial Advisor is a financial advisory firm and is not engaged in the business of underwriting or distributing municipal securities or any other public securities. The Financial Advisor assumes no responsibility for the accuracy, completeness or fairness of this Official Statement.

RATINGS

The Series 2 Bonds have been rated “A-” and “A+” by S&P Global Ratings (“S&P”) and Fitch Ratings (“Fitch”), respectively.

Such ratings reflect only the view of such organizations, and an explanation of the significance of such rating may be obtained only from the respective rating agency. There is no assurance that such ratings will be maintained for any given period of time or that they will not be revised downward or be withdrawn entirely by the respective rating agency if, in its judgment, circumstances so warrant. Any such downward revision or withdrawal of such ratings may have an adverse effect on the market price of the Series 2 Bonds.

MISCELLANEOUS

The references herein, and in the appendices hereto, to the Resolution, the Cooperative Statute, the MMWEC Act, and certain other statutes, resolutions, and contracts are brief outlines of certain provisions thereof. Such outlines do not purport to be complete and reference is made to such documents, laws, licenses, and contracts for full and complete statements of such provisions. Copies of such documents are on file at the offices of the Cooperative and with the Trustee.

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APPENDIX A

THE LIGHT DEPARTMENTS

The information presented in this Appendix on pages A-2 through A-29 includes a system profile for the Light Departments that includes sections relating to general information and selected statistics, financial summaries (including a Summary of Operating Results and Condensed Statement of Financial Position) and other information relating to energy requirements.

Pages A-30 and A-31 contain footnotes for the Summaries of Operating Results and Condensed Statements of Financial Position and are an integral part of the financial data presented. Footnote (1) includes a description of the sources of the data and the methodology used to arrive at the condensed financial summaries.

Page A-32 contains selected monthly electric charges for the Light Departments and the investor-owned utilities in Massachusetts for residential, commercial and industrial service for June 2017 at various levels of kWh usage.

ASHBURNHAM MUNICIPAL LIGHT PLANT

Town Profile

The Town of Ashburnham is located in northern Worcester County, adjacent to the border between Massachusetts and New Hampshire. It is approximately 31 miles north of Worcester and 55 miles northwest of Boston. It has a total area of 41 square miles, which includes 20 lakes. In 2016, Ashburnham had an estimated population of 6,227. On summer weekends, the population nearly doubles due to the influx of vacationers and part-time residents attracted by the numerous lakes. Ashburnham is the home of Cushing Academy, a private preparatory school. The closest principal highway is Massachusetts Route 2, which runs across northern Massachusetts. The Springfield Terminal Railway line provides access to the network of intermodal facilities serving central and eastern Massachusetts.

Electric Department Operations

The Ashburnham Municipal Light Plant (“Light Plant”) has a three-member governing body, the members of which are elected to three-year staggered terms. In 2016, the Light Plant served 3,032 customers. The customer base is relatively diversified, with only one customer accounting for more than 10% of its total energy sales of 33,912,612 kWh in 2016. Overall, revenues were derived primarily from residential customers (approximately 65%). Commercial and industrial customers accounted for approximately 33% of revenues and other customers accounted for less than 2% of revenues. In 2016, the Light Plant’s peak demand of 6,619 kW occurred in February.

ASHBURNHAM MUNICIPAL LIGHT PLANT
ESTABLISHED 1908
SUMMARY OF OPERATING RESULTS(1)
(Unaudited)

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Revenues						
Residential	✓	\$2,871,846	\$3,129,448	\$3,089,673	\$3,128,832	\$2,967,632
Commercial and Industrial	✓	1,393,306	\$1,574,697	\$1,528,421	\$1,616,353	\$1,528,536
Municipal	✓	34,103	\$35,558	\$31,244	\$30,006	\$26,578
Other	✓	53,124	\$57,485	\$54,861	\$61,846	\$64,510
Sales for Resale		0	0	0	0	0
Total Operating Revenues	(2)	<u>4,352,379</u>	<u>4,797,188</u>	<u>4,704,199</u>	<u>4,837,037</u>	<u>4,587,256</u>
Operating Expenses:						
Production	✓ (3)	0	0	0	0	0
Purchased Power						
MMWEC Certified Projects	✓ (4)	967,880	989,584	1,009,097	1,013,589	920,020
MMWEC Other	✓ (5)	587,892	610,112	629,776	756,444	600,765
All Others	✓ (6)	1,361,179	1,664,996	1,486,238	1,434,696	1,503,634
Total Power Supply Expenses		<u>2,916,951</u>	<u>3,264,692</u>	<u>3,125,111</u>	<u>3,204,729</u>	<u>3,024,419</u>
All Other Operating Expenses	✓ (7)	1,026,035	1,138,388	1,349,545	1,232,923	1,383,721
Total Operating Expenses		<u>3,942,986</u>	<u>4,403,080</u>	<u>4,474,656</u>	<u>4,437,652</u>	<u>4,408,140</u>
Net Operating Revenues		<u>409,393</u>	<u>394,108</u>	<u>229,543</u>	<u>399,385</u>	<u>179,116</u>
Other Income	✓ (8)	134,474	35,603	97,099	150,328	162,500
Revenues Available for Debt Service and Other Purposes		<u>543,867</u>	<u>429,711</u>	<u>326,642</u>	<u>549,713</u>	<u>341,616</u>
Debt Service:						
Revenue Bonds	✓ (9)	0	0	0	0	0
General Obligation Bonds	✓ (10)	0	0	0	0	0
Total Debt Service		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance Available for Other Lawful Purposes	✓ (11)	<u>\$543,867</u>	<u>\$429,711</u>	<u>\$326,642</u>	<u>\$549,713</u>	<u>\$341,616</u>

CONDENSED STATEMENT OF FINANCIAL POSITION (1)
(Unaudited)

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
ASSETS:						
Net Utility Plant		\$4,880,646	\$5,179,608	\$5,543,174	\$5,535,506	\$5,666,578
Cash and Special Deposits	✓ (12)	4,084,835	3,853,459	3,491,664	3,659,527	4,070,182
Other Current and Accrued Assets		1,396,961	1,474,333	1,340,616	1,467,261	1,493,246
Deferred Debits		55,065	55,065	-	115,492	295,284
Other Investments	✓ (13)	0	0	0	0	0
Total Assets		<u>\$10,417,507</u>	<u>\$10,562,465</u>	<u>\$10,375,454</u>	<u>\$10,777,786</u>	<u>\$11,525,290</u>
LIABILITIES and SURPLUS:						
Surplus		\$7,057,006	\$7,275,094	\$7,246,795	\$5,850,520	\$5,815,737
Long Term Debt	✓ (14)	0	0	0	0	0
Current and Accrued Liabilities		735,906	564,252	522,064	466,566	503,611
Deferred Credits		869,478	864,084	996,716	1,050,045	1,496,231
Reserves		1,755,117	1,859,035	1,609,879	3,410,655	3,709,711
Total Liabilities and Surplus		<u>\$10,417,507</u>	<u>\$10,562,465</u>	<u>\$10,375,454</u>	<u>\$10,777,786</u>	<u>\$11,525,290</u>

OTHER INFORMATION

Requirements:						
Peak Demand-kW	✓	6,754	7,392	7,308	7,022	6,619
Energy-kWh(000)	✓	34,990	36,255	35,957	34,817	35,563
Energy Sales by Class kWh(000):						
Residential		20,496	21,031	21,414	21,343	21,084
Commercial and Industrial		12,070	12,527	12,386	12,490	12,455
Municipal		376	375	452	390	373
Other		0	0	0	0	0
Sales for Resale		0	0	0	0	0
		<u>32,942</u>	<u>33,933</u>	<u>34,252</u>	<u>34,223</u>	<u>33,912</u>

BOYLSTON MUNICIPAL LIGHT DEPARTMENT

Town Profile

The Town of Boylston is located in central Massachusetts, approximately 7 miles northeast of Worcester and 38 miles west of Boston. The area has three major cross-state highways, Massachusetts Route 9, U.S. Route 20, and the Massachusetts Turnpike. Interstate Route 495 is to the east. Boylston is a small, primarily residential community. In 2016, it had an estimated population of 4,569. A portion of the Wachusett Reservoir, which provides water for Boston, is located in Boylston. It covers approximately 4,800 acres in the town, which has a total area of approximately 19.7 square miles. Passenger rail and air service is available in Worcester.

Electric Department Operations

The Boylston Municipal Light Department (“Light Department”) has a three-member governing body, the members of which are elected to three-year staggered terms. In 2016, the Light Department served 2,212 customers. The customer base is diversified, with no single customer accounting for more than 10% of its total energy sales of 30,327,683 kWh in 2016. Light Department revenues in 2016 were derived primarily from residential customers (approximately 64%). Commercial and industrial customers accounted for approximately 27% of revenues and other customers accounted for approximately 9% of revenues. In 2016, the Light Department’s peak demand of 6,945 kW occurred in August.

During 2016, the Light Department enlisted MMWEC to perform a financial review and a cost of service study. This resulted in a rate redesign that was adopted later in the year. It is expected the redesigned rates will remedy the recent deficits in the Balance Available for Other Lawful Purposes.

**BOYLSTON MUNICIPAL LIGHT DEPARTMENT
ESTABLISHED 1912
SUMMARY OF OPERATING RESULTS(1)
(Unaudited)**

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Revenues						
Residential		\$2,188,060	\$2,276,697	\$2,473,495	\$2,393,441	\$2,353,662
Commercial and Industrial		1,063,114	959,232	1,007,994	1,017,335	1,004,237
Municipal		241,046	318,070	327,764	324,569	297,367
Other		24,193	20,926	20,409	23,165	23,841
Sales for Resale		0	0	0	0	0
Total Operating Revenues	(2)	<u>3,516,413</u>	<u>3,574,925</u>	<u>3,829,662</u>	<u>3,758,510</u>	<u>3,679,107</u>
Operating Expenses:						
Production	(3)	0	0	0	0	0
Purchased Power						
MMWEC Certified Projects	(4)	1,080,995	1,118,632	1,137,838	1,122,395	1,020,870
MMWEC Other	(5)	483,324	46,790	681,022	0	567,923
All Others	(6)	766,996	1,216,252	765,641	1,411,208	733,510
Total Power Supply Expense		<u>2,331,315</u>	<u>2,381,674</u>	<u>2,584,501</u>	<u>2,533,603</u>	<u>2,322,304</u>
All Other Operating Expenses	(7)	1,162,822	1,216,144	1,423,041	1,308,280	1,389,661
Total Operating Expenses		<u>3,494,137</u>	<u>3,597,818</u>	<u>4,007,542</u>	<u>3,841,883</u>	<u>3,711,965</u>
Net Operating Revenues		22,276	(22,893)	(177,880)	(83,373)	(32,858)
Other Income	(8)	156,328	169,539	163,774	159,139	137,001
Revenues Available for Debt Service and Other Purposes		<u>178,604</u>	<u>146,646</u>	<u>(14,106)</u>	<u>75,766</u>	<u>104,143</u>
Debt Service						
Revenue Bonds	(9)	0	0	0	0	0
General Obligation Bonds	(10)	0	12,175	159,439	156,781	154,036
Total Debt Service		<u>0</u>	<u>12,175</u>	<u>159,439</u>	<u>156,781</u>	<u>154,036</u>
Balance Available for Other Lawful Purposes	(11)	<u>\$178,604</u>	<u>\$134,471</u>	<u>(\$173,545)</u>	<u>(\$81,015)</u>	<u>(\$49,893)</u>

**CONDENSED STATEMENT OF FINANCIAL POSITION (1)
(Unaudited)**

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
ASSETS						
Net Utility Plant		\$833,555	\$3,138,766	\$2,974,801	\$2,827,827	\$2,659,154
Cash and Special Deposits	(12)	3,656,920	3,124,002	3,116,222	2,944,041	2,943,411
Other Current and Accrued Assets		655,923	589,303	680,497	633,971	730,394
Deferred Debits		83,232	75,773	-	65,274	160,217
Other Investments	(13)	0	0	0	0	0
Total Assets		<u>\$5,229,630</u>	<u>\$6,927,844</u>	<u>\$6,771,520</u>	<u>\$6,471,113</u>	<u>\$6,493,176</u>
LIABILITIES and SURPLUS:						
Surplus		\$3,068,902	\$3,100,318	\$2,836,564	\$1,798,055	\$1,677,620
Long Term Debt	(14)	0	1,800,000	1,680,000	1,560,000	1,440,000
Current and Accrued Liabilities		531,794	589,370	616,459	576,262	503,015
Deferred Credits		0	38,051	168,779	95,828	327,272
Reserve:		1,628,934	1,400,105	1,469,718	2,440,968	2,545,269
Total Liabilities and Surplus		<u>\$5,229,630</u>	<u>\$6,927,844</u>	<u>\$6,771,520</u>	<u>\$6,471,113</u>	<u>\$6,493,176</u>

OTHER INFORMATION

Requirements:						
Peak Demand-kW		7,217	7,530	6,502	6,814	6,945
Energy-kWh (000)		31,790	32,125	31,937	32,420	32,284
Energy Sales by Class kWh (000):						
Residential		18,769	19,659	19,248	19,882	19,720
Commercial and Industrial		9,191	8,354	8,018	8,423	8,340
Municipal		1,717	2,266	2,172	2,190	2,093
Other		159	179	174	181	175
Sales for Resale		0	0	0	0	0
		<u>29,836</u>	<u>30,458</u>	<u>29,612</u>	<u>30,676</u>	<u>30,328</u>

GROTON ELECTRIC LIGHT DEPARTMENT

Town Profile

The Town of Groton is located in northeastern Massachusetts, 31 miles northwest of Boston, and approximately 30 miles northeast of Worcester. The closest principal highway is Massachusetts Route 2, which runs across the northern part of the state. Massachusetts Route 140 and Interstate Route 190 connect the region to Worcester. In 2016, Groton had an estimated population of 11,297. It is the home of two well-known private preparatory schools, Lawrence Academy and Groton School. The total land area is approximately 33.7 square miles, with numerous acres within the town protected as conservation and open space land. Commuter rail service to Boston is available in Ayer, just south of Groton. The Springfield Terminal Railway line parallels Route 2 and provides access to the network of intermodal facilities serving central and eastern Massachusetts.

Electric Department Operations

The Groton Electric Light Department (“Light Department”) has a three-member governing body, the members of which are elected to three-year staggered terms. The Light Department’s service territory includes parts of the towns of Ayer, Littleton, Westford and Pepperell. In 2016, the Light Department served 4,722 customers in its service territory. The customer base is diversified, with no single customer accounting for more than 10% of its total energy sales of 71,171,517 kWh in 2016. Light Department revenues in 2016 were derived primarily from residential customers (approximately 56%). Commercial and industrial customers accounted for approximately 33% of revenues and other customers accounted for approximately 11% of revenues. In 2016, the Light Department’s peak demand of 17,561 kW occurred in August.

**GROTON ELECTRIC LIGHT DEPARTMENT
ESTABLISHED 1909
SUMMARY OF OPERATING RESULTS(1)
(Unaudited)**

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Revenues						
Residential		\$5,177,360	\$5,327,602	\$5,450,556	\$5,495,822	\$5,426,473
Commercial and Industrial		3,185,772	3,208,342	3,245,729	3,244,643	3,225,938
Municipal		686,940	571,664	596,602	593,107	567,197
Other		417,231	507,706	438,938	426,887	446,648
Sales for Resale		0	0	0	0	0
Total Operating Revenues	(2)	<u>9,467,303</u>	<u>9,615,314</u>	<u>9,731,825</u>	<u>9,760,459</u>	<u>9,666,256</u>
Operating Expenses:						
Production	(3)	0	0	0	0	0
Purchased Power						
MMWEC Certified Projects	(4)	1,515,849	1,558,925	1,537,032	1,511,704	1,444,791
MMWEC Other	(5)	1,809,915	1,536,588	1,633,028	0	1,447,570
All Others	(6)	1,805,102	2,522,265	2,248,888	3,927,108	2,061,139
Total Power Supply Expense:		<u>5,130,866</u>	<u>5,617,778</u>	<u>5,418,948</u>	<u>5,438,812</u>	<u>4,953,500</u>
All Other Operating Expenses	(7)	3,568,731	3,723,961	3,826,877	4,012,153	3,902,852
Total Operating Expenses		<u>8,699,597</u>	<u>9,341,739</u>	<u>9,245,825</u>	<u>9,450,965</u>	<u>8,856,352</u>
Net Operating Revenues		<u>767,706</u>	<u>273,575</u>	<u>486,000</u>	<u>309,494</u>	<u>809,904</u>
Other Income	(8)	85,585	116,073	28,336	93,071	111,744
Revenues Available for Debt Service and Other Purposes		<u>853,291</u>	<u>389,648</u>	<u>514,336</u>	<u>402,565</u>	<u>921,648</u>
Debt Service						
Revenue Bonds	(9)	0	0	0	0	0
General Obligation Bonds	(10)	50,720	48,835	64,820	104,557	187,401
Total Debt Service		<u>50,720</u>	<u>48,835</u>	<u>64,820</u>	<u>104,557</u>	<u>187,401</u>
Balance Available for Other Lawful Purposes	(11)	<u>\$802,571</u>	<u>\$340,813</u>	<u>\$449,516</u>	<u>\$298,008</u>	<u>\$734,247</u>

**CONDENSED STATEMENT OF FINANCIAL POSITION (1)
(Unaudited)**

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
ASSETS						
Net Utility Plant		\$5,210,341	\$7,097,128	\$7,399,998	\$12,463,001	\$12,695,689
Cash and Special Deposits	(12)	5,120,587	4,826,964	3,996,463	2,642,006	2,687,204
Other Current and Accrued Assets		3,304,974	3,554,278	6,501,163	2,612,757	2,569,914
Deferred Debits		116,180	116,180	-	156,454	322,083
Other Investments	(13)	0	0	0	2,248,888	0
Total Assets		<u>\$13,752,082</u>	<u>\$15,594,550</u>	<u>\$17,897,624</u>	<u>\$20,123,106</u>	<u>\$18,274,890</u>
LIABILITIES and SURPLUS:						
Surplus		\$9,897,639	\$11,604,271	\$11,711,915	\$8,496,580	\$8,889,331
Long Term Debt	(14)	223,160	182,580	2,147,560	2,029,280	1,822,860
Current and Accrued Liabilities		1,925,607	2,095,555	2,045,040	1,871,146	2,040,183
Deferred Credits		10,610	7,971	479,011	203,685	439,586
Reserve:		1,695,066	1,704,173	1,514,098	5,273,527	5,082,930
Total Liabilities and Surplus		<u>\$13,752,082</u>	<u>\$15,594,550</u>	<u>\$17,897,624</u>	<u>\$17,874,218</u>	<u>\$18,274,890</u>

OTHER INFORMATION

Requirements:						
Peak Demand-kW		17,439	18,078	16,305	17,961	17,561
Energy-kWh (000)		75,804	77,626	76,228	77,308	76,758
Energy Sales by Class kWh (000):						
Residential		43,450	44,555	43,961	44,360	44,084
Commercial and Industrial		22,810	22,947	22,317	22,427	22,252
Municipal		4,250	4,169	4,190	4,176	4,011
Other		795	821	806	827	825
Sales for Resale		0	0	0	0	0
		<u>71,305</u>	<u>72,492</u>	<u>71,274</u>	<u>71,790</u>	<u>71,172</u>

HOLDEN MUNICIPAL LIGHT DEPARTMENT

Town Profile

The Town of Holden is located in central Massachusetts, just north of Worcester, and about 46 miles west of Boston. Holden has a total area of about 36 square miles, a significant portion of which is protected open space, watershed and recreational land. The area has three major cross-state highways, Massachusetts Routes 9, U.S. Route 20, and the Massachusetts Turnpike. Interstate Route 495 lies to the east. Interstate Route 190 connects the Holden area to the Fitchburg-Leominster area, and Interstate Routes 84 and 395 connect to Connecticut and points south. As of 2016, Holden had an estimated population of 18,799. The Providence and Worcester Railroad provides freight rail service to Holden. Passenger air and rail service, including commuter rail service to Boston, is available in Worcester.

Electric Department Operations

The Holden Municipal Light Department (“Light Department”) is governed by the Town Board of Selectmen, comprised of five elected members. The Town also has a Municipal Electric Power Advisory Board comprised of seven members appointed by the Town Manager. In 2016, the Light Department served 7,944 customers. The customer base is diversified, with no single customer accounting for more than 10% of its total energy sales of 106,280,169 kWh in 2016. Light Department revenues in 2016 were derived primarily from residential customers (approximately 61%). Commercial and industrial customers accounted for approximately 35% of revenues and other customers accounted for approximately 5% of revenues. In 2016, the Light Department’s peak demand of 23,797 kW occurred in August.

Holden implemented a rate decrease effective January 1, 2016, which resulted in a 5% reduction in Operating Revenue. The Light Department enjoys a strong financial position and maintains a Standard & Poor’s “A” rating for the utility.

HOLDEN MUNICIPAL LIGHT DEPARTMENT ESTABLISHED 1912 SUMMARY OF OPERATING RESULTS (Unaudited)						
		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Revenues						
Residential		\$8,117,105	\$9,002,855	\$8,702,162	\$9,061,268	\$8,543,732
Commercial and Industrial		3,855,883	4,659,322	5,046,018	5,172,936	4,886,255
Municipal		457,171	427,490	422,972	449,256	370,923
Other		201,245	209,643	223,221	197,724	301,589
Sales for Resale		0	0	0	0	0
Total Operating Revenues	(2)	12,631,404	14,299,310	14,394,373	14,881,184	14,102,499
Operating Expenses:						
Production	(3)	0	0	0	0	0
Purchased Power						
MMWEC Certified Projects	(4)	4,551,499	4,682,837	4,594,248	4,504,210	4,317,718
MMWEC Other	(5)	1,442,119	1,430,019	1,967,292	2,311,820	1,822,074
All Others	(6)	3,459,234	4,288,500	4,366,324	4,087,047	4,391,692
Total Power Supply Expense		9,452,852	10,401,356	10,927,864	10,903,077	10,531,483
All Other Operating Expenses	(7)	1,960,403	2,200,710	2,361,831	2,641,097	2,895,352
Total Operating Expenses		11,413,255	12,602,066	13,289,695	13,544,174	13,426,835
Net Operating Revenues		1,218,149	1,697,244	1,104,678	1,337,010	675,664
Other Income	(8)	74,652	118,159	81,541	(42,990)	57,089
Revenues Available for Debt Service and Other Purposes		1,292,801	1,815,403	1,186,219	1,294,020	732,753
Debt Service						
Revenue Bonds	(9)	0	0	0	0	0
General Obligation Bonds	(10)	286,561	278,151	269,815	261,097	260,000
Total Debt Service		286,561	278,151	269,815	261,097	260,000
Balance Available for Other Lawful Purposes	(11)	\$1,006,240	\$1,537,252	\$916,404	\$1,032,923	\$472,753

CONDENSED STATEMENT OF FINANCIAL POSITION (1) (Unaudited)						
		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
ASSETS						
Net Utility Plant		\$7,960,889	\$9,752,012	\$9,827,548	\$9,561,761	\$9,457,516
Cash and Special Deposits	(12)	5,815,479	6,123,993	5,942,322	6,318,945	6,318,926
Other Current and Accrued Assets		2,381,079	2,315,715	2,345,073	2,271,643	2,736,400
Deferred Debits		0	0	0	296,217	792,714
Other Investments	(13)	0	0	0	0	0
Total Assets		\$16,157,447	\$18,191,720	\$18,114,943	\$18,448,566	\$19,305,556
LIABILITIES and SURPLUS:						
Surplus		\$10,421,691	\$13,179,311	\$13,451,718	\$10,032,415	\$9,821,641
Long Term Debt	(14)	520,000	260,000	-	(260,000)	(260,000)
Current and Accrued Liabilities	(15)	1,592,998	1,895,765	1,983,959	1,948,604	1,968,867
Deferred Credits		976,221	199,094	15,088	-	225,316
Reserve:		2,646,537	2,657,550	2,664,178	6,727,547	7,549,732
Total Liabilities and Surplus		\$16,157,447	\$18,191,720	\$18,114,943	\$18,448,566	\$19,305,556

OTHER INFORMATION						
Requirements:						
Peak Demand-kW		21,762	23,763	22,122	23,533	23,797
Energy-kWh (000)		104,743	109,866	111,966	114,373	113,103
Energy Sales by Class kWh (000):						
Residential		61,827	64,384	62,636	63,315	62,437
Commercial and Industrial		33,206	35,365	38,812	40,650	40,181
Municipal		3,775	3,819	3,555	3,659	3,662
Other		0	0	0	0	0
Sales for Resale		0	0	0	0	0
Total		98,808	103,568	105,003	107,624	106,280

HULL MUNICIPAL LIGHT PLANT

Town of Hull

The Town of Hull is located on Nantasket Peninsula, which juts into Massachusetts Bay. Hull is bordered by Hingham Bay to the west, Massachusetts Bay to the north and east, and by the towns of Cohasset and Hingham to the south. It is located almost twenty miles by land from Boston, although by water the distance is much less. The town has a total area of 28.2 square miles, of which only 3.0 square miles is land. It is the fourth smallest town by land area in Massachusetts. In 2015, Hull had an estimated population of 10,491. There are no major highways in Hull. However, due to its location in the Greater Boston Area, which has excellent rail, air, and highway facilities, there is direct access to the airport, port, and intermodal facilities of Boston. Commuter boat service to Boston is available in the town, and commuter bus and rail service is available in Hingham.

Electric Department Operations

The Hull Municipal Light Plant (“Light Plant”) has a five-member governing body, the members of which are elected to three-year staggered terms. In 2015, the Light Plant had total sales of 50,898,356 kWh, and served 6,204 customers. The Light Plant’s customer base is diversified, with no single customer accounting for more than 10% of its total energy sales in 2015. Light Plant revenues in 2015 were derived largely from residential customers (approximately 71%). Commercial and industrial customers accounted for approximately 18% of revenues and other customers accounted for approximately 11% of revenues. In 2015, the Light Plant’s peak demand of 13,333 kW occurred in July.

HULL MUNICIPAL LIGHT PLANT
ESTABLISHED 1894
SUMMARY OF OPERATING RESULTS (1)
(Unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014(1g)</u>	<u>2015</u>
Operating Revenues					
Residential	\$5,607,425	\$5,480,225	\$5,628,777	\$5,472,664	\$5,834,847
Commercial and Industrial	1,396,657	1,383,004	1,410,280	1,426,952	1,482,582
Municipal	629,788	635,444	593,332	654,423	610,767
Other	530,461	386,464	394,659	364,658	305,811
Sales for Resale	0	0	0	0	0
Total Operating Revenues (2)	<u>8,164,331</u>	<u>7,885,137</u>	<u>8,027,047</u>	<u>7,918,696</u>	<u>8,234,007</u>
Operating Expenses:					
Production	0	0	0	0	0
Purchased Power					
MMWEC Certified Projects	2,336,519	2,130,314	2,212,659	2,288,498	2,056,343
MMWEC Other	768,770	660,110	603,275	986,963	754,123
All Others	2,081,337	2,047,503	2,512,967	1,811,106	2,326,202
Total Power Supply Expenses	<u>5,186,626</u>	<u>4,837,927</u>	<u>5,328,901</u>	<u>5,086,567</u>	<u>5,136,668</u>
All Other Operating Expenses	1,518,096	1,665,969	1,724,751	1,768,823	2,100,063
Total Operating Expenses	<u>6,704,722</u>	<u>6,503,896</u>	<u>7,053,652</u>	<u>6,855,390</u>	<u>7,236,731</u>
Net Operating Revenues	1,459,609	1,381,241	973,395	1,063,306	997,276
Other Income	10,810	14,217	10,711	14,495	19,790
Revenues Available for Debt Service and Other Purposes	<u>1,470,419</u>	<u>1,395,458</u>	<u>984,106</u>	<u>1,077,800</u>	<u>1,017,066</u>
Debt Service					
Revenue Bonds	0	0	0	0	0
General Obligation Bonds	0	0	0	0	0
Total Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance Available for Other Lawful Purposes (11)	<u>\$1,470,419</u>	<u>\$1,395,458</u>	<u>\$984,106</u>	<u>\$1,077,800</u>	<u>\$1,017,066</u>

CONDENSED STATEMENT OF FINANCIAL POSITION (1)
(Unaudited)

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014(1g)</u>	<u>2015</u>
ASSETS					
Net Utility Plant	\$6,035,764	\$4,727,530	\$4,665,376	\$4,679,129	\$4,637,616
Cash and Special Deposits	1,597,448	2,274,573	2,689,087	2,872,262	3,173,268
Other Current and Accrued Assets	1,652,044	1,637,541	1,688,883	1,752,816	1,934,261
Deferred Debits	0	0	0	0	0
Other Investments	0	0	\$0	0	0
Total Assets	<u>\$9,285,256</u>	<u>\$8,639,644</u>	<u>\$9,043,346</u>	<u>\$9,304,207</u>	<u>\$9,745,145</u>
LIABILITIES and SURPLUS:					
Surplus	\$8,490,071	\$7,868,017	\$8,110,469	\$8,374,318	\$8,960,128
Long Term Debt	0	0	0	0	0
Current and Accrued Liabilities	795,185	771,627	932,877	929,889	785,017
Deferred Credits Reserve:	0	0	0	0	0
Reserve:	0	0	0	0.48	0.48
Total Liabilities and Surplus	<u>\$9,285,256</u>	<u>\$8,639,644</u>	<u>\$9,043,346</u>	<u>\$9,304,207</u>	<u>\$9,745,145</u>

OTHER INFORMATION

Requirements:					
Peak Demand-kW	15,047	14,104	15,424	13,683	13,333
Energy-kWh (000)	51,380	53,239	55,952	55,272	55,819
Energy Sales by Class kWh (000):					
Residential	37,031	36,123	37,180	36,072	36,826
Commercial and Industrial	9,776	9,632	9,799	9,910	9,861
Municipal	4,573	4,440	4,332	4,769	4,211
Other	0	0	0	0	0
Sales for Resale	0	0	0	0	0
Total	<u>51,380</u>	<u>50,195</u>	<u>51,311</u>	<u>50,750</u>	<u>50,898</u>

IPSWICH MUNICIPAL LIGHT DEPARTMENT

Town Profile

Ipswich is a coastal town located on the North Shore of Massachusetts, about 28 miles north of Boston. In 2016, it had an estimated population of 13,835. It has a total area of approximately 42 square miles, of which approximately 33 square miles is land. The town includes the southern part of Plum Island and Plum Island State Park. Willowdale State Forest, Sandy Point State Reservation, Crane Beach, and Castle Hill Reservation also are in the town. Due to its location in the Greater Boston Area, Ipswich has access to excellent rail, air, and highway facilities. Interstate Route 95 and Interstate Route 495 divide the area into inner and outer zones, which are connected by numerous “spokes” providing direct access to the airport, port, and intermodal facilities of Boston. Commuter rail service to Boston is available.

Electric Department Operations

The Ipswich Municipal Light Department (“Light Department”) is governed by the Town Board of Selectmen, which is a body of five members elected to three-year staggered terms. In 2016, the Light Department served 7,123 customers in the town, and had total energy sales of 111,519,441 kWh. The Light Department’s customer base is diversified, with no single customer accounting for more than 10% of the total energy sales. In 2016, the largest percentage of revenues was derived from commercial and industrial customers, who accounted for approximately 51% of Light Department revenues. Residential customers accounted for approximately 44% of revenues, and other customers accounted for approximately 6% of revenues. In 2016, the Light Department’s peak demand of 29,100 kW occurred in August.

IPSWICH MUNICIPAL LIGHT DEPARTMENT
ESTABLISHED 1904
SUMMARY OF OPERATING RESULTS(1)
(Unaudited)

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Revenues						
Residential		\$6,265,284	\$7,116,735	\$7,069,919	\$6,948,997	\$6,703,662
Commercial and Ind		7,085,880	7,880,786	7,903,000	7,871,727	7,825,135
Municipal		629,187	693,094	719,288	732,315	700,941
Other	(15)	(67,071)	(18,456)	(39,325)	(16,538)	98,345
Sales for Resale		0	0	0	0	0
Total Operating Revenues	(2)	13,913,280	15,672,159	15,652,882	15,536,501	15,328,083
Operating Expenses:						
Production	(3)	335,186	378,215	481,123	426,572	402,546
Purchased Power						
MMWEC Certified Projects	(4)	1,328,177	1,320,219	1,206,534	1,138,717	1,049,043
MMWEC Other	(5)	2,623,429	2,819,740	3,070,648	3,119,753	3,005,241
All Others	(6)	3,884,328	4,669,793	4,240,112	4,032,891	3,856,117
Total Power Supply Expenses		8,171,120	9,187,967	8,998,417	8,717,933	8,312,947
All Other Operating Expenses	(7)	4,007,693	4,697,568	5,229,478	4,887,965	5,196,336
Total Operating Expenses		12,178,813	13,885,535	14,227,895	13,605,898	13,509,283
Net Operating Revenues		1,734,467	1,786,624	1,424,987	1,930,603	1,818,800
Other Income	(8)	21,584	28,255	11,734	14,357	13,672
Revenues Available for Debt Service and Other Purposes		1,756,051	1,814,879	1,436,721	1,944,960	1,832,472
Debt Service						
Revenue Bonds	(9)	0	0	0	0	0
General Obligation	(10)	795,300	778,863	763,300	742,800	726,350
Total Debt Service		795,300	778,863	763,300	742,800	726,350
Balance Available for Other Lawful Purposes	(11)	\$960,751	\$1,036,016	\$673,421	\$1,202,160	\$1,106,122

CONDENSED STATEMENT OF FINANCIAL POSITION (1)
(Unaudited)

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
ASSETS						
Net Utility Plant		\$14,706,975	\$14,500,464	\$14,288,119	\$14,688,914	\$14,741,955
Cash and Special Deposits	(12)	2,205,158	2,236,875	2,073,022	2,191,440	2,117,730
Other Current and Accrued Assets		2,588,665	2,694,247	2,614,610	2,571,266	2,574,669
Deferred Debits		1,417,115	1,482,184	1,511,440	1,370,531	1,703,620
Other Investments	(13)	0	0	0	0	0
Total Assets		\$20,917,913	\$20,913,770	\$20,487,191	\$20,822,151	\$21,137,974
LIABILITIES and SURP						
Surplus		\$8,809,895	\$9,017,753	\$8,934,013	\$6,022,073	\$6,163,327
Long Term Debt	(14)	7,328,000	6,845,000	6,365,000	5,890,000	5,410,000
Current and Accrued Liabilities		2,492,072	2,983,749	2,898,929	6,168,197	2,906,224
Deferred Credits		2,287,946	2,067,268	2,289,249	2,741,881	3,000,034
Reserve:		0	0	0	0	3,658,389
Total Liabilities and Surplus		\$20,917,913	\$20,913,770	\$20,487,191	\$20,822,151	\$21,137,974

OTHER INFORMATION

Requirements:						
Peak Demand-kW		26,579	28,549	25,684	26,183	29,100
Energy-kWh (000)		120,621	119,035	121,141	122,436	121,302
Energy Sales by Class kWh (000):						
Residential		48,322	48,322	48,641	49,146	47,920
Commercial and Industrial		55,923	55,923	56,300	56,807	57,417
Municipal		5,603	5,421	5,965	6,037	6,001
Other		0	182	182	182	181
Sales for Resale		0	0	0	0	0
Total		109,848	109,848	111,088	112,172	111,519

MARBLEHEAD MUNICIPAL LIGHT DEPARTMENT

Town Profile

The Town of Marblehead is a coastal community located on the North Shore of Massachusetts, about 18 miles northeast of Boston. The town is situated on a rocky peninsula that extends into the Atlantic Ocean. It has a total area of 19.6 square miles, 4.5 square miles of which is land. As of 2016, Marblehead had an estimated population of 20,493. It is a primarily residential community, regarded as one of the yachting “capitals” of the world. Due to the town’s location in the Greater Boston Area, there is ready access to excellent rail, air, and highway facilities. Interstate Route 95 and Interstate Route 495 divide the area into inner and outer zones, which are connected by numerous “spokes” providing direct access to the airport, port, and intermodal facilities of Boston. Commuter rail service to Boston is available.

Electric Department Operations

The Marblehead Municipal Light Department (“Light Department”) has a three-member governing body, the members of which are elected to three-year staggered terms. In 2016, it served 10,917 customers, and had total energy sales of 102,854,662 kWh. The Light Department’s customer base is diversified, with no single customer accounting for more than 10% of its total energy sales. In 2016, the largest percentage of Light Department revenues was derived from residential customers, who accounted for approximately 71% of revenues. Commercial and industrial customers accounted for approximately 23% of revenues, and other customers accounted for approximately 6% of revenues. In 2016, the Light Department’s peak demand of 29,835 kW occurred in August.

MARBLEHEAD MUNICIPAL LIGHT DEPARTMENT
ESTABLISHED 1894
SUMMARY OF OPERATING RESULTS(1)
(Unaudited)

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Revenues						
Residential		\$10,523,725	\$10,906,490	\$11,102,041	\$11,802,312	\$11,540,231
Commercial and Industrial		3,346,856	3,472,199	3,673,464	3,891,922	3,690,100
Municipal		896,193	951,405	951,698	1,024,172	1,057,100
Other		49,580	55,578	50,789	45,839	59,769
Sales for Resale		0	0	0	0	0
Total Operating Revenues	(2)	<u>14,816,354</u>	<u>15,385,672</u>	<u>15,777,993</u>	<u>16,764,245</u>	<u>16,347,201</u>
Operating Expenses:						
Production	(3)	54,584	89,307	88,201	100,366	0
Purchased Power						
MMWEC Certified Projects	(4)	2,914,332	2,983,188	3,214,295	3,263,690	2,640,640
MMWEC Other	(5)	2,322,258	2,276,211	3,119,495	3,403,834	2,584,481
All Others	(6)	<u>3,863,516</u>	<u>4,966,815</u>	<u>4,531,035</u>	<u>4,181,082</u>	<u>4,893,277</u>
Total Power Supply Expenses		9,154,690	10,315,521	10,953,026	10,948,972	10,118,398
All Other Operating Expenses	(7)	<u>3,403,135</u>	<u>3,368,092</u>	<u>3,457,394</u>	<u>3,675,323</u>	<u>3,357,837</u>
Total Operating Expenses		<u>12,557,825</u>	<u>13,683,613</u>	<u>14,410,420</u>	<u>14,624,295</u>	<u>13,476,235</u>
Net Operating Revenues		2,258,529	1,702,059	1,367,573	2,139,951	2,870,966
Other Income	(8)	<u>354,110</u>	<u>470,657</u>	<u>146,380</u>	<u>22,623</u>	<u>4,537</u>
Revenues Available for Debt Service and Other Purposes		<u>2,612,639</u>	<u>2,172,716</u>	<u>1,513,952</u>	<u>2,162,573</u>	<u>2,875,502</u>
Debt Service						
Revenue Bonds	(9)	0	0	0	0	0
General Obligation Bonds	(10)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Service		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance Available for Other Lawful Purposes	(11)	<u>\$2,612,639</u>	<u>\$2,172,716</u>	<u>\$1,513,952</u>	<u>\$2,162,573</u>	<u>\$2,875,502</u>

CONDENSED STATEMENT OF FINANCIAL POSITION (1)
(Unaudited)

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
ASSETS						
Net Utility Plant		\$13,629,921	\$13,399,320	\$12,971,299	\$12,402,841	\$12,285,584
Cash and Special Deposits	(12)	10,521,298	11,514,183	12,784,959	14,013,346	14,043,461
Other Current and Accrued Assets		2,719,789	2,993,746	3,254,419	3,714,925	3,658,184
Deferred Debits		0	0	0	409,444	409,444
Other Investments	(13)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets		<u>\$26,871,008</u>	<u>\$27,907,249</u>	<u>\$29,010,677</u>	<u>\$30,540,557</u>	<u>\$30,396,672</u>
LIABILITIES and SURPLUS:						
Surplus		\$23,475,708	\$24,160,708	\$24,984,937	\$21,053,968	\$22,125,523
Long Term Debt	(14)	0	0	0	0	0
Current and Accrued Liabilities		1,491,437	1,703,633	1,770,920	6,776,670	6,710,153
Deferred Credits		0	0	0	0	0
Reserve:		<u>1,903,863</u>	<u>2,042,908</u>	<u>2,254,820</u>	<u>2,709,918</u>	<u>1,560,996</u>
Total Liabilities and Surplus		<u>\$26,871,008</u>	<u>\$27,907,249</u>	<u>\$29,010,677</u>	<u>\$30,540,557</u>	<u>\$30,396,672</u>

OTHER INFORMATION

Requirements:						
Peak Demand-kW		27,324	31,369	24,624	27,405	29,835
Energy-kWh (000)		111,659	114,126	111,205	11,123	109,787
Energy Sales by Class kWh (000):						
Residential		73,744	75,160	73,202	73,406	71,747
Commercial and Industrial		24,465	24,882	25,237	24,974	23,930
Municipal		6,818	7,210	6,918	6,915	7,178
Other		0	0	0	0	0
Sales for Resale		0	0	0	0	0
		<u>105,027</u>	<u>107,252</u>	<u>105,357</u>	<u>105,295</u>	<u>102,855</u>

PAXTON MUNICIPAL LIGHT DEPARTMENT

Town Profile

The Town of Paxton is located in Worcester County in central Massachusetts. It is just north of Worcester, and about 48 miles west of Boston. It has a total area of approximately 15.5 square miles. It is the home of Moore State Park and Anna Maria College, a four-year liberal arts college. In 2016, Paxton had an estimated population of 4,878. The area is well connected by rail and highway to the ports, airports, and intermodal facilities of Boston and Providence. Passenger air and rail service, including commuter rail service to Boston, is available in Worcester.

Electric Department Operations

The Paxton Municipal Light Department (“Light Department”) is governed by a body of three members elected to three-year concurrent terms. In 2016, the Light Department served 1,942 customers in its service territory, which includes parts of the Towns of Rutland and Holden. The Light Department’s customer base is diversified, with no one customer accounting for more than 10% of its total energy sales of 22,874,789 kWh in 2016. The largest percentage of Light Department revenues in 2016 was derived from residential customers (approximately 69%). Commercial and industrial customers accounted for approximately 24% of revenues, and other customers accounted for approximately 6% of revenues. In 2016, the Light Department’s peak demand of 5,078 kW occurred in August.

PAXTON MUNICIPAL LIGHT DEPARTMENT
ESTABLISHED 1914
SUMMARY OF OPERATING RESULTS(1)
(Unaudited)

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Revenues						
Residential		\$2,319,275	\$2,447,411	\$2,426,021	\$2,495,799	\$2,392,192
Commercial and Industrial		847,688	868,602	868,996	876,778	837,777
Municipal		171,283	175,099	174,945	185,461	183,621
Other		32,399	32,547	38,011	30,926	44,202
Sales for Resale		0	0	0	0	0
Total Operating Revenues	(2)	<u>3,370,645</u>	<u>3,523,659</u>	<u>3,507,973</u>	<u>3,588,964</u>	<u>3,457,792</u>
Operating Expenses:						
Production	(3)	0	0	0	0	0
Purchased Power						
MMWEC Certified Projects	(4)	1,117,015	1,142,992	1,150,686	1,146,306	1,057,206
MMWEC Other	(5)	220,032	180,359	346,621	390,549	257,246
All Others	(6)	968,664	1,133,440	929,028	963,383	1,058,340
Total Power Supply Expense:		<u>2,305,711</u>	<u>2,456,791</u>	<u>2,426,335</u>	<u>2,500,238</u>	<u>2,372,792</u>
All Other Operating Expenses	(7)	802,886	813,478	924,220	949,679	1,187,488
Total Operating Expenses		<u>3,108,597</u>	<u>3,270,269</u>	<u>3,350,555</u>	<u>3,449,917</u>	<u>3,560,280</u>
Net Operating Revenues		262,048	253,390	157,418	139,047	(102,488)
Other Income	(8)	63,602	226,282	330,472	60,421	50,258
Revenues Available for Debt Service and Other Purposes		<u>325,650</u>	<u>479,672</u>	<u>487,890</u>	<u>199,468</u>	<u>(52,230)</u>
Debt Service						
Revenue Bonds	(9)	0	0	0	0	0
General Obligation Bonds	(10)	0	0	0	0	0
Total Debt Service		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance Available for Other Lawful Purposes	(11)	<u>\$325,650</u>	<u>\$479,672</u>	<u>\$487,890</u>	<u>\$199,468</u>	<u>(\$52,230)</u>

CONDENSED STATEMENT OF FINANCIAL POSITION (1)
(Unaudited)

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
ASSETS						
Net Utility Plant		\$1,306,440	\$1,846,371	\$1,818,207	\$1,838,149	\$1,879,744
Cash and Special Deposits	(12)	2,390,365	2,612,289	2,757,678	2,920,239	2,491,721
Other Current and Accrued Assets		2,376,006	2,473,570	2,517,040	2,471,153	2,701,938
Deferred Debits		23,500	23,500	-	111,767	230,516
Other Investments	(13)	0	0	0	0	0
Total Assets		<u>\$6,096,311</u>	<u>\$6,955,730</u>	<u>\$7,092,925</u>	<u>\$7,341,308</u>	<u>\$7,303,919</u>
LIABILITIES and SURPLUS:						
Surplus		\$3,820,489	\$4,694,381	\$4,883,318	\$3,519,492	\$3,288,777
Long Term Debt	(14)	0	0	26,625	0	0
Current and Accrued Liabilities		465,586	397,278	383,038	414,386	349,681
Deferred Credits		0	2,796	0	0	223,270
Reserve:		1,810,236	1,861,275	1,799,944	3,407,430	3,442,191
Total Liabilities and Surplus		<u>\$6,096,311</u>	<u>\$6,955,730</u>	<u>\$7,092,925</u>	<u>\$7,341,308</u>	<u>\$7,303,919</u>

OTHER INFORMATION

Requirements:						
Peak Demand-kW		5,236	5,360	5,176	5,357	5,078
Energy-kWh (000)		25,473	25,210	24,682	24,714	24,448
Energy Sales by Class kWh (000):						
Residential		15,633	15,980	15,898	16,237	15,789
Commercial and Industrial		5,969	5,899	5,929	5,943	5,796
Municipal		1,226	1,202	1,214	1,286	1,291
Other		0	0	0	0	0
Sales for Resale		0	0	0	0	0
Total		<u>22,828</u>	<u>23,081</u>	<u>23,041</u>	<u>23,466</u>	<u>22,875</u>

PEABODY MUNICIPAL LIGHT PLANT

City Profile

The City of Peabody is located approximately 18 miles north of Boston at the intersection of three major highways, Massachusetts Route 128, U. S. Route 1, and Interstate Route 95. It has a modern, highly successful Centennial Industrial Park, recently renovated North Shore Mall, and a rejuvenated downtown. In 2016 Peabody had an estimated population of 52,491 (includes Lynnfield). Its total land area is 16.4 square miles, 39% of which is in residential use. Commuter rail service to Boston is available from the neighboring town of Salem.

Electric Department Operations

The Peabody Municipal Light Plant (“Light Plant”) has a five-member governing body. The members are elected to 6-year staggered terms. The Light Plant has a diversified customer base, with no single customer accounting for more than 10% of its total energy sales of 494,323,173 kWh in 2016. In 2016, the Light Plant served 26,045 customers in its service territory, which includes part of the Town of Lynnfield. Light Plant revenues in 2016 were derived primarily from commercial and industrial customers (approximately 61%). Residential customers accounted for approximately 36% of revenues and other customers accounted for approximately 3% of revenues. In 2016, the Light Plant’s peak demand of 124,000 kW occurred in August.

**PEABODY MUNICIPAL LIGHT PLANT
ESTABLISHED 1891
SUMMARY OF OPERATING RESULTS(1)
(Unaudited)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Revenues					
Residential	\$21,710,020	\$22,523,533	\$22,452,072	\$22,758,171	\$22,693,846
Commercial and Industrial	36,384,653	37,991,319	39,925,862	39,245,392	38,073,229
Municipal	2,208,621	2,235,658	2,353,476	2,237,264	2,117,307
Other	0	0	0	0	0
Sales for Resale	0	0	0	0	0
Total Operating Revenues	60,303,294	62,750,510	64,731,410	64,240,828	62,884,381
Operating Expenses:					
Production	1,124,098	1,207,661	2,242,797	1,139,637	1,139,637
Purchased Power					
MMWEC Certified Projects	15,107,293	15,627,566	15,988,545	16,322,393	14,992,878
MMWEC Other	11,018,404	10,193,006	13,656,480	15,403,877	12,205,096
All Others	15,627,529	19,362,124	14,571,299	16,892,952	17,650,697
Total Power Supply Expense:	42,877,324	46,390,357	46,459,121	49,758,859	45,988,308
All Other Operating Expenses	11,481,510	11,457,858	12,003,971	12,479,093	12,806,948
Total Operating Expenses	54,358,834	57,848,215	58,463,092	62,237,952	58,795,256
Net Operating Revenues	5,944,460	4,902,295	6,268,318	2,002,876	4,089,125
Other Income	2,038,116	1,207,661	2,242,797	1,139,637	1,139,637
Revenues Available for Debt Service and Other Purposes	7,982,576	6,109,956	8,511,115	3,142,514	5,228,762
Debt Service					
Revenue Bonds	0	0	0	0	0
General Obligation Bonds	0	0	0	9,520	17,693
Total Debt Service	0	0	0	9,520	17,693
Balance Available for Other Lawful Purposes	\$7,982,576	\$6,109,956	\$8,511,115	\$3,132,994	\$5,211,069

**CONDENSED STATEMENT OF FINANCIAL POSITION (1)
(Unaudited)**

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
ASSETS					
Net Utility Plant	\$37,083,646	\$35,790,137	\$35,074,004	\$33,694,019	\$33,414,091
Cash and Special Deposits	46,739,594	53,633,477	58,635,890	57,079,532	58,632,723
Other Current and Accrued Assets	10,904,987	10,925,682	11,454,218	12,333,846	16,699,693
Deferred Debits	0	0	0	0	0
Other Investments	0	0	0	0	0
Total Assets	\$94,728,227	\$100,349,296	\$105,164,112	\$103,107,397	\$108,746,507
LIABILITIES and SURPLUS:					
Surplus	\$53,765,172	\$55,385,990	\$57,211,300	\$39,951,810	\$40,265,134
Long Term Debt	0	0	0	0	0
Current and Accrued Liabilities	7,862,569	8,421,346	9,557,072	11,099,506	11,678,547
Deferred Credits	0	0	0	0	0
Reserve:	33,100,486	36,541,960	38,395,740	52,056,081	56,802,826
Total Liabilities and Surplus	\$94,728,227	\$100,349,296	\$105,164,112	\$103,107,397	\$108,746,507

OTHER INFORMATION

Requirements:					
Peak Demand-kW	121,900	126,900	120,000	117,200	124,000
Energy-kWh (000)	505,835	516,429	518,468	522,330	510,059
Energy Sales by Class kWh (000):					
Residential	186,526	189,733	185,953	188,210	182,891
Commercial and Industrial	289,471	294,796	301,874	300,101	295,864
Municipal	15,907	16,158	16,352	16,177	15,567
Other	0	0	0	0	0
Sales for Resale	0	0	0	0	0
Total	491,904	500,687	504,179	504,488	494,323

SHREWSBURY ELECTRIC & CABLE OPERATIONS

Town Profile

The Town of Shrewsbury is a suburb of Worcester, located in central Massachusetts. It is about 5 miles east of Worcester, and 34 miles west of Boston. In 2016, it had an estimated population of 36,760. It has a total area of 21.6 square miles. The principal highways are Massachusetts Route 140, running north to south, and two cross-state roads, Massachusetts Route 9 and U.S. Route 20. Interstate Route 290 passes through the northern part of Shrewsbury and connects to Interstate Route 495, the outer loop around Boston, in the nearby town of Marlborough. Passenger air and rail service, including commuter rail service to Boston, is available in Worcester.

Electric Department Operations

Shrewsbury Electric & Cable Operations (“SELCO”) is governed by a five-member board, the members of which are appointed to three-year staggered terms by the Town Manager. It offers electric, cable and internet services, and in 2016 served 15,953 customers. SELCO’s customer base is diversified, with no single customer accounting for more than 10% of its total energy sales of 278,508 kWh in 2016. Revenues from commercial and industrial customers (approximately 46% of revenues) were slightly lower than revenues from residential customers (approximately 49% of revenues) in 2016. Revenues from other customers accounted for approximately 6% of revenues. In 2016, SELCO’s peak demand of 59,877 kW occurred in August.

SHREWSBURY ELECTRIC & CABLE OPERATIONS ESTABLISHED 1908 SUMMARY OF OPERATING RESULTS(1) (Unaudited)					
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Revenues					
Residential	\$15,376,735	\$15,842,230	\$15,987,495	\$17,285,142	\$15,650,964
Commercial and Industrial	14,178,259	14,431,131	14,244,414	15,281,696	14,712,633
Municipal	1,372,623	1,412,278	1,443,034	1,340,658	1,279,356
Other	341,865	341,732	330,878	450,964	499,021
Sales for Resale	0	0	0	0	0
Total Operating Revenues (2)	31,269,482	32,027,371	32,005,821	34,358,460	32,141,974
Operating Expenses:					
Production (3)	110,958	357,890	542,769	468,469	129,439
Purchased Power					
MMWEC Certified Projects (4)	7,565,915	7,808,154	7,872,210	7,795,286	7,042,077
MMWEC Other (5)	7,230,182	7,099,537	7,885,031	9,809,373	7,251,143
All Others (6)	5,732,181	5,701,464	5,730,892	3,641,853	4,074,135
Total Power Supply Expense:	20,639,236	20,967,045	22,030,902	21,714,981	18,496,794
All Other Operating Expenses (7)	7,571,212	8,316,222	8,740,997	8,603,874	8,734,177
Total Operating Expenses	28,210,448	29,283,267	30,771,899	30,318,855	27,230,971
Net Operating Revenues	3,059,034	2,744,104	1,233,922	4,039,605	4,911,003
Other Income (8)	114,876	240,348	(11,949)	56,405	33,083
Revenues Available for Debt Service and Other Purposes	3,173,910	2,984,452	1,221,973	4,096,010	4,944,086
Debt Service					
Revenue Bonds	0	0	0	0	0
General Obligation Bonds (9)	345,288	331,913	327,450	439,525	484,506
Total Debt Service	345,288	331,913	327,450	439,525	484,506
Balance Available for Other Lawful Purposes (10)	\$2,828,622	\$2,652,539	\$894,523	\$3,656,485	\$4,459,580

CONDENSED STATEMENT OF FINANCIAL POSITION (1) (Unaudited)					
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
ASSETS					
Net Utility Plant	\$21,997,108	\$21,875,372	\$29,315,646	\$30,033,382	\$29,911,315
Cash and Special Deposits (11)	19,012,894	18,457,353	18,519,952	17,964,256	17,890,460
Other Current and Accrued Assets	6,038,661	6,272,042	5,587,073	5,160,460	5,222,575
Deferred Debits	3,602	2,652	-	-	-
Other Investments (12)	16,160	20,821	1,914	622,812	956,869
Total Assets	\$47,068,425	\$46,628,240	\$53,424,585	\$53,780,910	\$53,981,219
LIABILITIES and SURPLUS:					
Surplus	\$36,763,394	\$37,772,587	\$37,132,116	\$36,468,639	\$39,059,954
Long Term Debt (13)	425,000	115,000	5,910,000	8,506,323	7,681,418
Current and Accrued Liabilities (14)	10,437,010	9,277,730	10,759,936	9,170,762	7,619,499
Deferred Credits	48,709	38,054	159,489	142,089	124,689
Reserve:	(605,688)	(575,131)	(536,956)	(506,903)	(504,341)
Total Liabilities and Surplus	\$47,068,425	\$46,628,240	\$53,424,585	\$53,780,910	\$53,981,219

OTHER INFORMATION					
Requirements:					
Peak Demand-kW	62,982	62,113	56,798	59,009	59,877
Energy-kWh (000)	300,006	298,385	293,065	295,534	293,276
Energy Sales by Class kWh (000):					
Residential	133,641	136,810	135,970	137,586	131,146
Commercial and Industrial	136,915	133,864	128,553	129,867	131,550
Municipal	12,131	12,757	12,899	11,210	12,870
Other	1,524	1,559	1,562	2,951	2,942
Sales for Resale	0	0	0	0	0
Total	284,211	284,990	278,984	281,614	278,508

STERLING MUNICIPAL LIGHT DEPARTMENT

Town Profile

The Town of Sterling is a small, primarily residential community located in the foothills of Mount Wachusett in central Massachusetts. It is approximately 12 miles north of Worcester and 41 miles west of Boston. Until recently, Sterling was mostly a farming community. As of 2016, it had an estimated population of 8,055. Sterling has a total area of approximately 31.6 square miles. Interstate Route 190 provides easy access to Worcester and Fitchburg. Air and rail service, including commuter rail service to Boston, is available in Worcester.

Electric Department Operations

The Sterling Municipal Light Department (“Light Department”) has a three-member governing body, the members of which are elected to three-year staggered terms. In 2016, it served 3,796 customers and had a peak demand of 11,877 kW, which occurred in August. The Light Department’s customer base is diversified, with no one customer accounting for more than 10% of its total energy sales in 2016. The largest percentage of Light Department revenues in 2016 was derived from residential customers (approximately 50%). Commercial and industrial customers accounted for approximately 45% of revenues, and other customers accounted for approximately 5% of revenues. In 2016, the Light Department had total energy sales of 58,236,148 kWh.

**STERLING MUNICIPAL LIGHT DEPARTMENT
ESTABLISHED 1911
SUMMARY OF OPERATING RESULTS(1)
(Unaudited)**

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Revenues						
Residential		\$4,041,917	\$4,089,992	\$4,115,985	\$4,034,683	\$3,957,737
Commercial and Industrial		3,479,372	3,482,549	3,798,540	3,773,816	3,508,219
Municipal		34,741	32,036	30,851	30,613	30,601
Other		388,103	336,431	365,789	365,501	378,116
Sales for Resale		0	0	0	0	0
Total Operating Revenues	(2)	<u>7,944,133</u>	<u>7,941,008</u>	<u>8,311,165</u>	<u>8,204,613</u>	<u>7,874,673</u>
Operating Expenses:						
Production	(3)	0	0	0	0	0
Purchased Power						
MMWEC Certified Projects	(4)	2,015,525	2,094,533	2,026,797	1,980,328	1,867,626
MMWEC Other	(5)	194,070	143,837	237,575	232,395	49,242
All Others	(6)	3,335,748	3,651,843	3,743,681	3,621,745	3,596,329
Total Power Supply Expense:		<u>5,545,343</u>	<u>5,890,213</u>	<u>6,008,053</u>	<u>5,834,469</u>	<u>5,513,196</u>
All Other Operating Expenses	(7)	<u>1,600,314</u>	<u>1,606,201</u>	<u>1,542,646</u>	<u>1,697,692</u>	<u>1,824,171</u>
Total Operating Expenses		<u>7,145,657</u>	<u>7,496,414</u>	<u>7,550,699</u>	<u>7,532,161</u>	<u>7,337,367</u>
Net Operating Revenues		<u>798,476</u>	<u>444,594</u>	<u>760,466</u>	<u>672,452</u>	<u>537,306</u>
Other Income	(8)	<u>83,456</u>	<u>38,746</u>	<u>49,508</u>	<u>80,168</u>	<u>109,830</u>
Revenues Available for Debt Service and Other Purposes		<u>881,932</u>	<u>483,340</u>	<u>809,974</u>	<u>752,620</u>	<u>647,136</u>
Debt Service						
Revenue Bonds	(9)	0	0	0	0	0
General Obligation Bonds	(10)	0	0	0	0	0
Total Debt Service		<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance Available for Other Lawful Purposes	(11)	<u>\$881,932</u>	<u>\$483,340</u>	<u>\$809,974</u>	<u>\$752,620</u>	<u>\$647,136</u>

**CONDENSED STATEMENT OF FINANCIAL POSITION (1)
(Unaudited)**

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
ASSETS						
Net Utility Plant		\$7,654,173	\$9,605,823	\$9,820,600	\$10,015,635	\$12,202,277
Cash and Special Deposits	(12)	2,161,047	2,635,001	3,245,084	3,482,992	2,443,101
Other Current and Accrued Assets		2,596,866	2,390,419	2,314,061	2,234,575	1,924,942
Deferred Debits		113,660	113,660	-	148,126	389,142
Other Investments	(13)	0	0	0	0	0
Total Assets		<u>\$12,525,746</u>	<u>\$14,744,903</u>	<u>\$15,379,745</u>	<u>\$15,881,328</u>	<u>\$16,959,462</u>
LIABILITIES and SURPLUS:						
Surplus		\$10,514,852	\$12,294,693	\$12,632,922	\$10,998,815	\$11,155,550
Long Term Debt	(14)	0	0	0	0	0
Current and Accrued Liabilities		791,836	826,099	895,202	761,836	1,015,175
Deferred Credits		7,259	-	-	-	93,052
Reserve:		1,211,799	1,624,111	1,851,621	4,120,677	4,695,685
Total Liabilities and Surplus		<u>\$12,525,746</u>	<u>\$14,744,903</u>	<u>\$15,379,745</u>	<u>\$15,881,328</u>	<u>\$16,959,462</u>

OTHER INFORMATION

Requirements:						
Peak Demand-kW		12,468	12,291	11,732	11,796	11,877
Energy-kWh (000)		61,481	62,834	62,415	63,353	61,458
Energy Sales by Class kWh (000):						
Residential		28,534	29,231	28,686	29,391	28,850
Commercial and Industrial		27,608	28,142	28,479	28,862	26,545
Municipal		2,828	2,931	2,884	2,814	2,841
Other		0	0	0	0	0
Sales for Resale		0	0	0	0	0
		<u>58,970</u>	<u>60,304</u>	<u>60,049</u>	<u>61,067</u>	<u>58,236</u>

TEMPLETON MUNICIPAL LIGHT & WATER PLANT

Town Profile

The Town of Templeton is a rural community located in north central Massachusetts. It is about 40 miles north of Worcester and 62 miles northwest of Boston. As of 2016, it had an estimated population of 8,157. The town has some industry, comprised primarily of paper and printing facilities. Templeton has a total area of approximately 32.4 square miles, which includes a part of the Otter River State Forest. It is the home of the Fernald School. The principal highway is Massachusetts Route 2, which runs across northern Massachusetts. Massachusetts Route 140 and Interstate Route 190 connect the Templeton area to Worcester. The Springfield Terminal Railway line parallels Route 2 and provides access to the network of intermodal facilities serving central and eastern Massachusetts.

Electric Department Operations

The Templeton Municipal Light & Water Plant (“Light Plant”) has a three-member governing body, the members of which are elected to three-year staggered terms. In 2016, the Light Plant served 3,513 customers. The customer base is relatively diversified, with no single customer accounting for more than 10% of its total energy sales of 57,630,287 kWh in 2016. Light Plant revenues from commercial and industrial customers in 2016 were slightly lower than revenues from residential customers (46% and 48% of revenues, respectively). Other customers accounted for less than 7% of revenues. In 2016, the Light Plant’s peak demand of 10,295 kW occurred in August.

TEMPLETON MUNICIPAL LIGHT & WATER PLANT ESTABLISHED 1906 SUMMARY OF OPERATING RESULTS(1) (Unaudited)					
	2012	2013	2014	2015	2016
Operating Revenues					
Residential	\$3,710,519	\$3,699,268	\$3,677,376	\$3,604,571	\$3,582,031
Commercial and Industrial	3,433,767	3,252,146	3,505,823	3,374,596	3,432,590
Municipal	444,105	424,358	455,369	433,401	387,435
Other	64,203	65,500	74,594	78,299	77,793
Sales for Resale	0	0	0	0	0
Total Operating Revenues (2)	7,652,594	7,441,272	7,713,162	7,490,867	7,479,849
Operating Expenses:					
Production	0	0	0	0	0
Purchased Power					
MMWEC Certified Projects	2,566,116	2,615,710	2,593,183	2,551,927	2,392,220
MMWEC Other	521,270	454,171	848,435	983,238	476,555
All Others	2,151,446	2,501,244	2,027,571	2,019,980	2,380,370
Total Power Supply Expense:	5,238,832	5,571,125	5,469,189	5,555,144	5,249,145
All Other Operating Expenses	1,288,525	1,310,941	1,405,764	1,622,461	1,673,857
Total Operating Expenses	6,527,357	6,882,066	6,874,953	7,177,605	6,923,002
Net Operating Revenues	1,125,237	559,206	838,209	313,262	556,847
Other Income	53,504	82,784	93,717	147,701	120,659
Revenues Available for Debt Service and Other Purposes	1,178,741	641,990	931,926	460,963	677,506
Debt Service					
Revenue Bonds	0	0	0	0	0
General Obligation Bonds	107,783	105,523	103,163	100,723	98,183
Total Debt Service	107,783	105,523	103,163	100,723	98,183
Balance Available for Other Lawful Purposes (11)	\$1,070,958	\$536,467	\$828,763	\$360,240	\$579,323

CONDENSED STATEMENT OF FINANCIAL POSITION (1) (Unaudited)					
	2012	2013	2014	2015	2016
ASSETS					
Net Utility Plant	\$7,243,402	\$7,210,858	\$7,110,112	\$7,103,323	\$7,015,653
Cash and Special Deposits	1,593,875	1,757,250	1,641,182	1,897,772	1,897,265
Other Current and Accrued Assets	2,128,832	3,642,386	3,850,098	3,957,878	4,070,309
Deferred Debits	729,159	-	-	58,900	271,481
Other Investments	0	0	0	0	0
Total Assets	\$11,695,268	\$12,610,494	\$12,601,392	\$13,017,873	\$13,428,708
LIABILITIES and SURPLUS:					
Surplus	\$8,544,928	\$9,451,808	\$9,908,625	\$8,171,246	\$8,104,616
Long Term Debt	700,000	620,000	540,000	2,340,324	2,203,043
Current and Accrued Liabilities	1,828,253	1,947,346	1,553,370	1,920,415	1,706,079
Deferred Credits	55,876	25,129	33,186	19,677	340,241
Reserve:	566,211	566,211	566,211	566,211	1,074,729
Total Liabilities and Surplus	\$11,695,268	\$12,610,494	\$12,601,392	\$13,017,873	\$13,428,708

OTHER INFORMATION					
Requirements:					
Peak Demand-kW	10,590	11,212	10,984	10,665	10,295
Energy-kWh (000)	62,376	62,171	62,343	61,199	60,031
Energy Sales by Class kWh (000):					
Residential	25,722	26,418	26,200	26,201	25,292
Commercial and Industrial	29,923	28,922	29,926	29,159	28,793
Municipal	3,914	3,956	4,005	3,943	3,545
Other	0	0	0	0	0
Sales for Resale	0	0	0	0	0
	59,559	59,296	60,131	59,303	57,630

WAKEFIELD MUNICIPAL GAS & LIGHT DEPARTMENT

Town Profile

The Town of Wakefield is located in eastern Massachusetts, approximately 10 miles northeast of Boston. It covers an area of approximately 7.9 square miles, including two lakes. As of 2016, Wakefield had an estimated population of 26,753. The town has diverse sources of employment, and the level of employment and wages is high. Manufacturing facilities provide the largest source of employment, followed by the financial, insurance, and real estate industries. Wakefield is located close to the intersection of Interstate Route 93 and Interstate Route 95, and has access to excellent rail and air facilities in Boston. Commuter rail service to Boston is available.

Electric Department Operations

The Wakefield Municipal Gas & Light Department (“Light Department”) has a governing body comprised of five members elected to three-year staggered terms. In 2016, it served 12,732 customers and had total energy sales of 191,905,589 kWh. The Light Department’s customer base is diversified, with no one customer accounting for more than 10% of its total energy sales in 2016. The largest percentage of Light Department revenues in 2016 was derived from commercial and industrial customers (approximately 52% of revenues). Residential customers accounted for approximately 43% of revenues, and other customers accounted for approximately 5% of revenues. In 2016, its peak demand of 47,999 kW occurred in August.

WAKEFIELD MUNICIPAL GAS & LIGHT DEPARTMENT
ESTABLISHED 1894
SUMMARY OF OPERATING RESULTS (ELECTRIC ONLY)(1)
(Unaudited)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Revenues					
Residential	\$11,236,440	\$11,533,475	\$12,143,458	\$13,463,013	\$12,715,658
Commercial and Industrial	13,058,447	13,237,160	14,387,211	16,384,742	15,314,845
Municipal	1,240,500	1,244,003	1,301,260	1,461,850	1,435,581
Other	954,081	1,292,524	828,868	1,246,026	-
Sales for Resale	128,456	66,548	-	-	-
Total Operating Revenues (2)	<u>26,617,924</u>	<u>27,373,710</u>	<u>28,660,797</u>	<u>32,555,631</u>	<u>29,466,084</u>
Operating Expenses:					
Production (3)	-	-	-	-	-
Purchased Power					
MMWEC Certified Projects (4)	6,011,809	6,210,925	6,525,007	6,501,422	5,697,800
MMWEC Other (5)	4,524,631	4,451,799	5,882,916	8,129,525	5,954,141
All Others (6)	5,698,061	8,440,718	7,127,461	5,373,057	7,420,702
Total Power Supply Expense:	<u>16,234,501</u>	<u>19,103,442</u>	<u>19,535,384</u>	<u>20,004,004</u>	<u>19,072,643</u>
All Other Operating Expenses (7)	6,009,086	6,262,514	6,467,468	6,758,288	6,994,811
Total Operating Expenses	<u>22,243,587</u>	<u>25,365,956</u>	<u>26,002,852</u>	<u>26,762,292</u>	<u>26,067,454</u>
Net Operating Revenues	4,374,337	2,007,754	2,657,945	5,793,339	3,398,630
Other Income (8)	719,549	150,653	(146,089)	(267,020)	(169,417)
Revenues Available for Debt Service and Other Purposes	<u>5,093,886</u>	<u>2,158,407</u>	<u>2,511,856</u>	<u>5,526,319</u>	<u>3,229,213</u>
Debt Service					
Revenue Bonds	0	0	0	0	0
General Obligation Bonds (9)	0	0	0	0	0
Total Debt Service	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Balance Available for Other Lawful Purposes (10)	<u>\$5,093,886</u>	<u>\$2,158,407</u>	<u>\$2,511,856</u>	<u>\$5,526,319</u>	<u>\$3,229,213</u>

CONDENSED STATEMENT OF FINANCIAL POSITION (1)
(Unaudited)

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
ASSETS					
Net Utility Plant	\$2,429,837	\$9,569,343	\$11,810,388	\$17,699,208	\$17,835,462
Cash and Special Deposits (11)	(116,540)	(2,439,563)	(2,992,357)	(364,947)	(359,896)
Other Current and Accrued Assets	8,853,545	7,730,441	6,216,947	6,985,923	7,520,174
Deferred Debits	0	0	0	30,000	668,348
Other Investments (12)	-	0	0	0	0
Total Assets	<u>\$11,166,842</u>	<u>\$14,860,221</u>	<u>\$15,034,978</u>	<u>\$24,350,184</u>	<u>\$25,664,088</u>
LIABILITIES and SURPLUS:					
Surplus	\$8,614,936	\$5,616,324	\$4,389,763	\$514,802	\$624,494
Long Term Debt (13)	0	7,700,000	7,315,000	14,519,672	16,169,091
Current and Accrued Liabilities (14)	2,234,628	1,543,897	3,537,507	3,706,155	3,028,895
Deferred Credits	317,278	-	-	5,609,555	5,841,608
Reserve:	0	0	0	0	0
Total Liabilities and Surplus	<u>\$11,166,842</u>	<u>\$14,860,221</u>	<u>\$15,242,270</u>	<u>\$24,350,184</u>	<u>\$25,664,088</u>

OTHER INFORMATION

Requirements:					
Peak Demand-kW	47,258	48,501	45,797	45,461	47,999
Energy-kWh (000)	204,392	207,034	201,146	207,807	20,942,100
Energy Sales by Class kWh (000):					
Residential	80,237	81,451	80,411	82,384	79,982
Commercial and Industrial	97,507	97,490	100,060	105,741	101,513
Municipal	8,703	8,401	9,937	10,396	10,411
Other	0	0	0	0	0
Sales for Resale	0	0	0	0	0
Total	<u>186,447</u>	<u>187,342</u>	<u>190,408</u>	<u>198,521</u>	<u>191,906</u>

WEST BOYLSTON MUNICIPAL LIGHT PLANT

Town Profile

The Town of West Boylston is a suburb of Worcester, in central Massachusetts. It is 7 miles north of Worcester, and 41 miles west of Boston. As of 2016, West Boylston had an estimated population of 7,831. A portion of the Wachusett Reservoir, which provides water for Boston, is within the town's borders. Most of West Boylston's residents work in Worcester or Worcester County, but Interstate Route I-190 passes through the town, providing easy access to Interstate Route 495, Massachusetts Route 9, U.S. Route 20, and the Massachusetts Turnpike. The West Boylston region is well connected by highway and rail to the ports, airports, and intermodal facilities of Boston and Providence. Passenger air and rail service, including commuter rail service to Boston, is available in Worcester.

Electric Department Operations

The West Boylston Municipal Light Plant ("Light Plant") has a governing body comprised of three members elected to three-year staggered terms. In 2016, it served 3,571 customers and had total energy sales of 55,482,433 kWh. The Light Plant's customer base is diversified, with no one customer accounting for more than 10% of its total energy sales in 2016. The largest percentage of Light Plant revenues in 2016 was derived from commercial and industrial customers (approximately 51% of revenues). Residential customers accounted for approximately 43% of revenues, and other customers accounted for approximately 6% of revenues. In 2016, the Light Plant's peak demand of 12,357 kW occurred in August.

**WEST BOYLSTON MUNICIPAL LIGHT PLANT
ESTABLISHED 1910
SUMMARY OF OPERATING RESULTS(1)
(Unaudited)**

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Operating Revenues						
Residential		\$2,870,290	\$3,131,428	\$3,440,462	\$3,412,374	\$3,459,407
Commercial and Industrial		3,635,382	3,814,432	3,555,278	4,057,128	4,097,234
Municipal		276,248	291,803	391,789	447,536	449,180
Other		0	0	524,938	0	0
Sales for Resale		0	0	0	0	0
Total Operating Revenues	(2)	6,781,920	7,237,663	7,912,467	7,917,038	8,005,821
Operating Expenses:						
Production	(3)	0	0	0	0	0
Purchased Power						
MMWEC Certified Projects	(4)	2,378,389	2,433,519	2,428,661	2,407,887	2,178,138
MMWEC Other	(5)	434,713	540,346	969,237	1,275,865	954,077
All Others	(6)	1,376,689	1,639,915	1,381,190	804,702	953,852
Total Power Supply Expenses		4,189,791	4,613,780	4,779,088	4,488,454	4,086,068
All Other Operating Expenses	(7)	2,239,696	2,176,780	2,269,230	2,427,752	2,528,088
Total Operating Expenses		6,429,487	6,790,560	7,048,318	6,916,206	6,614,156
Net Operating Revenues		352,433	447,103	864,149	1,000,832	1,391,665
Other Income	(8)	218,583	165,296	174,698	180,541	170,962
Revenues Available for Debt Service and Other Purposes		571,016	612,399	1,038,847	1,181,373	1,562,627
Debt Service						
Revenue Bonds	(9)	0	0	0	0	0
General Obligation Bonds	(10)	0	9,313	36,575	169,550	166,850
Total Debt Service		0	9,313	36,575	169,550	166,850
Balance Available for Other Lawful Purposes	(11)	\$571,016	\$603,086	\$1,002,272	\$1,011,823	\$1,395,777

**CONDENSED STATEMENT OF FINANCIAL POSITION (1)
(Unaudited)**

		<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
ASSETS						
Net Utility Plant		\$1,701,491	\$4,775,043	\$4,662,189	\$4,858,373	\$9,275,126
Cash and Special Deposits	(12)	11,726,857	9,075,559	8,722,959	8,810,465	10,279,509
Other Current and Accrued Assets		2,283,769	2,288,585	2,461,374	2,506,096	2,457,274
Deferred Debits		898,409	898,409	815,564	990,507	1,339,873
Other Investments	(13)	0	0	0	0	0
Total Assets		\$16,610,526	\$17,037,596	\$16,662,086	\$17,165,441	\$23,351,782
LIABILITIES and SURPLUS:						
Surplus		\$6,889,286	\$7,101,521	\$8,201,643	\$6,773,816	\$7,960,590
Long Term Debt	(14)	1,865,000	1,730,000	1,595,000	1,460,000	5,974,198
Current and Accrued Liabilities		1,642,652	1,682,573	1,036,773	1,082,848	1,598,554
Deferred Credits		1,794,460	2,085,993	1,995,901	1,489,666	1,086,840
Reserve:		4,419,128	4,437,509	3,832,769	6,359,111	6,731,600
Total Liabilities and Surplus		\$16,610,526	\$17,037,596	\$16,662,086	\$17,165,441	\$23,351,782

OTHER INFORMATION

Requirements:						
Peak Demand-kW		12,912	13,064	11,874	14,525	12,357
Energy-kWh (000)		58,758	59,497	58,969	58,090	57,692
Energy Sales by Class kWh (000):						
Residential		24,894	25,533	25,784	26,403	25,424
Commercial and Industrial		29,332	29,089	25,610	22,962	27,307
Municipal		2,215	2,226	5,901	8,249	2,751
Other		0	0	0	0	0
Sales for Resale		0	0	0	0	0
Total		56,441	56,848	57,295	57,614	55,482

**FOOTNOTES FOR SUMMARIES OF OPERATING RESULTS AND
CONDENSED STATEMENTS OF FINANCIAL POSITION**

- (1) The information presented in the summaries of operating results and condensed statements of financial position was obtained from the annual report filed by the Town/City Municipal Electric Department with the Massachusetts Department of Public Utilities (DPU) for the calendar year footnoted (unaudited) and was summarized and in some cases restated from various financial and regulatory reports as detailed below. The summaries of operating results reflect adjustments to present the cash flow generated by each system. Depreciation expense, a non-cash item, has been eliminated and principal installments on debt have been included to reflect cash flow generated by each system excluding voluntary in lieu of tax payments to communities and depreciation allowance contributions.

Due to differing accounting policies allowable under Generally Accepted Accounting Principles (GAAP) and the accounting practices prescribed by the DPU (notated as “1”) in the Light Department tables), which is a comprehensive basis of accounting other than GAAP, the accounting treatment of surplus moneys returned to Town/City Municipal Light Departments under the provisions of MMWEC’s General Bond Resolution in some cases have been restated to reflect such refunds as a reduction of power purchase costs in the period the refund was available to the Town/City Municipal Light Department.

Neither MMWEC, the Cooperative, nor the Underwriters, has made any independent verification of the data contained in the financial statements or reports of the Town/City Municipal Light Department from which the information has been compiled, and neither makes any representation as to the correctness of the information presented. No independent public accountant retained by the Town/City Municipal Light Department, MMWEC or the Cooperative has reviewed the presentation and restatement, in some cases, of such information. The Summaries of Operating Results and Condensed Statements of Financial Position are as of December 31 of each year indicated.

- (2) Total Operating Revenues is derived from retail, wholesale and sales for resale electric sales. Total Operating Revenues also consists of forfeited discounts, miscellaneous service revenues, rent from electric properties, interdepartmental rents and other electric revenues.
- (3) Represents the Town/City Municipal Light Department’s power production expenses associated with its own generation.
- (4) Town/City Municipal Light Department’s share of debt service, operation and maintenance expense, fuel cost and all other costs billed by MMWEC in connection with Projects.
- (5) Represents cost of power purchased through various power purchase agreements and other contracts negotiated by or with MMWEC.

- (6) Consists of the cost of purchased power in addition to that available from MMWEC under power sales and power purchase agreements.
- (7) Consists of transmission, distribution, customer accounts, sales and administrative and general expenses of the Town/City Municipal Light Department.
- (8) Consists of investment income, income from merchandising, jobbing and contract work and miscellaneous non-operating income less other income deductions.
- (9) Consists of debt service on general obligation bonds and interest on bond anticipation notes issued by the municipality for electric purposes and paid from Town/City Municipal Light Department funds.
- (10) Includes, among other things, amounts for depreciation allowance and voluntary payments to communities.
- (11) Includes Operating Funds, Interest Funds, Bond Funds, Construction Funds, Special Deposits, Working Funds, Sinking Funds, Depreciation Funds and other Special Funds.
- (12) Includes equity investment, investments in allowable enterprises and, in some cases, preliminary costs advanced in 1988 and subsequently returned in 1989, in Hydro-Quebec Phase II transmission facilities. Investment in Hydro-Quebec Phase II is recorded using the cost method of accounting for equity in all cases.
- (13) Includes debt maturities, bonds, notes and capitalized leases payable in excess of one year.
- (14) Includes bond anticipation notes and current maturities of long-term debt payable.
- (15) Other revenues include provisions for rate refunds.

**Selected Monthly Electric Charges
For June 2017 (1)(2)**

	Residential Electric Service	Commercial Electric Service		Industrial Electric Service
	500kwh	40 KW 10,000 KWH	300 KW 100,000 KWH	1000 KW(3) 350,000 KWH
	Massachusetts Participants			
Ashburnham	\$73.85	\$1,345	\$12,441	\$43,083
Boylston	\$55.50	\$1,109	\$10,135	\$35,038
Groton	\$63.32	\$1,497	\$15,431	\$53,431
Holden	\$67.27	\$1,292	\$12,148	\$41,855
Hull	\$82.90	\$1,548	\$14,926	\$51,463
Ipswich	\$66.91	\$1,434	\$13,492	\$44,438
Marblehead	\$64.65	\$1,178	\$11,120	\$0 (4)
Paxton	\$77.81	\$1,498	\$13,940	\$0 (4)
Peabody	\$56.91	\$1,290	\$12,313	\$41,354
Shrewsbury	\$54.08	\$1,075	\$9,502	\$32,925
Sterling	\$69.33	\$1,306	\$11,401	\$39,425
Templeton	\$67.10	\$1,155	\$13,095	\$41,263
Wakefield	\$77.25	\$1,529	\$13,765	\$47,525
West Boylston	\$69.09	\$1,453	\$13,106	\$45,458
Investor Owned Utilities				
Basic Service (7)				
Eversource Energy (N) (5),	\$109.46	\$2,519	\$17,404 (6)	\$59,112 (6)
Eversource Energy (S) (5)	\$109.46	\$2,519	\$16,350 (6)	\$55,423 (6)
National Grid D (N)	\$110.06	\$1,759	\$15,134	\$52,146 (6)
National Grid D (W)	\$110.06	\$1,759	\$14,004	\$48,191 (6)
National Grid D (S)	\$110.06	\$1,759	\$14,058	\$48,380 (6)
Eversouce Energy (W)	\$105.44	\$1,782	\$13,486	\$42,568 (6)

- (1) Includes discounts for prompt payment.
- (2) Fuel adjustments are for June 2017.
- (3) Includes discounts for high voltage.
- (4) No customers of this general size.
- (5) Seasonal Rate.
- (6) Weighted on-peak/off-peak energy rate.
- (7) Reflects Fixed Basic Service June 2017.

SUMMARY OF CERTAIN PROVISIONS OF THE RESOLUTION

The following summary is a brief outline of certain provisions contained in the Resolution and is not to be considered as a full statement thereof. The complete Resolution may be examined at the office of the Trustee or obtained from the Cooperative.

The capitalization of any word which is not conventionally capitalized indicates that such word is defined under the caption “Definitions” herein or in the Resolution.

Definitions

The following are summaries of certain definitions in the Resolution:

“Act” means Massachusetts General Laws c. 164, §47C, as amended.

“Additional Facilities” means wind turbines and ancillary equipment for the production of energy (other than the Berkshire Wind Facility), including any renewals, extraordinary repairs, replacements, modifications, additions, improvements or betterments thereto, and the related easements, servitudes and other real property and rights, which energy is to be purchased under the Power Sales Contract and the Power Purchase Agreements.

“Additionally Secured Series” means a Series of Bonds for which the Supplemental Resolution authorizing such Series provides that the payment of the principal or sinking fund redemption price, if any, of, and interest on, the Bonds of such Series is secured, in addition to the pledge of Revenues of the Project and the pledge of other moneys made by the Resolution in favor of the Bonds of such Series, by amounts in a separate subaccount to be designated therefor in the Reserve Account in the Bond Fund.

“Bank Bonds” means Bonds issued pursuant to the Resolution for the purpose of evidencing the Cooperative’s obligation to repay any advances or loans made to, or on behalf of, the Cooperative in connection with Credit Enhancement or Liquidity Support for any Bonds of a Series.

“Berkshire Wind Facility” means the wind turbines and ancillary equipment for the production of energy having a design net electric capability of approximately 15 megawatts, installed in Hancock and Lanesborough, Massachusetts, including any renewals, extraordinary repairs, replacements, modifications, additions, improvements or betterments thereto, and the related easements, servitudes and other real property and rights.

“Bonds” means any bonds, notes, certificates, warrants or other obligations or evidences of indebtedness, as the case may be, issued from time to time pursuant to and under the authority of the Resolution, other than Subordinated Lien Obligations.

“Build America Bonds” means any Bonds with respect to which the Cooperative has irrevocably elected, pursuant to Section 54AA(g) of the Internal Revenue Code or any other similar federal program creating subsidies for municipal borrowers, for which the Cooperative qualifies, to receive cash subsidy payments from the U.S. Treasury equal to a portion of the interest payable on such Bonds.

“Commercial Paper Note” means any Bond which (a) has a maturity date which is not more than 365 days after the date of issuance thereof and (b) is designated as a Commercial Paper Note in the Supplemental Resolution authorizing such Bond.

“Costs of Acquisition and Construction” means, to the extent not included in Monthly Contract Charges (as defined in the Power Sales Contract), all costs of planning, engineering, designing, financing, installing, constructing, acquiring and placing into operation or retirement, or disposal of the Project or any portion thereof, including any such costs relating to completion of the Project or any portion thereof.

“Credit Enhancement” means, with respect to the Bonds of a Series or a maturity within a Series, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, whereby the issuer thereof becomes unconditionally obligated to pay when due, to the extent not paid by the Cooperative or otherwise, the principal of and interest on such Bonds.

“Credit Enhancer” means any person or entity which, pursuant to the Supplemental Resolution authorizing the Bonds of a particular Series, is designated as a Credit Enhancer and which provides Credit Enhancement for the Bonds of such Series or any maturity or maturities thereof.

“Debt Service” means, as of any particular date of computation and with respect to any particular Bond Year, the aggregate of the amounts to be paid or set aside (or estimated to be required to be paid or set aside) in such Bond Year for the payment (or retirement) of the principal of, premium, if any, and interest (unless capitalized) on the Bonds. Such principal, premium, if any, and interest shall be calculated on the assumption that, except in the case of Refundable Bonds, no Bonds Outstanding at the date of calculation will cease to be Outstanding except by reason of the payment of the principal thereof on the respective due dates thereof (including, for this purpose, by retirement through sinking fund installments). For purposes of this definition, the principal of any Bond that is a Refundable Bond shall not be taken into account in calculating Debt Service until such time (if any) as such Bond no longer shall constitute a Refundable Bond. In the event that the Bonds of any Series (or any portion thereof) shall constitute Build America Bonds, then in respect of the interest payable on such Bonds, for purposes of this definition, except as otherwise provided in the Supplemental Resolution authorizing such Build America Bonds, the interest on the Bonds of such Series shall be calculated without regard to the amount of the cash subsidy payments due from the U. S. Treasury.

“Defeasance Securities” means, unless otherwise provided with respect to any Bonds in the Supplemental Resolution authorizing the Bonds, any of the following securities:

- (1) any bonds or other obligations which constitute direct obligations of, or as to principal and interest are unconditionally guaranteed by, the United States of America, in each such case, which are not subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such securities on a specified redemption date has been given and such securities are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof;

(2) any bonds or other obligations of any state of the United States of America or any political subdivision thereof or any agency, instrumentality or local governmental unit of any such state or political subdivision (a) that are not callable for redemption prior to maturity, or that have been duly called for redemption by the obligor on a date or dates specified and as to which irrevocable instructions have been given to a trustee, escrow agent or other fiduciary in respect of such bonds or other obligations by the obligor to give due notice of such redemption on such date or dates, which date or dates shall be also specified in such instructions and (b) that at the time of their purchase hereunder are rated in the highest whole rating category by two Nationally Recognized Rating Agencies; and

(3) any certificates that evidence ownership of the right to payments of principal and/or interest on obligations described in the foregoing clauses (1) and (2) of this definition, *provided however*, that such obligations shall be held in trust by a bank or trust company or a national banking association authorized to exercise corporate trust powers and subject to supervision or examination by federal, state, territorial or District of Columbia authority and having a combined capital, surplus and undivided profits of not less than \$50,000,000, in any such case, which shall not be subject to redemption prior to their maturity other than at the option of the holder thereof or as to which an irrevocable notice of redemption of such obligations on a specified redemption date has been given and such obligations are not otherwise subject to redemption prior to such specified date other than at the option of the holder thereof.

“Investment Securities” means and includes any securities, obligations or investments that, at the time, (a) are not prohibited by Massachusetts law for investment of the Cooperative’s funds and (b) are permitted by the investment policy adopted by the Board of Directors of the Cooperative and in effect at the time of the adoption of the Resolution (referred to in this definition as the “existing policy”), or such other investment policy thereafter adopted by the Board.

“Liquidity Support” means with respect to the Bonds of a Series or a maturity within a Series, the issuance of an insurance policy, letter of credit, surety bond or any other similar obligation, or the entering into of a standby bond purchase agreement, credit agreement or any other similar agreement, whereby the issuer thereof or party obligated thereunder, as the case may be, becomes obligated to pay (a) in the case of Bonds other than Commercial Paper Notes, the purchase price of any such Bond upon the tender (or deemed tender) for purchase thereof by the Holder thereof in the event that such Bond cannot be resold or (b) in the case of Commercial Paper Notes, all or any portion of the amount due at maturity thereof in the event that additional Commercial Paper Notes cannot be sold.

“MMWEC” means the Massachusetts Municipal Wholesale Electric Company, a body politic and corporate and a political subdivision of the Commonwealth.

“Nationally Recognized Rating Agency” means a credit rating agency registered as a nationally recognized statistical rating organization under Section 15E of the Securities Exchange Act of 1934, as amended.

“Operating Expenses” means the ordinary current costs and expenses of the Cooperative for operation, maintenance and repair of the Project.

“Power Purchase Agreements” or “PPAs” means the Power Purchase Agreements between MMWEC and each of the Purchasers, as such Power Purchase Agreements heretofore have been, or hereafter may be, amended, in accordance with the terms thereof and of the Resolution.

“Power Sales Contract” means the Berkshire Wind Power Sales Contract between MMWEC and the Cooperative, as the same heretofore has been, or hereafter may be, amended, in accordance with the terms thereof and of the Resolution.

“Project” means the Berkshire Wind Facility and any Additional Facilities.

“Prudent Utility Practice” has the meaning assigned to such term in the Power Sales Contract.

“Refundable Bonds” means any Bonds (including without limitation, Commercial Paper Notes) the principal of which the Cooperative intends to pay with moneys which are not Revenues (*e.g.*, the proceeds of obligations (including, but not limited to, Bonds) issued to refund such Refundable Bonds); *provided, however*, that such intent was expressed in the Supplemental Resolution authorizing such Bonds; and *provided, further*, that such Bonds will be Refundable Bonds only through the penultimate day of the month preceding the month in which the principal thereof is stated to mature or such earlier time as the Cooperative no longer intends to pay such principal with moneys which are not Revenues (which, in the case of Commercial Paper Notes, will be such dates (and in the corresponding amounts to be paid on each such date) as are specified in the Supplemental Resolution authorizing such Notes in accordance with the Resolution).

“Reserve Account Requirement” means, with respect to the Initial Subaccount, an amount for each Additionally Secured Series secured thereby calculated as of the date of such Additionally Secured Series equal to the maximum amount required to be paid into the Debt Service Accounts in the Bond Fund to provide for the payment of Debt Service on the Bonds of such Additionally Secured Series during any Bond Year, and with respect to each particular subaccount in the Reserve Account other than such Initial Subaccount, shall have the meaning assigned to such term in the Supplemental Resolution establishing such subaccount.

“Revenues” means all income, revenues, receipts, profits and other moneys derived by the Cooperative from the ownership or operation of the Project, including without limiting the generality of the foregoing, from rates, fees, charges, rentals and tolls established, maintained, revised and collected for the sale, furnishing or supplying of electric energy and power or other services, facilities and commodities by or through such Project, (including, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of the Project) including all revenues received or to be received under the Power Sales Contract; earnings on the investment of moneys held under the Resolution; the proceeds of the sale or disposition of all or any part of the Project; and the proceeds of insurance and condemnation awards received with respect to the Project. Notwithstanding the foregoing, cash subsidy payments received by the Cooperative from the U.S. Treasury in respect of the interest payable on any Build America Bonds shall not constitute “Revenues” for any purpose of the Resolution and shall be applied as provided in the Supplemental Resolution authorizing such Build America Bonds.

Issuance of Bonds

Bonds Other Than Refunding Bonds. Bonds may be issued under the Resolution in such principal amounts as may be determined by the Board of Directors of the Cooperative (“Board”) for the purpose of financing or refinancing the Costs and Acquisition of the Project, upon compliance with the following conditions:

A. The Trustee certifies that there is no deficiency in the payments required by the Resolution into the Bond Fund and Reserve and Contingency Fund.

B. The Authorized Officers of the Cooperative certify that the Cooperative is not in default in the performance of any of its covenants and agreements made in the Resolution (unless in the opinion of an attorney or firm of attorneys of nationally recognized standing in the field of law relating to municipal bonds (who may be counsel to the Cooperative) any such default does not deprive any Holder of the Bonds in any material respect of the security afforded by the Resolution), and (iii) if the Bonds are being issued to pay the Costs of Acquisition and Construction of Additional Facilities, the Authorized Officers of the Cooperative certify that the Power Sales Contract and Power Purchase Agreements require the payment of amounts sufficient to pay the principal of, premium, if any, and interest on Outstanding Bonds including the Bonds then being issued.

Refunding Bonds. Refunding Bonds may be issued without complying with the provisions described above for the purpose of refunding (including by purchase) any Outstanding Bonds, including amounts to pay principal, redemption premium and interest to the date of redemption (or purchase) and the expense of issuing the Refunding Bonds and of effecting such refunding, including any expenses incidental thereto as may be determined by the Board (and, in the case of Bonds that are issued as Commercial Paper Notes, to refund other Commercial Paper Notes, of such Series (or amounts advanced by the provider of Liquidity Support therefor)).

Subordinate Lien Obligations. The Cooperative also may issue bonds, notes, certificates, warrants or other obligations or evidences of indebtedness payable as to principal and interest from the Revenue Fund and the Revenues subject and subordinate to the deposits and credits required to be made therefrom to the various accounts in the Bond Fund, and may secure such bonds, notes, certificates, warrants or other obligations or evidences of indebtedness and the payment thereof by a lien and pledge on Revenues junior and inferior to the lien and pledge on such Revenues created in the Resolution for the payment and security of the Bonds.

Separate Utility Systems. The Cooperative also may issue bonds, notes, certificates, warrants or other obligations or evidences of indebtedness to acquire, construct and operate electric power facilities or interests therein as separate utility systems, provided that, such bonds, notes, certificates, warrants or other obligations or evidences of indebtedness to be issued to finance any such particular separate utility system are not payable from the Revenues or other income derived from the ownership or operation of the Project.

Funds and Accounts

The Resolution establishes (i) a Construction Fund, (ii) a Revenue Fund, (iii) a Bond Fund, consisting of the Debt Service Accounts and a Reserve Account, and (iv) a Reserve and Contingency Fund. Further information with respect to each Fund and Account is provided below.

Construction Fund. The Resolution establishes a Construction Fund to be maintained in trust by the Trustee. Except as otherwise provided in the Resolution, the proceeds of Bonds issued

for the Project are to be deposited into such Construction Fund and applied to the payment of the Costs of Acquisition and Construction.

The Trustee may establish within the Construction Fund separate Accounts, including subaccounts therein, for the Berkshire Wind Facility and for any Additional Facilities, the Costs of Acquisition and Construction of which are to be paid out of the Construction Fund.

Moneys remaining in the Construction Fund after payment of all Costs of Acquisition and Construction of the Berkshire Wind Facility or any Additional Facilities for which a separate Account had been established in the Construction Fund shall, subject to the receipt by MMWEC and the Cooperative of an opinion of nationally recognized bond counsel that such application of such amounts will not adversely affect the exclusion from gross income for federal income tax purposes of any Bonds issued as Bonds the interest on which was intended to be excluded from gross income for federal income tax purposes or the continued qualification of any Bonds issued as Build America Bonds to cash subsidy payments from the U. S. Treasury, after required payments, if any, to the Reserve Account, be transferred to the Reserve and Contingency Fund for application in accordance with the provisions governing such Fund, and then to the Interest Account in the Bond for application to the payment of interest on the Bonds.

Notwithstanding the above, to the extent that other monies are not available therefor, amounts in the Construction Fund shall be applied to the payment of principal of and interest on Bonds when due.

The Trustee will establish in the Construction Fund a separate account to be known as the "Capitalized Interest Account." There shall be deposited in the Capitalized Interest Account such amounts as shall be provided in a Supplemental Resolution relating to a Series of Bonds. The initial amounts on deposit will be used to pay interest on the Bonds during the period of construction and through the date of completion. Any amounts remaining in the Capitalized Interest Account after the date of completion will be transferred to the Reserve Account, if necessary, and then any balance will be transferred to the Interest Account in the Bond Fund to make the amount on deposit therein equal the Debt Service for the remainder of the applicable Bond Year.

Revenue Fund. The Resolution establishes a Revenue Fund to be maintained by the Trustee. The Cooperative has covenanted to pay into the Revenue Fund, as promptly as practicable after receipt thereof, all of the Revenues and certain other moneys, and such Revenues and other moneys are pledged to the payment of the Debt Service on the Bonds, Operating Expenses, repairs, renewals, replacements, additions, betterments and improvements to and extensions of the Project, and all other charges or obligations against such Revenues and other moneys.

Bond Fund. The Resolution establishes a Bond Fund with the Trustee which will be used solely for the purpose of paying the principal of, premium, if any, and interest on the Bonds and of retiring such Bonds prior to maturity in the manner provided in the Resolution.

Debt Service Accounts. From the Revenues in the Revenue Fund, the Trustee is to pay, not later than the last business day of each month, into the Bond Fund for credit to the Debt Service Accounts (the Interest Account, Principal Account, and Bond Retirement Account) an amount such that the balance on deposit in such Debt Service Accounts as of the last day of such calendar month will be equal to the sum of (i) the interest accrued and unpaid and to accrue to the end of such calendar month on all Bonds issued and Outstanding, less the amount of such interest that is to be transferred from the Capitalized Interest Account in the Construction Fund, (ii) the principal accrued and unpaid and to accrue to the end of such calendar month on all Serial Bonds (other than any

Serial Bonds that constitute Refundable Bonds or any Commercial Paper Notes) then Outstanding, (iii) the sinking fund installments accrued and unpaid and to accrue to the end of such calendar month on all Term Bonds then Outstanding, and (iv) the principal accrued and unpaid and to accrue to the end of such calendar month on all Commercial Paper Notes then Outstanding that, in accordance with the provisions of the Supplemental Resolution authorizing such Notes, are to be paid from moneys on deposit in such Debt Service Accounts during such month or any of the eleven months thereafter.

The Trustee will, without further authorization or direction, apply moneys paid into the Bond Fund for credit to the Debt Service Accounts in respect of sinking fund installments for Term Bonds on each date upon which a sinking fund installment is due, to the retirement of such Term Bonds in accordance with the Supplemental Resolution authorizing the issuance of the Series of Bonds of which such Term Bonds are a part, or, if so directed by the Cooperative, semi-annually on both such due date and the day six months prior to such due date, in the respective principal amounts on credit to such Debt Service Accounts on such dates for such Term Bonds, so that the aggregate amounts so applied in each calendar year will equal the respective principal amounts required to be credited to such Debt Service Accounts on such sinking fund installment dates by the Supplemental Resolution providing for their issuance. The Trustee shall give notice of all such redemptions, in the name and on behalf of the Cooperative, in accordance with the provisions of the Resolution. The Trustee also may, and if so directed by the Cooperative shall, apply the moneys credited to such Debt Service Accounts for the retirement of the Term Bonds of a particular Series to the purchase of such Bonds, at a purchase price (including accrued interest and any brokerage or other charge) not to exceed the redemption price then applicable upon the redemption of such Bonds from sinking fund installments, plus accrued interest, in which event the principal amount of such Bonds required to be redeemed on the next respective ensuing sinking fund installment date shall be reduced by the principal amount of the Bonds so purchased; *provided, however*, that no Bonds shall be purchased during the interval between the date on which notice of redemption of said Bonds from sinking fund installments is given and the date of redemption set forth in such notice, unless the Bonds so purchased are Bonds called for redemption in such notice or are purchased from moneys other than those credited to such Debt Service Accounts with respect to sinking fund installments; and *provided further*, that no purchases of Bonds shall be made if such purchase would require the sale at a loss of securities credited to such Debt Service Accounts unless the difference between the actual purchase price (including accrued interest and any brokerage or other charge) paid for such Bonds and the then maximum purchase price (plus accrued interest) permitted to be paid therefore is greater than the loss upon the sale of any such securities.

In the event of the refunding or defeasance of any Bonds, the Trustee will, upon the direction of the Authorized Officers, withdraw from such Debt Service Accounts all or any portion of the amounts accumulated therein and deposit such amounts with itself as Trustee to be held for the payment of the principal of, premium, if any, and interest on the Bonds being refunded or defeased; *provided, however*, that such withdrawal will not be made unless (1) immediately thereafter the Bonds being refunded or defeased are no longer deemed Outstanding pursuant to the Resolution, and (2) the amount remaining in such Debt Service Accounts, after giving effect to the issuance of any obligations being issued to refund any such Bonds being refunded and the disposition of the proceeds thereof, is not less than the requirement of such Debt Service Accounts pursuant to the Resolution. In the event of such refunding or defeasance, the Trustee, upon the direction of the Authorized Officers, may also withdraw from such Debt Service Accounts all or any portion of the amounts accumulated therein and deposit such amounts in any Fund or Account established pursuant to the Resolution; *provided, however*, that such withdrawal may not be made unless items (1) and (2) referred to above have been satisfied; and *provided, further*, that, at the time of such withdrawal, no deficiency in any Fund or Account established pursuant to the Resolution exists.

Reserve Account. The Resolution establishes a Reserve Account in the Bond Fund. Within the Reserve Account, the Trustee will create and establish a separate subaccount, to be designated the “Initial Subaccount”, which will be for the benefit and security of the first Series of Bonds issued pursuant to the Resolution and each other Series of Bonds as the Cooperative shall determine in the Supplemental Resolution authorizing the Bonds of such Series. In addition, to the extent provided in a Supplemental Resolution, the Trustee will create and establish within such Reserve Account one or more additional separate subaccounts, which will be for the benefit and security of such Series of Bonds as specified in such Supplemental Resolution.

In order to provide a reserve for the payment of principal of, premium, if any, and interest on the Bonds of such “Additionally Secured Series”, there shall at all times be maintained in each particular subaccount moneys and/or value of Investment Securities and/or one or more Reserve Account Substitutes in an aggregate amount equal to the Reserve Account Requirement for such subaccount.

The Resolution provides that in lieu of maintaining moneys or investments in the Initial Subaccount, the Cooperative at any time may cause to be deposited with the Trustee, for credit to the such Initial Subaccount, a surety bond, an insurance policy or a letter of credit (referred to herein as an “Initial Subaccount Reserve Substitute”) satisfying the requirements described below, in an amount equal to the difference between the Reserve Account Requirement for the Initial Subaccount and the sum of moneys or value of Investment Securities then on deposit in the Initial Subaccount, if any:

(a) An unconditional and irrevocable surety bond or insurance policy issued by an insurance company licensed or otherwise qualified to do business in the Commonwealth may be deposited with the Trustee, for credit to such Initial Subaccount, if the claims-paying ability of the issuer thereof is rated, at the time of the issuance of such surety bond or insurance policy, in either of the two highest whole rating categories by two Nationally Recognized Rating Agencies.

(b) An unconditional and irrevocable letter of credit issued by a bank may be deposited with the Trustee, for credit to the Initial Subaccount, if the bank is rated at the time of issuance thereof in the highest short term rating category by two Nationally Recognized Rating Agencies and if such letter of credit is payable in one or more draws upon presentation by the Trustee of a sight draft accompanied by its certificate that it then holds insufficient funds to make a required payment of principal or interest on the Bonds of any Additionally Secured Series secured by such Initial Subaccount. The draws will be payable within two days of presentation of the sight draft. The letter of credit will be for a term of not less than three years. The issuer of the letter of credit will be required to notify the Cooperative and the Trustee, not later than 30 months prior to the stated expiration date of the letter of credit, as to whether such expiration date will be extended, and if so, will indicate the new expiration date.

(c) If such notice indicates that the expiration date will not be extended, the Cooperative is required to deposit in the Initial Subaccount an amount sufficient to cause the cash or value of Investment Securities on deposit in the Initial Subaccount together with any other qualifying Initial Subaccount Reserve Substitutes, to equal the Reserve Account Requirement for such Initial Subaccount, such deposit to be paid in equal installments on at least a semi-annual basis over the remaining term of the letter of credit, unless the Initial Subaccount Reserve Substitute is replaced by a an Initial Subaccount Reserve Substitute meeting the

requirements in either of clauses (a) or (b) above. The letter of credit must permit a draw in full not less than two weeks prior to the expiration or termination of such letter of credit if the letter of credit has not been replaced or renewed. The Trustee is required to draw upon the letter of credit prior to its expiration or termination unless an acceptable replacement is in place or the Initial Subaccount is fully funded in its required amount.

(d) If the rating or claim paying ability of the issuer of the surety bond or insurance policy constituting an Initial Subaccount Reserve Substitute falls below the second highest whole rating category by either Nationally Recognized Rating Agency or the letter of credit is no longer in the highest short-term rating category by either Nationally Recognized Rating agency, the Cooperative is required to either (i) deposit into the Initial Subaccount an amount sufficient to cause the cash or value of Investment Securities on deposit in the Initial Subaccount to equal the Reserve Account Requirement for the Initial Subaccount, such amount to be paid over the ensuing five years in equal installments deposited at least semiannually, or (ii) replace such Initial Subaccount Reserve Substitute with an Initial Subaccount Reserve Substitute having qualified ratings within six months of such occurrence. If the rating or claims-paying ability of the issuer of the surety bond or insurance policy constituting an Initial Subaccount Reserve Substitute falls below the third highest whole rating category by either Nationally Recognized Rating Agency, the Cooperative is required to either (i) deposit into the Initial Subaccount an amount sufficient to cause the cash or value of Investment Securities on deposit in the Initial Subaccount to equal the Reserve Account Requirement for such Initial Subaccount, such amount to be paid over the ensuing year in equal installments on at least a monthly basis or (ii) replace such Initial Subaccount Reserve Substitute with an Initial Subaccount Reserve Substitute having qualified ratings within six months of such occurrence.

(e) The use of any Initial Subaccount Reserve Substitute is subject to receipt of an opinion of counsel acceptable to the Authorized Officers and in form and substance satisfactory to such Authorized Officers as to the due authorization, execution, delivery and enforceability of such instrument in accordance with its terms, subject to applicable laws affecting creditors' rights generally, and, in the event the issuer of such credit instrument is not a domestic entity, an opinion of foreign counsel in form and substance satisfactory to the Authorized Officers. In addition, the use of a letter of credit shall be subject to receipt of an opinion of counsel acceptable to the Authorized Officers and in form and substance satisfactory to such Authorized Officers to the effect that payments under such letter of credit would not constitute avoidable preferences under Section 547 of the U.S. Bankruptcy Code or similar state laws with avoidable preference provisions in the event of the filing of a petition for relief under the U.S. Bankruptcy Code or similar state laws by or against the Cooperative.

(f) The right of the issuer of an Initial Subaccount Reserve Substitute to payment or reimbursement for claims or draws under such Initial Subaccount Reserve Substitute is prior to the cash replenishment of such Initial Subaccount. In addition, the obligation to reimburse the issuer of an Initial Subaccount Reserve Substitute for any fees or expenses with respect to such Initial Subaccount Reserve Substitute is subordinate to the payment of principal of and premium, if any, and interest on the Bonds.

(g) Each Initial Subaccount Reserve Substitute shall provide for a revolving feature under which the amount available thereunder will be reinstated to the extent of any reimbursement of draws or claims paid.

(h) Where applicable, the amount available for draws or claims under any Initial Subaccount Reserve Substitute may be reduced by the amount of cash or value of Investment Securities deposited in such Initial Subaccount pursuant to Resolution.

(i) In the event that an Initial Subaccount Reserve Substitute is deposited with the Trustee, for credit to such Initial Subaccount, any amounts owed by the Cooperative to the issuer of such Initial Subaccount Reserve Substitute as a result of a draw thereon or a claim thereunder, as appropriate, will be included in any calculation of Debt Service requirements for the Bonds required to be made pursuant to the Resolution.

(j) The Trustee will ascertain the necessity for a claim or draw upon any Initial Subaccount Reserve Substitute and provide notice to the issuer of such Initial Subaccount Reserve Substitute in accordance with its terms not later than three days (or such longer period as may be necessary depending on the permitted time period for honoring a draw under the Initial Subaccount Reserve Substitute) prior to each interest payment date for the Bonds of any Additionally Secured Series secured by such Initial Subaccount.

(k) Cash on deposit in such Initial Subaccount shall be used (or investments purchased with such cash shall be liquidated and the proceeds applied as required) prior to any drawing on any Initial Subaccount Reserve Substitute. If and to the extent that more than one Initial Subaccount Reserve Substitute is deposited with the Trustee, for credit to such Initial Subaccount, drawings thereunder and repayments of costs associated therewith shall be made on a *pro rata* basis, calculated by reference to the maximum amounts available thereunder.

When the Bonds of an Additionally Secured Series of Bonds are refunded in whole or in part, the Reserve Account Requirement for the separate subaccount in the Reserve Account securing such Bonds will be calculated for the refunding Series (but only to the extent that the refunding Series is an Additionally Secured Series that is additionally secured by amounts on deposit in the same separate subaccount) and for the Bonds (if any) of the refunded Series to be outstanding after the issue of the refunding Series, as if all such Bonds were of one Series.

If on any June 30, the moneys and value of Investment Securities and/or value of Reserve Account Substitutes in the Bond Fund for credit to the Reserve Account are in excess of the Reserve Account Requirement, moneys and/or Investment Securities having a value equal to the amount of such excess will be paid by the Trustee to the Cooperative for deposit in the Revenue Fund.

Operating Expense. The Cooperative is to pay the ordinary current costs and expenses for operation, maintenance, and repair of the Project from amounts in the Revenue Fund.

Reserve and Contingency Fund. The Resolution establishes a Reserve and Contingency Fund for the Project to be held by the Trustee. The Trustee will, on or before the last business day of each month, pay from the Revenue Fund into the Reserve and Contingency Fund an amount equal to 10% of the amount required to be paid in such month into the Bond Fund for credit to the

Debt Service Accounts for the payment of the principal of, and premium, if any, on the Bonds when due, and interest on principal until such principal is due.

Moneys in the Reserve and Contingency Fund will be used to make up any deficiency (other than a deficiency caused by a loss in value of Investment Securities as of a date other than June 30) in the Debt Service Accounts and in each subaccount in the Reserve Account (or, if the amount in the Reserve and Contingency Fund is less than the amount necessary to make up the deficiencies with respect to such Debt Service Accounts and the subaccounts in the Reserve Account, then the amount in the Reserve and Contingency Fund will be applied first to make up the deficiency in the Debt Service Accounts, and any balance remaining will be applied ratably to make up the deficiencies in the subaccounts in the Reserve Account, in proportion to the deficiency in each such subaccount).

To the extent not required for any such deficiencies, moneys in the Reserve and Contingency Fund (other than amounts deposited to a separate account in the Reserve and Contingency Fund in connection with amendment(s) to the Power Purchase Agreements, sales of properties of the Project, or insurance proceeds received with respect to the Project and required to be applied exclusively to the purchase, redemption, defeasance or retirement of Bonds) may be used for renewals, extraordinary repairs, replacements, modifications, additions and betterments for the Project, decommissioning or termination of the Project, extraordinary operation and maintenance costs of, and preventing or correcting any unusual loss or damage to, the Project.

A Reserve and Contingency Fund Requirement for the Project has been established by the Board. The Resolution provides that in the event the Cooperative sells all of the properties of the Project as described under the caption “Certain Covenants – *Disposition of Properties*” herein, then from and after the date of such sale, the Reserve and Contingency Fund Requirement for the Project will be zero.

Surplus Monies. Under the terms of the Resolution, if on any June 30, the moneys and value of Investment Securities and/or Reserve Account Substitutes in each subaccount in the Reserve Account in the Bond Fund exceeds the Reserve Account Requirement for such subaccount, moneys and/or Investment Securities having a value equal to the amount of such excess is transferred to the Revenue Fund.

Additionally, the moneys and value of Investment Securities in the Reserve and Contingency Fund, after deducting (a) any amount committed or obligated for paying the costs of renewals, extraordinary repairs, replacements, modifications, additions and betterments for the Project, decommissioning or termination of the Project, or preventing or correcting any unusual loss or damage to the Project, and (b) any amount(s) deposited to a separate account in the Reserve and Contingency Fund in connection with amendment(s) to the Power Purchase Agreements, sales of properties of the Project or insurance proceeds received with respect to the Project, is to be valued on June 30th of each year and any amounts in excess of the Reserve and Contingency Fund Requirement will be transferred to the Revenue Fund, *provided* the amount on deposit in the Debt Service Accounts and in each subaccount in the Reserve Account in the Bond Fund is at least equal to the respective amount required to be on deposit therein. Excess funds are accumulated from debt service coverage collected in the past twelve months and interest earnings on the Reserve and Contingency Fund and are reduced by capital projects funded from the Reserve and Contingency Fund.

Under the Resolution, the amount which exists in the Revenue Fund as of any June 30th is deemed to be the amount of the then excess of the current assets in the Revenue Fund over the current liabilities with respect to the Project (excluding payments required to be made for the next

twelve-month period into the Bond Fund). The amount in the Revenue Fund that is in excess of the amount required for working capital and operating reserves will be applied to reduce annual power costs for MMWEC. With the consent of MMWEC, the surplus moneys in the Revenue Fund also may be applied to paying the cost of repairs, renewals and replacements, additions betterments and extensions of the Project, the purchase or redemption of Bonds or other purposes in connection with the Project.

Investment of Moneys

Moneys held for the credit of each of the accounts in the Bond Fund (other than the Reserve Account), are to be invested in Investment Securities which mature, or are subject to redemption at the option of the holder thereof, prior to the respective dates when the moneys held for the credit of such accounts will be required for the purposes intended. Moneys held by the Trustee for the credit of each of the subaccounts in the Reserve Account are to be invested in Investment Securities which mature, or are subject to redemption at the option of the holder thereof, within 5 years from the date of such investment. Moneys in the Construction Fund, Revenue Fund and the Reserve and Contingency Fund not required for immediate disbursement are to be invested in Investment Securities maturing, or subject to redemption at the option of the holder, at or prior to the estimated time for the disbursement of such moneys.

All income resulting from the investment of the moneys in the Revenue Fund and in the Debt Service Accounts in the Bond Fund shall accrue to and be deposited in the Revenue Fund. All income resulting from the investment of the moneys in each particular subaccount in the Reserve Account in the Bond Fund shall be deposited in the Bond Fund for credit to such subaccount. All income resulting from the investment of the moneys in the Reserve and Contingency Fund shall be deposited in such Fund.

Certain Covenants

To Operate and Maintain the Project: The Cooperative will use its best efforts to operate, or cause to be operated, the properties of the Project in accordance with the Power Sales Contract, and in such a manner as will result in such Power Sales Contract and the Power Purchase Agreements remaining in full force and effect, use its best efforts to maintain, or cause to be maintained, the properties of the Project in such condition as is required by the Power Sales Contract, and in such a manner as will result in the Power Sales Contract and Power Purchase Agreements remaining in full force and effect, and use its best efforts to comply, or caused to be complied, with the terms of any permits and licenses for the Project in accordance with the Power Sales Contract, and in such a manner as will result in the Power Sales Contract and Power Purchase Agreements remaining in full force and effect.

Rates: The Cooperative will maintain and collect rates and charges for electric power and energy (including capability) and other services and commodities (including, to the extent uncommitted to any third party under existing agreements, associated environmental attributes of the Project) sold, furnished or supplied through the Project, which will be adequate, whether or not the generation or transmission of electric power and energy by the Project is suspended, interrupted or reduced for any reason whatever, together with other available funds, to provide Revenues sufficient, among other things, (i) to pay all Operating Expenses of the Project, (ii) to pay Debt Service on the Bonds, (iii) to make the required payments into the Bond Fund and into the Reserve Account or any subaccount therein; (iv) make the required payments into the Reserve and Contingency Fund, (v) to make all other payments required of the Cooperative to carry out the Resolution, and (v) to pay or discharge when due all other charges or obligations against the Project or the Revenues then imposed by law or by contract.

Power Sales Contract and Power Purchase Agreements: The Cooperative will not consent voluntarily to or permit any rescission or amendment of the Power Sales Contract or the Power Purchase Agreements or take any action under or in connection with such agreements which will in any manner materially and adversely affect the rights of the Bondholders.

Any amendment to the Power Purchase Agreements that provides for a reduction (including a reduction to zero) in the Purchaser's Percentage of any one or more Purchasers will not be deemed to materially and adversely affect the rights of the Holders from time to time of the Bonds so long as any of the following conditions is satisfied:

(1) (a) each Purchaser whose Purchaser's Percentage is to be reduced will, prior to or simultaneously with the effectiveness of such reduction, pay to MMWEC for payment to the Cooperative moneys in an amount sufficient to pay or provide for the payment (within the meaning of the Resolution) of such principal amount of the Bonds then Outstanding as will be equal to the number obtained by multiplying (X) the amount of such Purchaser's Percentage to be reduced (expressed as a percentage of the aggregate amount of Project capability of the Project) by (Y) the aggregate principal amount of the Bonds then Outstanding, which moneys shall be deposited to a separate account in the Reserve and Contingency Fund and applied exclusively to the purchase, redemption, defeasance or retirement of Bonds, in such manner as the Board will determine and (b) the Cooperative and MMWEC receive an opinion of nationally recognized bond counsel to the effect that (i) such amendments to the Power Purchase Agreements are authorized or permitted by the Act, the Resolution, the Power Sales Contract and such Power Purchase Agreements as in effect immediately prior to such amendment; and (ii) such amendments will not adversely affect the exclusion from gross income for federal income tax purposes of any Bonds originally issued as Bonds the interest on which was intended to be excluded from gross income for federal income tax purposes or the continued qualification of any Bonds originally issued as Build America Bonds to cash subsidy payments from the United States Treasury equal to a portion of the interest payable on such Bonds, and an opinion of such bond counsel or other counsel to MMWEC that such Power Purchase Agreements, as so amended, are the valid and binding obligations of MMWEC and the Purchasers party thereto, enforceable in accordance with their respective terms.;

(2) the amount of the Purchaser's Percentage of each Purchaser whose Purchaser's Percentage is to be reduced will be unconditionally assigned to, and assumed by, one or more other Purchasers and (a) the Cooperative and MMWEC receive an opinion of nationally recognized bond counsel to the effect that (i) such amendments to the Power Purchase Agreements are authorized or permitted by the Act, the Resolution, the Power Sales Contract and such Power Purchase Agreements as in effect immediately prior to such amendment; and (ii) such amendments will not adversely affect the exclusion from gross income for federal income tax purposes of any Bonds originally issued as Bonds the interest on which was intended to be excluded from gross income for federal income tax purposes or the continued qualification of any Bonds originally issued as Build America Bonds to cash subsidy payments from the United States Treasury equal to a portion of the interest payable on such Bonds, and an opinion of such bond counsel or other counsel to MMWEC that such Power Purchase Agreements, as so amended, are the valid and binding obligations of MMWEC and the Purchasers party thereto, enforceable in accordance with their respective terms; and (b) either (i) each Nationally Recognized Rating Agency that rated the Bonds at the request of the Cooperative at the time of the issuance of the first Series of Bonds under the Resolution will have confirmed in writing that such amendment, assignment and assumption would not, in and of itself, result in a suspension or withdrawal

of such rating agency's rating on the Bonds or the assignment by such rating agency of a rating on the Bonds that is lower than the rating that was assigned by such rating agency to the first Series of Bonds issued under the Resolution at the time of the initial issuance thereof, without giving effect to any credit enhancement provided by a third-party with respect to any such Bonds or (ii) each Purchaser that is assuming all or any portion of such Purchaser's Percentage has outstanding debt obligations (which, for purposes of this subclause (ii), will be debt obligations of such Purchaser's municipal light department or, if no such debt obligations are outstanding, will be general obligation debt obligations of such Purchaser) that are rated by any Nationally Recognized Rating Agency that rated the Bonds at the request of the Cooperative at the time of the issuance of the first Series of Bonds (without giving effect to any credit enhancement provided by a third-party with respect thereto) not lower than either (X) the rating assigned by such rating agency on the debt obligations of the Purchaser(s) whose Purchaser's Percentage it is assuming (which, for purposes of this subclause (X), will be debt obligations of such Purchaser's municipal light department or, if no such debt obligations are outstanding, will be general obligation debt obligations of such Purchaser) at the time of the issuance of the first Series of Bonds issued under the Resolution (without giving effect to any credit enhancement provided by a third-party with respect thereto) or (Y) the rating of the Bonds that was assigned by such Nationally Recognized Rating Agency at the request of the Cooperative at the time of the issuance of the first Series of Bonds issued under the Resolution (without giving effect to any credit enhancement provided by a third-party with respect thereto); or

(3) such amendment is consented to by the Holders of at least a majority in principal amount of the Bonds then Outstanding.

Disposition of Properties: The Cooperative will not sell, mortgage, lease or otherwise dispose of any properties of the Project except as described below.

(A) Notwithstanding anything to the contrary contained in the Resolution, the Cooperative may, without the consent of the Trustee, the Holders of any Bonds or any other person, sell, lease or otherwise dispose of, or cause the sale, lease or other disposition of, or permit to be sold, leased or otherwise disposed of, any real or personal properties constituting part of the Project having an aggregate net book value not in excess of \$5,000,000.

(B) In addition to the provisions of the foregoing clause (A), the Cooperative may, without the consent of the Trustee, the Holders of any Bonds or any other person, in one or more transactions in any Fiscal Year, sell, lease or otherwise dispose of, or cause the sale, lease or other disposition of, or permit to be sold, leased or otherwise disposed of, any real or personal properties constituting part of the Project having an aggregate net book value not in excess of the lesser of (1) ten percent (10%) of the aggregate principal amount of the Bonds then Outstanding or (2) \$15,000,000 if, but only if, (a) the Cooperative receives an opinion of nationally recognized bond counsel to the effect that such sale, lease or other disposition is authorized or permitted by the Act, this Resolution and the Power Sales Contract and Power Purchase Agreements as then in effect (after giving effect to any amendments thereto made in connection therewith) and an opinion of such bond counsel or other counsel to MMWEC that the Power Sales Contract and Power Purchase Agreements (after giving effect to any amendments thereto made in connection therewith) are the valid and binding obligations of the Cooperative and MMWEC, enforceable in accordance with their respective terms; and (b) each Nationally Recognized Rating Agency that rated the Bonds at the request of the Cooperative at the time of the issuance of the first Series of Bonds issued under the Resolution confirms in writing that such sale, lease or other disposition would not, in and of itself, result in a suspension or withdrawal of such

rating agency's rating on the Bonds or the assignment by such rating agency of a rating on the Bonds that is lower than the rating that was assigned by such rating agency to the first Series of Bonds issued under the Resolution at the time of the initial issuance thereof, without giving effect to any credit enhancement provided by a third-party with respect to any such Bonds; *provided, however*, that the provisions of this clause (B) will not be applicable to any proposed sale, lease or other disposition of any real or personal properties constituting part of such Project having an aggregate net book value that is in excess of thirty percent (30%) of the aggregate principal amount of the Bonds initially issued under the Resolution, and any such proposed sale, lease or other disposition may only be made upon compliance with the provisions of either clause (A) or clause (C) below.

(C) In addition to the provisions of the foregoing clauses (A) and (B), the Cooperative may, without the consent of the Trustee, the Holders of any Bonds or any other person, sell, lease or otherwise dispose of, or cause the sale, lease or other disposition of, or permit to be sold, leased or otherwise disposed of, any real or personal properties constituting part of the Project if either of the following conditions is satisfied:

(1) concurrently with such sale, lease or other disposition, the Cooperative pays or provides for the payment of all Bonds then Outstanding; or

(2) (a) the Cooperative receives an opinion of nationally recognized bond counsel to the effect that such sale, lease or other disposition is authorized or permitted by the Act, the Resolution and such Power Sales Contract and Power Purchase Agreements as then in effect (after giving effect to any amendments thereto made in connection therewith) and an opinion of such bond counsel or other counsel to MMWEC that such Power Sales Contract and each such Power Purchase Contract (after giving effect to any amendments thereto made in connection therewith) is the valid and binding obligation of the Cooperative and MMWEC, enforceable in accordance with its respective terms; and (b) each Nationally Recognized Rating Agency that rated the Bonds at the request of the Cooperative at the time of the issuance of the first Series of Bonds issued under the Resolution confirms in writing that such sale, lease or other disposition would not, in and of itself, result in a suspension or withdrawal of such rating agency's rating on the Bonds or the assignment by such rating agency of a rating on the Bonds that is lower than the rating that was assigned by such rating agency to the first Series of Bonds issued under the Resolution at the time of the initial issuance thereof, without giving effect to any credit enhancement provided by a third-party with respect to any such Bonds.

Any moneys received by the Cooperative from the sale, lease or other disposition of any of the properties of the Project will be deposited to a separate account in the Reserve and Contingency Fund, for application to either (1) the acquisition of other property necessary or desirable, in accordance with Prudent Utility Practice, for the operation of the Project or (2) the purchase, redemption, defeasance or retirement of Bonds, in such manner as the Board determines; *provided, however*, that (a) such application must comply with the provisions of the Power Sales Contract and Power Purchase Agreements and (b) unless the Cooperative, concurrently with such application, pays or provides for the payment of all Bonds then Outstanding, such application must be made in such a manner as will result in the Power Sales Contract and Power Purchase Agreements remaining in full force and effect.

Insurance: The Cooperative will keep, or cause to be kept, the Project and the operation thereof insured, to the extent such insurance is available at reasonable cost with policies payable to the Cooperative for the benefit of the Project and MMWEC, as their interests may appear, against risks of direct physical loss, damage to or destruction of the Project, at least to the extent that similar insurance is usually carried by electric utilities operating like properties, and against accidents, casualties or negligence, including liability insurance and employer's liability. Except as provided in the second following sentence, insurance proceeds received by the Cooperative may, upon determination of the Board, be deposited into the Reserve and Contingency Fund, for application to (1) the reconstruction or replacement of the properties of the Project, (2) the acquisition of other property necessary or desirable, in accordance with Prudent Utility Practice, for the operation of the Project or (3) the purchase of replacement electric capacity and energy; *provided, however*, that (a) such application must comply with the provisions of the Power Sales Contract and (b) unless the Cooperative concurrently with such application, pays or provides for the payment of all Bonds then Outstanding, such application must be made in such a manner as will result in the Power Sales Contract remaining in full force and effect. Any such proceeds of insurance that are not to be applied as provided in the preceding sentence will be applied, in such manner as the Board determines, to the purchase, redemption, defeasance or retirement of Bonds; *provided, however*, that (a) such application complies with the provisions of the Power Sales Contract and (b) unless the Cooperative concurrently with such application, pays or provides for the payment of all Bonds then Outstanding, such application will be made in such a manner as will result in such Power Sales Contract and Power Purchase Agreements remaining in full force and effect. In the case of loss, including loss of revenue, caused by suspension or interruption of generation or transmission of power and energy by the Project, the proceeds received by the Cooperative of any policy or policies covering such loss will be paid into the Revenue Fund and used to reduce payments by MMWEC.

Books of Account: The Cooperative will keep proper books of account relating to the Project in accordance with law and the rules and regulations of any agency of the Commonwealth authorized to prescribe such rules, including the Department of Public Utilities of the Commonwealth. Such books of account are to be audited annually by an independent certified public accountant experienced in electric utility accounting. Bondholders may obtain copies of the annual audit report by sending a written request to the Trustee.

Events of Defaults; Remedies

Under the Resolution, the happening of any of the following events constitutes an Event of Default with respect to the Bonds: (i) default in the due and punctual payment of the principal of and premium, if any, on any of the Bonds when due and payable; (ii) default in the due and punctual payment of any installment of interest on any Bond or of any sinking fund installment for Bonds when due and payable; (iii) default for 30 days in the performance of any obligation of the Cooperative with respect to payments into the Revenue Fund; (iv) default for 30 days in any payments into the Bond Fund; (v) default for 60 days in the observance and performance of any other of the covenants, conditions and agreements of the Cooperative contained in the Resolution with respect to the Bonds or the Project, after written notice from the Trustee or the Holders of not less than 25% of the Bonds then Outstanding; (vi) the voluntary forfeiture by the Cooperative or the Cooperative allows any license, franchise, permit, easements or rights of way necessary or desirable in the operation of the Project to lapse or terminate prior to the expiration date thereof by neglect or default; (vii) the entering of an order, judgment or decree by any court of competent jurisdiction (a) appointing a receiver, trustee, or liquidator for the Cooperative or the whole or any substantial part of the Project, (b) approving a petition filed with respect to the Cooperative under the provisions of Chapter IX of the federal Bankruptcy Code, as amended, (c) granting relief to the Cooperative under any amendment to the Bankruptcy Code which gives relief substantially similar

to that afforded by said Chapter IX, or (d) assuming custody or control of the Cooperative or of the whole or any substantial part of the Project under the provision of any law for the relief or aid of debtors and such order, judgment or decree not be vacated or set aside or stayed (or, in case custody or control is assumed by said order, such custody or control is not otherwise terminated), within sixty (60) days from the date of the entry of such order, judgment or decree; and (viii) (a) admission by the Cooperative in writing of its inability to pay its debts generally as they become due, (b) the filing by the Cooperative of a petition in bankruptcy or the seeking by the Cooperative of a composition of indebtedness, (c) the making by the Cooperative of an assignment for the benefit of its creditors, (d) consent by the Cooperative to the appointment of a receiver of the whole or any substantial part of the Project, (e) the filing by the Cooperative of a petition or an answer seeking relief under any amendment to the Bankruptcy Code which gives relief substantially the same as that afforded by said Chapter IX, or (f) consent by the Cooperative to the assumption by any court of competent jurisdiction under the provisions of any other law for the relief or aid of debtors of custody or control of the Cooperative or of the whole or any substantial part of the Project.

If an Event of Default occurs and is not remedied, the Trustee or the Holders of 25% in principal amount of the Bonds then Outstanding may declare the principal of all the Bonds then Outstanding and the interest accrued thereon to be immediately due and payable, but such declaration may be annulled under certain circumstances as described in the Resolution. However, under the Power Sales Contract, MMWEC is not obligated to make any payments under the Power Sales Contract in respect of principal of Bonds due and payable solely as a result of such declaration.

If an Event of Default happens and is not remedied, upon demand of the Trustee, the Cooperative will pay over to the Trustee (i) all moneys, securities and funds then held by the Cooperative and pledged under the Resolution in favor of the Holders of the Bonds, and (ii) as promptly as practicably after receipt thereof, all Revenues with respect to the Project. After the occurrence of an Event of Default and prior to the curing of such Event of Default, the Trustee may, to the extent permitted by law, take possession and control of the business and properties of the Project and operate and maintain the same, prescribe rates and charges and collect the Revenues resulting from such operation.

All Revenues received by the Trustee are to be applied, *first*, to the payment of the proper disbursements or liabilities made or incurred by the Trustee, *second*, to the then due and overdue payments into the Bond Fund and *third*, to the payment of all necessary or proper Operating Expenses of the Project not made or incurred by the Trustee. After all sums then due in respect of the Bonds have been paid or provided for, and after all Events of Default have been cured or secured to the satisfaction of the Trustee, the Trustee is to restore possession and control of the Project to the Cooperative.

If the funds available at any time to pay the Bonds (other than amounts on deposit in any separate subaccount in the Reserve Account in the Bond Fund) are insufficient, (1) unless the principal of all of the Bonds has become or has been declared due and payable, such funds will be applied, *first*, to the payment of the unpaid interest then due or overdue on the Bonds in the order in which the same became due, and, if the amounts available are not sufficient to pay in full any installments maturing on the same date, then to the payment thereof ratably, and *second*, to the payment ratably of the unpaid principal and redemption premium then due or overdue on the Bonds or (2) if the principal of all Bonds has become or has been declared due and payable, such funds will be applied to the payment of the principal and interest then due and unpaid upon such Bonds without preference or priority of principal over interest or of interest over principal, or of any

installment of interest over any other installment of interest, or of any such Bond over any other such Bond, ratably.

The Holders of not less than a majority in principal amount of the Bonds at the time Outstanding have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, but the Trustee must be provided with reasonable security and indemnity and also may decline to follow any such direction if it is advised by counsel that the action or proceeding so directed may not lawfully be taken or if in good faith determines that the action or proceeding so directed would involve it in personal liability or that the action or proceeding so directed would be unjustly prejudicial to the Bondholders not parties to such direction.

No Holder of any Bonds has any right to institute suit to enforce any provisions of the Resolution or the execution of any trust thereunder (except to enforce the payment of principal or interest installments as they mature), unless such Holder has given to the Trustee notice of the Event of Default with respect to which such suit is to be instituted and unless the Trustee has been requested in writing by the Holders of not less than 25% in aggregate principal amount of the Bonds then Outstanding to exercise the powers granted it by the Resolution or to institute such suit and unless the Trustee has refused or failed within 60 days after the receipt of such request, and after having been offered adequate security and indemnity, to comply with such request.

Ownership of Bonds

The Cooperative, the Trustee and any paying agent may deem and treat the Holder of any Bond as the absolute owner of such Bond for all purposes whatsoever, including payment thereof, and neither the Cooperative nor the Trustee nor any paying agent will be affected by any notice to the contrary. The payment to or upon the order of the person in whose name a Bond is registered at the time on the books of registry will fully satisfy and discharge all liability under the Resolution upon such Bond to the extent of such payment.

Amendments; Supplemental Resolutions

Any amendment to the Resolution (also defined and referred to as a “Supplemental Resolution”) may be made by the Cooperative with the consent of the Holders of a majority in principal amount of the Bonds then Outstanding affected thereby, *provided* that without the specific consent or, to the extent provided in the following paragraphs, the deemed consent, no such amendment may, among other things, permit a change in the date of payment of principal of or any installment of interest on any Bond or a reduction in the principal or redemption price thereof or the rate of interest thereon without the consent of each Bondholder so affected.

Notwithstanding anything to the contrary contained in the Resolution, if and to the extent that a Supplemental Resolution authorizing a series of Bonds provides that the Holders of such Bonds will be deemed to have consented to any particular amendment to the Resolution or any Supplemental Resolution upon the satisfaction of the conditions set forth therein, then, upon the satisfaction of such conditions, such Holders shall be deemed to have consented to such amendment, and no Holder or subsequent Holder of any such Bond shall have or be deemed to have the right to revoke such consent.

Notwithstanding anything to the contrary contained in the Resolution, if provided in the Supplemental Resolution authorizing a Series of Bonds to be issued upon original issuance after the adoption of any Supplemental Resolution requiring the consent of the Holders of the Bonds, the Holders of such Bonds will be deemed to have consented to the provisions of such Supplemental

Resolution upon the original issuance of such Bonds, and no Holder or subsequent Holder thereof will have or be deemed to have the right to revoke such consent.

Without the consent of any holder of the Bonds or the Trustee, the Cooperative may adopt Supplemental Resolutions for certain purposes, including: to add to the covenants of the Cooperative contained in, or to surrender any rights reserved to or conferred upon it by, the Resolution; to confirm as further assurance any pledge under the Resolution; and to cure or correct any ambiguity or defective or inconsistent provision or omission or mistake or manifest error contained in the Resolution.

The Resolution provides that the Cooperative, without the consent or concurrence of any Holder of any Bond, may adopt a Supplemental Resolution for the purpose of making any other modification to or amendment of the Resolution which the Trustee in its sole discretion determines will not have a material adverse effect on the interests of Holders of the Bonds.

For purposes of the foregoing powers of amendment, the Resolution provides that any Bond will be deemed to be affected by a modification or amendment of the Resolution if the same materially adversely affects or diminishes the rights or interests of the Holder of such Bond. The Trustee may in its discretion determine whether or not, in accordance with such powers, the rights or interests of the Holder of any Bond would be materially adversely affected by any such modification or amendment. In making any such determination, the Trustee may rely conclusively upon (a) an opinion of counsel, as to legal matters and (b) certifications of (1) any banking or financial institution serving as a financial advisor to the Cooperative, as to financial and economic matters, (2) an engineer or engineering firm, as to matters within its field of expertise, (3) such other experts, as to matters within their respective fields of expertise, as it, in its reasonable judgment, determines necessary or appropriate and (4) such other proof (including, without limitation, certificates of Authorized Officers) as the Trustee, in its reasonable judgment, determines necessary or appropriate. The Resolution further provides that, for purposes of the forgoing amendments a change in the terms of redemption of any Outstanding Bond will be deemed only to affect such Bond, and will be deemed not to affect any other Bond.

Discharge of Obligations Under the Resolution

The obligations of the Cooperative under the Resolution will be fully discharged and satisfied as to any Bond and such Bond will no longer be deemed to be Outstanding thereunder when payment of the principal of and the applicable redemption premium, if any, on such Bond, plus interest thereon to the due date thereof, (a) has been made or caused to be made in accordance with the terms thereof or (b) has been provided for by irrevocably depositing with the Trustee, in trust solely for such payment, (i) moneys sufficient to make such payment and/or (ii) Defeasance Securities maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment; *provided, however*, that if said Bond is to be redeemed on any date prior to its maturity, the Cooperative has given to the Trustee instructions accepted in writing by the Trustee to give notice of redemption of such Bond (other than any Bond which has been purchased or otherwise acquired by the Cooperative as provided in the Resolution prior to the giving of such notice of redemption) on said date; and *provided, further*, that in the event that the Cooperative has not given to the Trustee instructions to give notice of redemption with respect to any such Bond, nothing contained in the Resolution or in any Bond will be deemed to constitute a waiver of any rights that the Cooperative may have to cause any such Bond to be redeemed on any date prior to its maturity, and the Cooperative may, by notice in writing to the Holder of such Bond, reserve all such rights.

The Resolution provides that the Trustee will, if so directed by the Cooperative (1) prior to the maturity date of Bonds deemed to be no longer Outstanding under the Resolution, as to which the Cooperative has not given to the Trustee instructions to redeem the same prior to their maturity date or (2) prior to the giving of the notice of redemption with respect to any Bonds deemed to be no longer Outstanding under the Resolution, which are to be redeemed on any date prior to their maturity date, apply moneys deposited with it in respect of such Bonds and redeem or sell Defeasance Securities so deposited with the Trustee and apply the proceeds thereof to the purchase of such Bonds and, except as provided in the Resolution with respect to Book Entry Bonds, the Trustee will immediately thereafter cancel all such Bonds so purchased; *provided, however*, that the moneys and Defeasance Securities remaining on deposit with the Trustee after the purchase and cancellation of such Bonds (or, in the case of a purchase of a portion of a Book Entry Bond, the deemed cancellation thereof in accordance with the Resolution) are sufficient to pay when due the principal of and the applicable redemption premium, if any (or the applicable redemption price) and interest due or to become due on all Bonds, in respect of which such moneys and Defeasance Securities are being held by the Trustee on or prior to the redemption date or maturity date thereof, as the case may be. If, at any time (1) prior to the maturity date of the Bonds deemed to be no longer Outstanding under the Resolution, as to which the Cooperative has not given to the Trustee instructions to redeem the same prior to their maturity date or (2) prior to the giving of the notice of redemption with respect to any Bonds deemed to be no longer Outstanding under the Resolution, which are to be redeemed on any date prior to their maturity date, the Cooperative purchases or otherwise acquires any such Bonds and, except as provided in the Resolution with respect to Book Entry Bonds, delivers such Bonds to the Trustee prior to their maturity date or redemption date, as the case may be, the Trustee will immediately cancel all such Bonds so delivered; such delivery of Bonds to the Trustee (or, in the case of a purchase of a Book Entry Bond, the deemed cancellation thereof in accordance with the Resolution) must be accompanied by directions from the Cooperative to the Trustee as to the manner in which such Bonds are to be applied against the obligation of the Trustee to pay or redeem Bonds deemed to be no longer Outstanding under the Resolution, as aforesaid, and the portion, if any, of such Bonds so purchased or delivered and cancelled (or, to the extent provided in the Resolution with respect to any Book Entry Bond, deemed cancelled) to be applied against the obligation of the Trustee to redeem Bonds deemed to be no longer Outstanding under the Resolution, as aforesaid, on any date or dates prior to their maturity. If, on any date as a result of any purchases, acquisitions and cancellations (or to the extent provided in the cancellation with respect to any Book Entry Bond, deemed cancellations), the total amount of moneys and Defeasance Securities remaining on deposit with the Trustee under the Resolution is in excess of the total amount which would have been required to be deposited with the Trustee on such date in respect of the remaining Bonds in order to satisfy clause (b) of the first paragraph under this heading, then such excess will be deposited in the Revenue Fund when realized and collected, for use and application as are other moneys credited to such Fund.

All moneys or Defeasance Securities set aside and held in trust for the payment of Bonds (including interest and premium thereon, if any, or the redemption price thereof) will be applied to and used solely for the payment of the particular Bond (including interest and premium thereof, if any, or redemption price thereof) with respect to which such moneys and Defeasance Securities have been so set aside in trust or, to the extent permitted by the Resolution, to the payment to the Cooperative of any excess thereof.

Additional Provisions Relating to the Series 2 Bonds

With respect to the requirements of the Internal Revenue Code of 1986, the Cooperative has covenanted in the Supplemental Resolution authorizing the Series 2 Bonds as follows:

“Tax Covenants. 1. The Cooperative covenants that it shall not take any action or inaction, or fail to take any action, or permit any action to be taken on its behalf or cause or permit any circumstance within its control to arise or continue, if any such action or inaction would adversely affect the exclusion from gross income for federal income tax purposes of the interest on the Series 2 Bonds under Section 103 of the Internal Revenue Code of 1986 and the applicable Treasury Regulations promulgated thereunder. Without limiting the generality of the foregoing, the Cooperative covenants that it will comply with the instructions and requirements of the Tax Certificate to be executed and delivered on the Delivery Date concerning certain matters pertaining to the use of proceeds of the Series 2 Bonds, including any and all exhibits attached thereto (the “Tax Certificate”). This covenant shall survive payment in full or defeasance of the Series 2 Bonds.

2. Notwithstanding any provisions of this Section, if the Cooperative shall obtain an opinion of counsel that any specified action required under this Section is no longer required or that some further or different action is required to maintain the exclusion from gross income for federal income tax purposes of interest on the Series 2 Bonds, the Cooperative may conclusively rely on such opinion in complying with the requirements of this Section and of the Tax Certificate, and the covenants hereunder shall be deemed to be modified to that extent.

3. Notwithstanding any other provision of the Resolution to the contrary, (a) upon the Cooperative’s failure to observe or refusal to comply with the above covenants, the Holders of the Series 2 Bonds shall be entitled to the rights and remedies provided to Holders of Bonds under the Resolution, other than the right (which is hereby abrogated solely in regard to the Cooperative’s failure to observe or refusal to comply with the covenants of this Section) to declare the principal of all Series 2 Bonds then outstanding, and the interest accrued thereon, to be due and payable and (b) the Holders of the Bonds of any Series other than the Series 2 Bonds shall not be entitled to exercise any right or remedy provided to Holders of Bonds under the Resolution based upon the Cooperative’s failure to observe, or refusal to comply with, the above covenants.”

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**SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACT AND
POWER PURCHASE AGREEMENTS**

This Appendix C contains summaries of certain provisions of the Power Sales Contract between the Cooperative and MMWEC and the Power Purchase Agreements between MMWEC and the Light Departments. These summaries are not to be considered full statements of the terms of the respective documents and accordingly are qualified by the reference to such respective documents and subject to the full text thereof. Copies of such documents may be obtained from the Cooperative on request. Capitalized terms not otherwise defined herein have the meanings set forth in the respective documents or the Official Statement.

SUMMARY OF CERTAIN PROVISIONS OF THE POWER SALES CONTRACT

The Cooperative has entered into a Power Sales Contract with MMWEC. Certain provisions of the Power Sales Contract are described under the caption “SECURITY AND SOURCES OF PAYMENT” in the Official Statement to which this Appendix is attached and the following is a summary of certain other provisions of the Power Sales Contract. These summaries are not to be considered as a full statement of the terms of the Power Sales Contract, the full text of which may be obtained from the Cooperative. The capitalization of any word which is not conventionally capitalized indicates that such word is defined herein or in the Power Sales Contract.

Purchase of Facility Capacity and Output. The Power Sales Contract provides for the purchase by MMWEC of 100% of Facility capacity and Facility Output, if any. “Facility” or “Project” means the wind turbines and ancillary equipment for the production of energy having a design net electrical capability of approximately 15 MW, and the related easements, servitudes and other real property interests comprising the Berkshire Wind Facility. “Facility capacity” has its ordinary meaning. “Facility Output” means the electric energy generated by the Facility, and to the extent not committed to a third party, the associated environmental energy attributes, including any and all credits, benefits, emissions reductions, environmental air quality credits, emissions reduction credits, offsets and allowances resulting from the avoidance of the emission of any gas, chemical or other substance from the Facility during the term of the Power Sales Contract.

Term. The Power Sales Contract is effective as of the date executed by the Parties, and unless terminated for failure of a condition precedent pursuant to the Power Sales Contract, will remain in full force and effect until the later of: (i) a period of twenty years from the date on which the Cooperative receives the funds sufficient to finance acquisition of the Project assets from Berkshire Wind Power, LLC, the original Project developer (“Original Developer”); or (ii) the date on which the principal of and premium, if any, and interest on all bonds, notes or other evidences of indebtedness issued by the Cooperative to finance, purchase, acquire, hold, construct, install or maintain the Facility have been paid or funds set aside for the payment or retirement thereof, and all obligations and liabilities under the Power Sales Contract have been paid or provided for.

Conditions Precedent. The obligations of the Cooperative and MMWEC under the Power Sales Contract shall be subject to the satisfaction or waiver of the following conditions precedent: (1) the Cooperative shall have obtained financing for the purchase of the Project assets from the Original Developer or commenced construction and installation, or cause to be commenced, the construction and installation of the Facility; and (2) the Cooperative shall have obtained any and all necessary permits, licenses or approvals for the construction and installation of the Facility from all government agencies having jurisdiction over the Facility. MMWEC’s payment obligations under

the Power Sales Contract survive termination of the Power Sales Contract for failure of a condition precedent to the extent necessary to satisfy all obligations of MMWEC under the Power Sales Contract.

Payment. On or before forty-five (45) days prior to the beginning of each Contract Year, the Cooperative shall prepare and provide to MMWEC an annual budget showing an estimate of the total of the Monthly Contract Charges for the following Contract Year. Thereafter, monthly bills shall be prepared for MMWEC showing the amount payable by MMWEC for Facility capacity and Facility Output. The amounts showing in the bills are due and payable by MMWEC on the 20th day of the succeeding month. The Contract Year is the year ending on December 31 commencing with the calendar month in which the Cooperative receives the funds sufficient to finance acquisition of the Project assets from the Original Developer.

If, subsequent to the rendering of a bill by the Cooperative, it is determined that MMWEC's actual Monthly Contract Charge exceeds the amounts on the basis of which MMWEC has been billed, the deficiency shall be added to the next succeeding bill, or at the Cooperative's discretion, spread over the remaining bills delivered to MMWEC for the then current Contract Year. If it is determined that MMWEC's actual Monthly Contract Charge is less than the amounts on the basis of which MMWEC has been billed, the surplus shall be deducted from the next succeeding bill, or by agreement of MMWEC and the Cooperative, spread over the remaining bills delivered to MMWEC for the then current Contract Year.

The Cooperative shall apply, as a credit against the Monthly Contract Charge, all available revenues and other moneys received by it in connection with ownership of the Facility, including but not limited to, revenues and other moneys received by it from insurance proceeds and interest earned on investments of moneys received by the Cooperative under the Power Sales Contract.

Unconditional Obligation; Remedies. MMWEC's obligations to make payments to the Cooperative under the Power Sales Contract are absolute and unconditional. Such payments shall not be subject to any reduction, whether by offset or otherwise, and shall not be conditioned upon the performance of the Cooperative under the Power Sales Contract or the performance of any party under any other agreement for any cause whatsoever, the remedy for non-performance being limited to specific performance or other equitable remedy. MMWEC shall not be obligated to make any payments under the Power Sales Contract except from the revenues that MMWEC receives from the Light Departments pursuant to the Power Purchase Agreements. MMWEC's obligations to make payments under the Power Sales Contract are special limited obligations payable solely from those revenues. MMWEC's unconditional payment obligation survives termination of the Power Sales Contract to the extent necessary to satisfy all obligations of MMWEC under the Power Sales Contract.

MMWEC shall not have the right to challenge any bills rendered by the Cooperative, invoke arbitration of the same or bring any court or administrative action of any kind questioning the propriety of the bill after a period of twelve (12) months from the date of rendering of the bill.

Termination. The Cooperative may sell the Facility, or terminate operation of the Facility and cause it to be salvaged, decommissioned, and disposed of, or sold in whole or in part whenever the Cooperative: (1) determines that it is unable to proceed as owner of the Facility due to licensing or regulatory issues, operating conditions or other causes beyond its control; or (2) determines that the Facility is incapable of producing energy consistent with Prudent Utility Practice. Notwithstanding such sale or termination, MMWEC shall continue to be obligated to pay the Monthly Contract Charge. MMWEC is required to pay termination and decommissioning costs as a Monthly Contract Charge, and the requirement to pay survives termination of the Power Sales

Contract to the extent necessary to satisfy all obligations of MMWEC under the Power Sales Contract.

Force Majeure. The Cooperative shall not be liable to MMWEC or any third person for any act, omission, or circumstances occasioned by or in consequence of any event constituting Force Majeure, provided that reasonable diligence is exercised to overcome such event. Notwithstanding the occurrence of an event of Force Majeure, MMWEC shall continue to be obligated to pay the Monthly Contract Charge during the continuance of such event.

Assignment. Neither the Power Sales Contract nor any interest under the Contract shall be assigned or transferred by either Party without the written consent of the other Party, which consent shall not be unreasonably withheld, provided further that neither the Power Sales Contract nor any interest under the Contract shall be assigned, transferred or sold by MMWEC if in the opinion of counsel to the Cooperative, such assignment, transfer or sale would adversely affect the exemption from federal income taxation of the interest on any bonds, notes or other evidences of indebtedness issued by the Cooperative in connection with the Facility.

Notwithstanding the preceding paragraph, the Cooperative may assign its right to receive payments under the Power Sales Contract to financial institutions without the written or oral consent of MMWEC.

SUMMARY OF CERTAIN PROVISIONS OF THE POWER PURCHASE AGREEMENTS

Each of the Light Departments (“Purchasers”) has entered into a Power Purchase Agreement (“PPA”) with MMWEC. Certain provisions of the PPAs are described under the caption “SECURITY AND SOURCES OF PAYMENT” in the Official Statement to which this Appendix is attached and the following is a summary of certain other provisions of the PPAs. These summaries are not to be considered as a full statement of the terms of the PPAs, the full text of which may be obtained from the Cooperative. The capitalization of any word which is not conventionally capitalized indicates that such word is defined herein or in the PPAs.

Term. The PPA becomes effective as of the date executed by the Parties, and is coterminous with the Power Sales Contract. The PPA is irrevocable and may not be terminated by either Party unless assigned in accordance with the terms of the PPA. The applicable provisions of the PPA continue in effect after termination to the extent necessary to provide for final billings, adjustments and payments.

Payment. On or before forty-five (45) days prior to the beginning of each Agreement Year, MMWEC shall prepare and mail to each Purchaser an annual budget showing an estimate of the Purchaser’s Monthly Charges for the following Agreement Year. Thereafter, monthly bills shall be prepared for the Purchaser showing the Monthly Charge payable by the Purchaser. The amount shown in the bills is due and payable by the Purchaser on the 20th day of the succeeding month. The Agreement Year is the year ending on December 31 commencing with the calendar month in which the PPA is executed.

The Monthly Charge shall be the amount equal to the Purchaser’s Percentage of: (i) the payment due with respect to such calendar month by MMWEC to the Cooperative pursuant to the Power Sales Contract, as it may be amended from time to time; (ii) all of MMWEC’s costs associated with carrying out the provisions of the PPA and the Power Sales Contract; and (iii) the amount to be paid into a working capital or similar fund established by the MMWEC Board of Directors pursuant to the PPA.

If, subsequent to the rendering of a bill by MMWEC, it is determined that the Purchaser’s actual Monthly Charge exceeds the amounts on the basis of which the Purchaser has been billed, the deficiency shall be added to the next succeeding bill, or at MMWEC’s discretion, spread over the remaining bills delivered to the Purchaser for the then current Agreement Year. If it is determined that the Purchaser’s actual Monthly Charge is less than the amounts on the basis of which the Purchaser has been billed, the surplus shall be deducted from the next succeeding bill, or by agreement of the Purchaser and MMWEC, spread over the remaining bills delivered to the Purchaser for the then current Agreement Year.

The Purchaser shall not be required to make any payments to MMWEC under the PPA except from the revenues and other monies derived by the Purchaser from its electric department or system. The Purchaser covenants and agrees in the PPA that it will fix, revise and collect fees or charges for electric power and energy and other services, facilities and commodities sold, furnished or supplied through its electric department or system at least sufficient to provide revenues adequate to meet its obligations under the PPA and to pay any and all other amounts payable from or constituting a charge and lien upon such revenues, including amounts sufficient to pay the principal of and interest on all bonds issued by the Purchaser for electric purposes.

Unconditional Obligation; Remedies. The Purchaser's obligations to make payments to MMWEC under the PPA are absolute and unconditional. The Purchaser shall make all payments to be made to MMWEC under the PPA whether or not the Facility in whole or in part is completed, or is operating, or operable, and whether or not its output is suspended, interrupted, interfered with, reduced, or curtailed or terminated in whole or in part. Such payments shall not be subject to reduction, whether by offset or otherwise, and shall not be conditioned upon the performance or nonperformance by any Party of any agreement or instrument for any cause whatsoever, the remedy for non-performance being limited to mandamus, specific performance or other legal or equitable remedy.

Notwithstanding this obligation to make payments, the Purchaser shall have the right, after making a payment, to contest a bill rendered by MMWEC, provided the Purchaser notifies MMWEC in writing within twelve (12) months after the date of the bill.

Any dispute under the PPA shall be submitted to arbitration on the written request of a Party specifying the issue(s) in dispute and summarizing the party's claim with respect thereto. The arbitrator shall not have power to add to, modify or amend the PPA. Subject to such limitation, the decision of the arbitrator shall be final and binding except that either Party may petition a court of competent jurisdiction for review of errors of law.

Working Capital Fund. Pursuant to the PPA, the Purchaser authorizes MMWEC to establish a working capital fund to assist MMWEC in meeting MMWEC's obligations to the Cooperative and to levelize the Monthly Charges to be paid by the Purchaser under the PPA. The Purchaser agrees to pay MMWEC its *pro rata* share of the cost of repayment of the working capital fund, including interest, where the working capital fund or portions thereof are established from the proceeds of external financing. The Purchaser authorizes MMWEC to fund and/or finance the working capital fund in whole or in part by assessments, prepayments, notes, temporary notes, bonds, loans, or other evidences of indebtedness as determined by the MMWEC Board of Directors. Proceeds derived from such funding or financing shall be used solely for MMWEC's expenses and obligations associated with the PPA and the Power Sales Contract.

The Purchaser further agrees that MMWEC may pool or commingle, for investment purposes, all amounts contributed to the working capital fund by Purchaser and other Purchasers under the PPAs, and such amounts may be commingled for investment purposes with the proceeds of MMWEC borrowings to finance the working capital fund. Interest earned on all such funds so invested by MMWEC may be used by MMWEC to pay its financing costs, and such financing costs need not, but may be allocated to Purchaser and other Purchasers, at MMWEC's election, in accordance with each Purchaser's Percentage.

Pursuant to the PPA, the Purchaser recognizes that loan agreements with financial institutions applicable to MMWEC's borrowings to finance the working capital fund may require payment by MMWEC to such institutions of Additional Interest Payments. Such Additional Interest Payments may be assessed before or after deliveries of the Purchaser's Percentage have terminated under the PPA.

The PPA remains in full force and effect to permit the billing and collection of any allocation to the Purchaser of MMWEC's financing costs and any assessment of Additional Interest Payments.

Obligations in the Event of Default. Upon the failure of any Purchaser to make any payment in full when due under the PPA or to perform any obligation under the PPA, MMWEC shall make demand upon the Purchaser and, if said failure is not cured within twenty (20) days from the date of such demand it shall constitute a default at the expiration of such period. If the Purchaser in good faith disputes the legal validity of said demand, it shall make payment or perform such obligation within said twenty (20) day period under protest directed to MMWEC. Such protest shall specify the reasons upon which the protest is based.

Upon the default of any Purchaser for failure to make payment, MMWEC shall use its best efforts to sell all or a portion of the Purchaser's Percentage of Facility capacity and Facility Output for all or any portion of the remaining term of the PPA. The non-defaulting other Purchasers shall have the first right to accept such disposal *pro rata* among those exercising such right before a sale is made to an electric utility which is not a non-defaulting other Purchaser. If all or any portion of the Purchaser's Percentage of Facility capacity and Facility Output is sold, the Purchaser's Percentage shall not be reduced, and the Purchaser shall remain liable to MMWEC to pay the full amount due under the PPA as if such sale had not been made, except that the Purchaser's liability shall be discharged to the extent that MMWEC receives payments on account of such a sale.

If less than all of the Purchaser's Percentage of a defaulting Purchaser is sold, MMWEC shall transfer to the non-defaulting Purchasers on a *pro rata* basis (based on the original Purchaser's Percentages), the remaining portion of the Purchaser's Percentage of the defaulting Purchaser. In no event shall any such transfer result in a transferee Purchaser having a Purchaser's Percentage (including sales to such transferee Purchaser pursuant to the preceding paragraph) in excess of 125% of its original Purchaser's Percentage.

If a Purchaser shall fail or refuse to pay any amounts due to MMWEC under its PPA, the fact that other Purchasers have assumed the obligation to make such payments (other than pursuant to a sale or transfer pursuant to the default provisions of the PPA) shall not relieve the Purchaser of its liability for such payments, and any other Purchaser assuming such obligations, either individually or as a member of a group shall have a right of recovery from the Purchaser (diminished to the extent such other Purchaser has received value from its assumption of the Purchaser's obligation to make payments). MMWEC or any other Purchaser as their interests may appear, jointly or severally, may commence such suits, actions or proceedings, at law or in equity, including suits for specific performance, as may be necessary or appropriate to enforce the Purchaser's obligations under the PPA.

Amendment of Purchaser's Percentage. With MMWEC's consent, the Purchaser's Percentages may be amended by mutual written agreement among MMWEC and the Purchasers desiring a change in their respective Purchaser's Percentages. As long as the Purchaser's Percentage of the Purchaser remains unchanged as a result of such agreement, the Purchaser's consent to such agreement is not required.

In the event the Purchaser determines to decrease its Purchaser's Percentage and it cannot effect such decrease by mutual agreement with another Purchaser, it may request MMWEC in writing to sell all or any part of its Purchaser's Percentage of Facility capacity and Facility Output. MMWEC shall use its best efforts to sell and transfer on behalf of the Purchaser, all or any part of such Facility capacity and Facility Output to other Purchasers at such price(s) as may be agreed to by MMWEC and the other Purchaser(s). If no other Purchaser agrees to take all or any part of the Purchaser's Percentage, MMWEC shall have the right, to the extent permitted by law, to sell or transfer the same to other entities.

If all or any part of the Purchaser's Percentage of Facility capacity and Facility Output is so sold or transferred, the Purchaser's Percentage shall not be reduced, and the Purchaser shall remain liable to pay MMWEC the full amount due under the PPA as if such sale or transfer had not been made, except to the extent that MMWEC receives payment in exchange for such sale or transfer.

Operation and Maintenance; Force Majeure. Under the PPA, MMWEC does not guarantee to furnish Facility capacity or deliver Facility Output, and shall not be considered to be in default under the PPA and shall be excused from furnishing Facility capacity and delivering Facility Output to the extent that it shall be prevented from doing so by an event beyond the control of MMWEC, including without limitation, shutdown or limited operation of the Facility due to breakdown or other reason, or scheduled or unscheduled repairs or maintenance. MMWEC shall not be responsible in tort, contract, or otherwise to Purchaser for damages which may result from any failure to furnish Facility capacity or deliver Facility Output unless the failure is the result of willful default by MMWEC. It is the intent of the PPA that the Purchaser assume the risks of interruption, failure to furnish or deficiencies in the quality or quantity of Facility capacity and Facility Output caused by the hazards of the business to the same extent as if the Purchaser were itself contracting with the Cooperative.

Deliveries. All deliveries made under the PPA shall be subject to New England regional transmission tariff(s) and agreement(s). A change in such tariff(s) or agreement(s) shall not affect MMWEC's obligation to deliver the Purchaser's Percentage of Facility Output to the Delivery Point.

Assignment. Neither the PPA nor any interest therein shall be assigned or transferred or sold by the Purchaser without the written consent of MMWEC, nor if in the opinion of counsel to MMWEC or the Cooperative, such assignment, transfer or sale would adversely affect the exemption from federal income taxation of the interest on any borrowings of MMWEC or the Cooperative. No such assignment, transfer, or sale shall be valid or enforceable unless approved in advance by MMWEC and no assignment, transfer or sale, whether or not approved by MMWEC, shall relieve the Purchaser of any obligation under the PPA unless specifically agreed to by MMWEC. MMWEC may assign its right to receive payment under the PPA to financial institutions without the written or oral consent of the Purchaser.

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PROPOSED FORM OF APPROVING OPINION OF BOND COUNSEL

Upon delivery of the Series 2 Bonds in definitive form, Nixon Peabody LLP, New York, New York, Bond Counsel to the Cooperative, proposes to render its final approving opinion in substantially the following form:

[Date of Delivery]

Board of Directors
Berkshire Wind Power
Cooperative Corporation
125 High Street
Boston, Massachusetts 02110

Berkshire Wind Power Cooperative Corporation
(A Massachusetts Municipal Lighting Plant Cooperative)
Wind Project Revenue Bonds, Berkshire Refunding Series 2 (Green Bonds)

Members of the Board:

We have acted as bond counsel in connection with the issuance by the Berkshire Wind Power Cooperative Corporation (the “Cooperative”), a body politic and corporate constituted as a municipal lighting plant cooperative and as a public instrumentality of The Commonwealth of Massachusetts (the “Commonwealth”) pursuant to Massachusetts General Laws, Chapter 164, Section 47C (the “Act”), of its \$40,210,000 principal amount of Wind Power Revenue Bonds, Berkshire Refunding Series 2 (Green Bonds) (the “Series 2 Bonds”), issued pursuant to the provisions of the Act and pursuant to a resolution adopted by the Cooperative on November 30, 2010 (the “General Bond Resolution”), and a resolution supplemental thereto adopted by the Cooperative on November 29, 2017 authorizing the Series 2 Bonds (such General Bond Resolution as so supplemented being herein called the “Resolution”). The Resolution provides that the Series 2 Bonds are being issued for the purpose, among others, of refinancing the costs of acquisition and construction of the Berkshire Wind Facility. Capitalized terms not otherwise defined herein shall have the meanings ascribed thereto in the Resolution.

The Cooperative has entered into a Power Sales Contract (the “Power Sales Contract”) with the Massachusetts Municipal Wholesale Electric Company, a public corporation and political subdivision of the Commonwealth (“MMWEC”), pursuant to which the Cooperative sells and MMWEC purchases all of the capacity and energy output and, to the extent available, the environmental energy attributes of the Berkshire Project. MMWEC, in turn, has entered into identical take-or-pay power purchase agreements (each a “PPA”, and collectively, the “PPAs”) with fourteen Massachusetts municipal light departments (the “Light Departments”) pursuant to which it sells the capacity and energy output and, to the extent available, environmental energy attributes purchased from the Cooperative to the Light Departments.

We have reviewed a certified copy of the Resolution, certified copies of the Power Sales Contract, the PPAs, opinions of counsel to the Cooperative, certificates of the Cooperative, the Trustee and others, and such other documents, opinions and matters to the extent we deemed necessary to render the opinions set forth herein.

In connection with the issuance by the Cooperative of the Series 2 Bonds, the Cooperative and U.S. Bank National Association, as trustee (the "Refunded Bonds Trustee"), have entered into an escrow deposit agreement dated as of December 22, 2017 (the "Escrow Deposit Agreement") to provide for the redemption on January 1, 2020 of \$44,375,000 principal amount of Wind Project Revenue Bonds, Berkshire Series 1 maturing on and after July 1, 2020 (the "Refunded Bonds") and to provide for the payment of interest on the Refunded Bonds through January 1, 2020.

We have examined the documents related to the issuance of the Refunded Bonds which provide for the deposit of certain monies with the Refunded Bonds Trustee pursuant to the Escrow Deposit Agreement to provide for the payment of the Refunded Bonds. In addition, we have examined certain computations verified by Robert Thomas, CPA, a firm of independent public accountants (the "Verification Agent"), set forth in their report, dated the date hereof, which show that the monies or obligations on deposit on and after the date hereof with the Refunded Bonds Trustee pursuant to the Escrow Deposit Agreement for the holders of the Refunded Bonds will provide monies sufficient to pay when due the redemption price of and interest due and to become due on the Refunded Bonds on or prior to the redemption date thereof.

We have also examined one of said Series 2 Bonds, as executed, and, in our opinion, the form of said Series 2 Bond is regular and proper. Certain agreements, requirements and procedures contained or referred to in the Resolution, the Power Sales Contract, the PPAs and other relevant documents may be changed and certain actions may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. No opinion is expressed herein as to any Series 2 Bond or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of counsel other than ourselves.

The opinions expressed herein are based upon an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Series 2 Bonds has concluded with their issuance, and we disclaim any obligation to update this letter. We have assumed the genuineness of all documents and signatures presented to us (whether as originals or as copies) and the due and legal execution and delivery thereof by, and validity against, any parties other than the Cooperative. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents, and of the legal conclusions contained in the opinions, referred to in the third paragraph hereof (except that we have not relied on any such legal conclusions that are to the same effect as the opinions set forth herein). Furthermore, we have assumed compliance with all covenants and agreements contained in the Resolution, the Power Sales Contract and the PPAs. We call attention to the fact that the rights and obligations under the Series 2 Bonds, the Resolution, the Power Sales Contract, the PPAs and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium and other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against public bodies corporate and politic of the Commonwealth. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum or waiver provisions contained in the foregoing documents. Finally, we undertake no

responsibility for the accuracy, completeness or fairness of the Official Statement or other offering material relating to the Series 2 Bonds and express no opinion with respect thereto.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Cooperative is duly created and validly existing under the provisions of the Act.

2. The Cooperative has the right and power under the Act to adopt the Resolution, and the Resolution has been duly and lawfully adopted by the Cooperative, is in full force and effect and is the valid and binding agreement of the Cooperative enforceable in accordance with its terms, and no other authorization for the Resolution is required. The Resolution creates the valid pledge which it purports to create of the Revenues derived from the Project, the proceeds of the Series 2 Bonds, the funds and accounts established under the Resolution, including the Initial Subaccount in the Reserve Account in the Bond Fund, and the earnings on and the income from the investment thereof, to the extent provided in the Resolution, subject to the provisions of the Resolution permitting the application thereof for the purposes and on the terms and conditions set forth in the Resolution. The Series 2 Bonds will rank equally as to security and payment with any additional bonds hereafter issued with respect to the Berkshire Project.

3. The Cooperative is duly authorized and entitled to issue the Series 2 Bonds and the Series 2 Bonds have been duly and validly authorized and issued by the Cooperative, in accordance with the Constitution and statutes of the Commonwealth, including the Act, and the Resolution, and constitute the valid and binding obligations of the Cooperative as provided in the Resolution, enforceable in accordance with their terms and the terms of the Resolution, and are entitled to the benefits of the Act and the Resolution. The Series 2 Bonds are special obligations of the Cooperative payable solely from Revenues derived from the Berkshire Project and any Additional Facilities, the proceeds of the Series 2 Bonds, the funds and accounts established under the Resolution, including the Initial Subaccount in the Reserve Account in the Bond Fund and any other moneys pledged under the Resolution and shall not be deemed to be a debt of the Commonwealth or of any city or town or a pledge of the faith and credit of the Commonwealth or of any city or town.

4. The Cooperative has the right and power to enter into and carry out its obligations under the Power Sales Contract and such Power Sales Contract has been duly authorized, executed and delivered by the Cooperative and constitutes a valid and binding agreement of the Cooperative enforceable in accordance with its terms.

5. In reliance upon the certifications, directions and acknowledgements of the Cooperative and the Verification Agent for the Refunded Bonds, upon deposit of amounts sufficient to pay the principal or redemption price of, as applicable, and interest on, the Refunded Bonds on the date such Refunded Bonds have been called for redemption with the Refunded Bonds Trustee therefor, the Refunded Bonds will have been paid within the meaning and with the effect expressed in the Resolution, and the covenants, agreements and obligations of the Cooperative to the holders of the Refunded Bonds have been fully discharged and satisfied.

6. The Internal Revenue Code of 1986, as amended (the "Code"), sets forth certain requirements which must be met subsequent to the issuance and delivery of the Series 2 Bonds for interest thereon to be and remain excluded from gross income for federal income tax purposes. Noncompliance with such requirements could cause the interest on the Series 2 Bonds to be included in gross income for federal income tax purposes retroactive to the date of issue of the Series 2 Bonds. Pursuant to the Resolution,

the Cooperative has covenanted to not take any action or inaction if any such action or inaction would adversely affect the exclusions from gross income for federal income tax purposes of the interest on the Series 2 Bonds pursuant to Section 103(a) of the Code, and in furtherance thereof, to comply with the instructions and requirements of the tax certificate executed by the Cooperative in connection with the issuance and delivery of the Series 2 Bonds. In addition, the Cooperative has made certain factual representations and certifications of expectations as to tax matters, contained in that tax certificate. We have not independently verified the accuracy of those certifications and representations. Under existing law, and assuming compliance with the tax covenants described therein and the accuracy of the aforementioned representations and certifications, interest on the Series 2 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Code. We are also of the opinion that such interest is not treated as a preference item in calculating the alternative minimum tax imposed under the Code with respect to individuals and corporations.

7. Interest on the Series 2 Bonds and any profit from the sale thereof are exempt from Massachusetts personal income tax.

Except as stated in paragraphs 6 and 7 hereof, we express no opinion as to any other federal, state or local tax consequences of the ownership or disposition of the Series 2 Bonds. Furthermore, we express no opinion as to any federal, state or local tax law consequences with respect to the Series 2 Bonds, or the interest thereon, if any action is taken or not taken with respect to the Series 2 Bonds or the proceeds thereof upon the advice or approval of other bond counsel.

It is to be understood that the rights of the owners of the Series 2 Bonds and the enforceability thereof may be subject to the exercise of judicial discretion in accordance with general principles of equity, to the valid exercise of the sovereign police powers of the State of Florida and to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted.

This opinion letter is rendered solely with regard to the matters expressly opined on above and does not consider or extend to any documents, agreements, representations or other material of any kind not specifically opined on above. No other opinions are intended nor should they be inferred. This opinion letter is issued as of the date hereof, and we assume no obligation to update, revise or supplement this opinion letter to reflect any future actions, facts or circumstances that may hereafter come to our attention, or any changes in law, or in interpretations thereof, that may hereafter occur, or for any reason whatsoever.

Very truly yours,
NIXON PEABODY LLP

CONTINUING DISCLOSURE UNDER SEC RULE 15c2-12

Pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934, the Berkshire Wind Power Cooperative Corporation (“Cooperative”) has undertaken for the benefit of Holders of the Wind Power Revenue Bonds, Berkshire Refunding Series 2 (Green Bonds) (“Bonds”) to provide certain financial information and operating data relating to the Cooperative, the Massachusetts municipal light departments that are members of the Cooperative (“Light Departments”), and the Massachusetts Municipal Wholesale Electric Company (“MMWEC”) by no later than nine months after the end of each of the Cooperative’s fiscal years, commencing with the fiscal year ending December 31, 2017 (the “Annual Financial Information”), and to provide notices of the occurrence of certain enumerated events with respect to the Bonds. The Annual Financial Information is required to be filed by or on behalf of the Cooperative with the Electronic Municipal Market Access System (“EMMA”) of the Municipal Securities Rulemaking Board (the “MSRB”), in the electronic format prescribed by the MSRB. Notices of material events are required to be filed by or on behalf of the Cooperative with the MSRB. The nature of the information to be provided in the Annual Financial Information and the notices of events is set forth below.

The required Annual Cooperative Financial Information shall consist of:

- (A) (1) any changes to the information in the Official Statement under the caption “SECURITY AND SOURCES OF PAYMENT – PPAs - *Purchaser’s Percentages*”; (2) any updates or changes to the information in the Official Statement under the caption “THE BERKSHIRE PROJECT – Operating History”; (3) information of the type included in the Official Statement in the table under the caption “THE LIGHT DEPARTMENTS – Historical Operating Data”; and (4) financial and operating data or other information consisting of the information of the type contained in Appendix A to the Official Statement;
- (B) a presentation of the Cooperative’s financial results in accordance with GAAP for the two most recent completed fiscal years for which that information is then currently available; together with
- (C) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the Cooperative.

The required Annual Light Departments Financial Information shall consist of the following:

- (A) financial and operating data consisting of the information of the type contained in Appendix A to the Official Statement relating to the Light Departments; together with
- (B) such narrative explanation as may be necessary to avoid misunderstanding and to assist the reader in understanding the presentation of financial information and operating data concerning, and in judging the financial condition of, the Light Departments.

All or any portion of the Annual Financial Information, as well as the Audited or Unaudited Financial Statements may be incorporated therein by cross reference to any other

documents which have been filed with (i) EMMA or (ii) the Securities and Exchange Commission; provided, however, that if the document is an official statement, it shall have been filed with EMMA and need not have been filed elsewhere.

Annual Financial Information for any fiscal year containing any modified operating data or financial information for each such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Financial Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles. Such comparison shall include a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information. To the extent feasible, such comparison shall also be quantitative. A notice of any such change in accounting principles shall be sent to EMMA.

Pursuant to Rule 15c2-12 under the Securities Exchange Act of 1934, the Cooperative will undertake for the benefit of Holders of the Bonds to provide or cause to be provided, Audited Cooperative Financial Statements, Audited Light Departments Financial Statements, and Audited MMWEC Financial Statements (“Audited Financial Statements”) by no later than nine months after the end of each fiscal year commencing with the fiscal year ending December 31, 2017, when and if such Audited Financial Statements become available and, if such Audited Financial Statements are not available on the date which is nine months after the end of a fiscal year, the Unaudited Financial Statements of the Cooperative, the Light Departments, and MMWEC for such fiscal year. The Audited Financial Statements will be filed by or on behalf of the Cooperative with EMMA.

The Cooperative will undertake, for the benefit of Holders of the Bonds, to provide or cause to be provided: (a) to EMMA, notice of the occurrence of any of the following events with respect to the Bonds in a timely manner not more than ten (10) Business Days after the event: (1) principal and interest payment delinquencies; (2) unscheduled draws on debt service reserves reflecting financial difficulties; (3) unscheduled draws on credit enhancements reflecting financial difficulties; (4) substitution of credit or liquidity providers, or their failure to perform; (5) adverse tax opinions or the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds; (6) defeasances; (7) tender offers; (8) bankruptcy, insolvency, receivership or similar proceedings of the Cooperative; and (9) ratings changes and (b) to EMMA, notice of the occurrence of any of the following events with respect to the Bonds, if material: (1) mergers, consolidations, acquisitions, the sale of all or substantially all of the assets of the Cooperative; (2) appointment of a successor or additional trustee or the change of the name of a trustee; (3) non-payment related defaults; (4) modifications to the rights of Bondholders; (5) notices of redemption; and (6) release, substitution or sale of property securing repayment of the Bonds. Whenever the Cooperative obtains knowledge of the occurrence of an event described in clause (b) above, the Cooperative shall as soon as possible determine if such event would be material under applicable federal securities laws and, if so, the Cooperative shall file a notice of such occurrence with EMMA in a timely manner not more than ten (10) Business Days after the event.

For the purposes of the event identified in clause (a) (8) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Cooperative in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Cooperative, or if such jurisdiction

has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Cooperative.

The Cooperative will request and use its best efforts to obtain, or cause MMWEC to obtain, pursuant to the Power Purchase Agreements and or otherwise, (i) Annual Light Departments Financial Information, (ii) Audited Light Departments Financial Statements, and information relating to any change in fiscal year and accounting principles to be followed in preparing audited financial statements; provided, however, that the failure of any Light Department to furnish any such requested information or data shall not excuse the performance of the Cooperative of any of its obligations to supply its own information under the undertaking.

If the Cooperative shall fail to comply with any provision of the undertaking described herein, then any Holder of the Bonds may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, the undertaking against the Cooperative and any of its officers, agents and employees, and may compel the Cooperative or any of its officers, agents or employees to perform and carry out their duties under the undertaking; provided that the sole and exclusive remedy for breach of the undertaking shall be an action to compel specific performance of the obligations of the Cooperative under the undertaking and no person or entity shall be entitled to recover monetary damages pursuant to the undertaking under any circumstances, and, provided, further, that any challenge to the adequacy of any information provided pursuant to the undertaking shall be brought only by the Holders of 25% in aggregate principal amount of the Bonds at the time outstanding which are affected thereby. Failure to comply with any provision of the undertaking shall not constitute a default under the Resolution nor give right to any Holder to exercise any of the remedies under the Resolution.

The foregoing is intended to set forth a general description of the type of financial information and operating data that will be provided; the descriptions are not intended to state more than general categories of financial information and operating data; and where the undertaking calls for information that no longer can be generated because the operations to which it related have been materially changed or discontinued, a statement to that effect will be provided. The Cooperative does not anticipate that it often will be necessary to amend the undertaking. The undertaking, however, may be amended or modified under certain circumstances set forth therein and the undertaking will continue until the earlier of the date the Bonds have been paid in full or legally defeased pursuant to the Resolution or the date the applicable undertaking is no longer required by law. Copies of the undertaking when executed by the parties will be on file at the office of the Cooperative.

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BOOK-ENTRY-ONLY SYSTEM

1. The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Series 2 Bonds. The Series 2 Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Series 2 Bond will be issued for each maturity of the Series 2 Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has an S&P rating of AA+. The DTC Rules applicable to Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Series 2 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2 Bonds on DTC’s records. The ownership interest of each actual purchaser of each Series 2 Bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2 Bonds, except in the event that use of the book-entry-only system for the Series 2 Bonds is discontinued.

4. To facilitate subsequent transfers, all Series 2 Bonds deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of

Series 2 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Series 2 Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Series 2 Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Series 2 Bond documents. For example, Beneficial Owners of the Series 2 Bonds may wish to ascertain that the nominee holding the Series 2 Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Series 2 Bonds of any maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Series 2 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Cooperative as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Series 2 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds and principal and interest payments on the Series 2 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detailed information from the Cooperative or the Trustee, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Trustee or the Cooperative, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds and principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Cooperative or the Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Participants.

9. DTC may discontinue providing its services as depository with respect to the Series 2 Bonds at any time by giving reasonable notice to the Cooperative or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, certificates for the Series 2 Bonds are required to be printed and delivered.

10. The Cooperative may decide to discontinue use of the system of book-entry transfers through DTC (or a successor depository). In that event, certificates for the Series 2 Bonds will be printed and delivered.

THE ABOVE INFORMATION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE COOPERATIVE BELIEVES TO BE RELIABLE, BUT THE COOPERATIVE TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

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APPENDIX G

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Berkshire Wind Power Cooperative Corporation

Financial Statements
and
Required Supplementary Information

As Of And For The Years Ended December 31, 2016 and 2015

Berkshire Wind Power Cooperative Corporation

FINANCIAL STATEMENTS

As Of And For The Years Ended December 31, 2016 and 2015

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Berkshire Wind Power Cooperative Corporation
Holden, Massachusetts 01520

Report on the Financial Statements

We have audited the accompanying financial statements of Berkshire Wind Power Cooperative Corporation (the "Cooperative"), as of and for the years ended December 31, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the Cooperative's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Cooperative's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Berkshire Wind Power Cooperative Corporation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cooperative as of December 31, 2016 and 2015, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 28, 2017

Berkshire Wind Power Cooperative Corporation

Management's Discussion and Analysis (unaudited)

As of and for the years ended December 31, 2016 and 2015

The following discussion and analysis of the Berkshire Wind Power Cooperative Corporation ("Cooperative") provides an overview and analysis of the Cooperative's financial performance during the years ended December 31, 2016 and 2015. This discussion and analysis should be read in conjunction with the Cooperative's financial statements and the accompanying notes.

COMPANY OVERVIEW

The Cooperative is organized under Chapter 164: Section 47C and Chapter 157 of the General Laws of the Commonwealth of Massachusetts and is constituted as a municipal lighting plant cooperative. The Cooperative was formed by the Massachusetts Municipal Wholesale Electric Company ("MMWEC") and 14 Municipal Light Departments (Participants) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility). MMWEC and the Participants are the members of the Cooperative. Any Municipal Light Department may become a member of the Cooperative by executing a Berkshire Wind Power Cooperative Agreement with MMWEC and agreeing to comply with such reasonable terms and conditions for membership as established by the Cooperative's By-laws.

The Cooperative has ten 1.5-megawatt wind turbines, which together with necessary equipment and related facilities comprise the Berkshire Wind Facility. The Cooperative sells energy and capacity to MMWEC pursuant to the Berkshire Wind Power Sales Contract (Power Sales Contract) dated May 21, 2008. MMWEC entered into the Power Sales Contract with the Cooperative pursuant to which MMWEC has agreed to purchase 100% of the capacity and energy output and, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of a wind power generating facility by the Berkshire Wind Facility. MMWEC, in turn will sell such capacity and energy to each of the Participants, in their pro rata share, pursuant to 14 identical take or pay Berkshire Wind Power Purchase Agreements (Power Purchase Agreements) dated May 21, 2008. This business is a self-sustaining operation, capable of providing operational and financial value to MMWEC and the Members.

The financial statements of the Cooperative have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Cooperative's financial statements include Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows. The Statements of Net Position report year-end assets, liabilities and deferred inflows based on the original cost adjusted for any depreciation, amortization or unrealized gains/losses as appropriate. The Statements of Revenues, Expenses and Changes in Net Position present the Cooperative's operating revenues and expenses incurred as a result of the Cooperative's business activity. The Statements of Cash Flows report the cash provided and used for operating activities, as well as investing activities and capital and related financing activities.

Berkshire Wind Power Cooperative Corporation

Management's Discussion and Analysis (unaudited)
As of and for the years ended December 31, 2016 and 2015

FINANCIAL ANALYSIS

Analysis of the Cooperative's financial position includes a review of the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows.

The following tables show the condensed Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows as of December 31, 2016, 2015 and 2014.

Condensed Statements of Net Position

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Current assets less current portion of restricted special funds	\$ 3,350,847	\$ 3,097,340	\$ 3,955,176
Restricted assets including current portion of restricted special funds	11,270,127	10,686,273	10,272,250
Capital assets	<u>50,797,738</u>	<u>52,481,012</u>	<u>53,891,466</u>
Total assets	<u>\$ 65,418,712</u>	<u>\$ 66,264,625</u>	<u>\$ 68,118,892</u>
Current liabilities less current maturities and accrued interests	\$ 4,056,509	\$ 3,127,952	\$ 4,953,550
Long-term debt, net of premiums, including current maturities and accrued interest	54,475,420	57,213,660	59,877,538
Noncurrent liabilities	1,250,773	1,190,532	1,133,192
Deferred inflows of resources	<u>5,636,010</u>	<u>4,732,481</u>	<u>2,154,612</u>
Total liabilities and deferred inflows of resources	<u>\$ 65,418,712</u>	<u>\$ 66,264,625</u>	<u>\$ 68,118,892</u>
Net investment in capital assets	3,788,129	3,715,022	2,707,599
Restricted	2,451,667	956,119	358,489
Unrestricted	<u>(6,239,796)</u>	<u>(4,671,141)</u>	<u>(3,066,088)</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Berkshire Wind Power Cooperative Corporation

Management's Discussion and Analysis (unaudited)
As of and for the years ended December 31, 2016 and 2015

FINANCIAL ANALYSIS...continued

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating revenues	\$ 6,890,036	\$ 6,926,582	\$ 6,833,660
Depreciation and amortization expense	1,683,274	1,676,523	1,675,273
Other operating expenses	1,685,333	1,721,673	1,606,620
Total operating expenses	<u>3,368,607</u>	<u>3,398,196</u>	<u>3,281,893</u>
Operating income	<u>3,521,429</u>	<u>3,528,386</u>	<u>3,551,767</u>
Investment income	77,806	75,156	73,791
Interest and amortization expense	(2,663,165)	(2,734,527)	(2,795,955)
Gain (loss) on investment	(27,071)	37,058	221,152
Gain on impairment of asset	-	171,797	-
Increase in amounts payable under terms of the power sales agreements	<u>(908,999)</u>	<u>(1,077,870)</u>	<u>(1,050,755)</u>
Total non-operating expenses	<u>(3,521,429)</u>	<u>(3,528,386)</u>	<u>(3,551,767)</u>
Net revenues and expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Condensed Statements of Cash Flows

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net cash provided by operating activities	\$ 6,136,728	\$ 4,913,491	\$ 5,718,178
Net cash used in investing activities	(1,232,113)	970,107	(879,448)
Net cash used in capital and related financing activities	<u>(5,401,405)</u>	<u>(5,517,677)</u>	<u>(5,402,406)</u>
Net change in cash and cash equivalents	(496,790)	365,921	(563,676)
Cash and cash equivalents – beginning of year	<u>3,243,841</u>	<u>2,877,920</u>	<u>3,441,596</u>
Cash and cash equivalents – end of year	<u>\$ 2,747,051</u>	<u>\$ 3,243,841</u>	<u>\$ 2,877,920</u>

Berkshire Wind Power Cooperative Corporation

Management's Discussion and Analysis (unaudited)
As of and for the years ended December 31, 2016 and 2015

STATEMENTS OF NET POSITION

The Cooperative's financial statements consist of the financial activity related to the operation of the Berkshire Wind Facility.

Comparison of 2015 Financial Results to 2014 Financial Results

Current assets, excluding the current portion of restricted special funds, decrease by \$857,836. Cash and cash equivalents decreased by \$905,995 primarily due to cash paid for operational expenses. Prepaid expenses increased \$105,378 related to the timing of payments made for the turbine maintenance agreement. Accounts receivable increased by \$171,095 due to the timing of payments from Participants. Renewable energy credits available for sale decreased by \$228,314 due to a decrease in generation.

Current and noncurrent restricted funds increased \$414,023 from 2014 to 2015 primarily driven by a higher balance in the contributions in aid of construction (CIAC) fund due to fully funding the account offset by a decrease in the capital reserve.

The net decrease of \$1,410,454 in capital assets is due to normal depreciation of assets offset by fixed asset additions.

The \$325,598 decrease in current liabilities, excluding current maturities of long-term debt and accrued interest, is attributable to lower REC revenues held at year-end in 2015 to be returned to Participants, resulting in a decrease of \$143,636 in advances from Participants. In addition accounts payable and accrued expenses decreased by \$181,962 due to timing of payments.

Long-term debt, including current maturities and accrued interest, decreased by \$2,663,878 primarily due to the extinguishment of long-term debt.

Other noncurrent liabilities, excluding long-term debt, increased \$57,340 due to accretion of asset retirement obligations.

Deferred inflows of resources increased \$1,077,869 due to changes in amounts payable under the terms of the power sales contract, which include temporary offsets of unbilled expenses, such as depreciation and unrealized gains/losses, and bond payment activity.

Comparison of 2016 Financial Results to 2015 Financial Results

Current assets, excluding the current portion of restricted special funds, increased by \$253,507. Cash and cash equivalents increased by \$196,734 primarily due to cash collected for operational expenses. Prepaid expenses increased \$70,164 related to the timing of payments made for the turbine maintenance agreement and Property Taxes. Accounts receivable increased by \$75,303 due to the timing of payments from Participants. Renewable energy credits available for sale decreased by \$88,696 due to a decrease in generation.

Current and noncurrent restricted funds increased \$583,854 from 2015 to 2016 primarily from funding the debt reserve.

The net decrease of \$1,683,274 in capital assets is due to normal depreciation of assets offset by fixed asset additions.

Berkshire Wind Power Cooperative Corporation

Management's Discussion and Analysis (unaudited)

As of and for the years ended December 31, 2016 and 2015

STATEMENT OF NET POSITION...continued

Comparison of 2016 Financial Results to 2015 Financial Results...continued

The \$928,557 increase in current liabilities, excluding current maturities of long-term debt and accrued interest, is attributable to lower REC revenues held at year-end in 2016 to be returned to Participants, resulting in an increase of \$1,009,632 in advances from Participants. In addition accounts payable and accrued expenses decreased by \$81,075 due to timing of payments.

Long-term debt, including current maturities and accrued interest, decreased by \$2,738,240 primarily due to the extinguishment of long-term debt.

Other noncurrent liabilities, excluding long-term debt, increased \$60,241 due to accretion of asset retirement obligations.

Deferred inflows of resources increased \$903,529 due to changes in amounts payable under the terms of the power sales contract, which include temporary offsets of unbilled expenses, such as depreciation and unrealized gains/losses, and bond payment activity.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Comparison of 2015 Financial Results to 2014 Financial Results

Operating revenues increased by \$92,922 due to increased expenses, resulting from increased billings to the Participants, in 2015 than in the prior year.

Total operating expenses increased by \$116,303, due to increases in insurance premiums and various operating and maintenance expenses offset by a decrease in easement expense.

Interest income, which is a result of varying fund balances and interest rates, increased \$1,365 due to slightly better investment performance in 2015 as opposed to 2014.

Interest expense decreased \$108,000 due to lower interest cost incurred in 2015 than in 2014 as a result of reduced long-term debt balances due to scheduled principal payments. Amortization expense decreased by \$46,572 due to continued amortization of premiums.

The decrease in gain on investments of \$184,094 is due to fluctuations in market performance and account balances.

On March 16, 2015, a gear box on one of the turbines experienced a severe failure resulting in an impairment loss of \$641,967. All damaged components were replaced and the wind turbine returned to service on April 27, 2015. There was an insurance recovery of \$813,763, resulting in a net gain on impairment of assets of \$171,797.

Comparison of 2016 Financial Results to 2015 Financial Results

Operating revenues decreased by \$36,546 due to decreased expenses.

Total operating expenses decreased by \$29,589, primarily due to a decrease in easement and legal expenses.

Interest income, which is a result of varying fund balances and interest rates, increased \$2,650 due to an increase in investment performance in 2016 as opposed to 2015.

Berkshire Wind Power Cooperative Corporation

Management's Discussion and Analysis (unaudited)
As of and for the years ended December 31, 2016 and 2015

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION...continued

Comparison of 2016 Financial Results to 2015 Financial Results...continued

Interest expense decreased \$125,125 due to lower interest cost incurred in 2016 than in 2015 as a result of reduced long-term debt balances due to scheduled principal payments. Amortization expense decreased by \$53,763 due to continued amortization of premiums.

The increase in gain on investments of \$64,129 is due to fluctuations in market performance and account balances.

On March 16, 2015, a gear box on one of the turbines experienced a severe failure resulting in an impairment loss of \$641,967. All damaged components were replaced and the wind turbine returned to service on April 27, 2015. There was an insurance recovery of \$813,763, resulting in a net gain on impairment of assets of \$171,797.

The increase in amounts payable in the future under the terms of the power sales contract is discussed in Notes 1 and 5 of the accompanying financial statements.

STATEMENTS OF CASH FLOWS

As discussed in Note 1 to the accompanying financial statements, for purposes of the Statements of Cash Flows, cash and cash equivalents are made up of accounts having original maturities of three months or less from date of acquisition. Cash and cash equivalents increased by \$365,921 from 2015 to 2016 due to the maturities of investments during 2016. Cash and cash equivalents decreased by \$563,676 from 2014 to 2015 due to decreased renewable energy credits (REC) revenue and the timing of cash received for the RECs.

OPERATING STATISTICS

For calendar year 2016, the Berkshire Wind Facility developed the following operating statistics:

- Total Generation: 47,492 MWh
- Availability Factor: 89.4%
- Capacity Factor: 36%

For calendar year 2015, the Berkshire Wind Facility developed the following operating statistics:

- Total Generation: 49,413 MWh
- Availability Factor: 95.4%
- Capacity Factor: 37.6%

For calendar year 2014, the Berkshire Wind Facility developed the following operating statistics:

- Total Generation: 51,208 MWh
- Availability Factor: 95.0%
- Capacity Factor: 39.0%

Berkshire Wind Power Cooperative Corporation

Statements of Net Position
As of December 31, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,033,450	\$ 836,716
Accounts receivable	835,041	759,736
Inventories	64,379	64,379
Prepaid expenses	252,747	182,583
Renewable energy credits available for sale	1,165,230	1,253,926
Current portion of restricted special funds	2,706,727	2,700,687
Total current assets	<u>6,057,574</u>	<u>5,798,027</u>
Noncurrent assets:		
Restricted special funds	<u>8,563,400</u>	<u>7,985,586</u>
Capital assets:		
Land	4,363,134	4,363,134
In service	55,781,077	55,781,077
Accumulated depreciation and amortization	(9,346,473)	(7,663,199)
Total capital assets	<u>50,797,738</u>	<u>52,481,012</u>
Total assets	<u>\$ 65,418,712</u>	<u>\$ 66,264,625</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 120,919	\$ 168,960
Accounts payable - MMWEC	38,565	75,877
Advances from Participants	3,885,567	2,875,935
Accrued expenses	11,458	7,180
Current liabilities payable from restricted assets:		
Accrued interest	1,354,078	1,418,203
Current maturities of long-term debt	2,799,115	2,565,000
Total current liabilities	<u>8,209,702</u>	<u>7,111,155</u>
Noncurrent liabilities:		
Long-term debt, net of premiums and current maturities	50,322,227	53,230,457
Asset retirement obligations	1,250,773	1,190,532
Total noncurrent liabilities	<u>51,573,000</u>	<u>54,420,989</u>
DEFERRED INFLOWS OF RESOURCES		
Amounts payable in the future under terms of the power sales contract	<u>5,636,010</u>	<u>4,732,481</u>
Total liabilities and deferred inflows of resources	<u>\$ 65,418,712</u>	<u>\$ 66,264,625</u>
NET POSITION		
Net investment in capital assets	\$ 3,788,129	\$ 3,715,022
Restricted	2,451,667	956,119
Unrestricted	(6,239,796)	(4,671,141)
Total net position	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Berkshire Wind Power Cooperative Corporation

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating revenues:		
Revenues	<u>\$ 6,890,036</u>	<u>\$ 6,926,582</u>
Operating expenses:		
Maintenance	605,849	504,944
Easement	163,510	201,917
Payment in lieu of taxes	194,331	169,610
Accounting and administrative	105,923	137,064
Insurance	201,765	172,064
Engineering	149,532	154,305
Legal	90,634	197,346
Other operating	173,789	184,423
Depreciation and amortization	1,683,274	1,676,523
Total operating expenses	<u>3,368,607</u>	<u>3,398,196</u>
Operating income	<u>3,521,429</u>	<u>3,528,386</u>
Nonoperating revenues (expenses):		
Interest income	77,806	75,156
Interest expense on long-term debt	(2,772,280)	(2,897,405)
Amortization of bond premiums and discounts, net	109,115	162,878
Unrealized gain (loss) on investments	(27,071)	37,058
Gain on impairment of asset	-	171,797
Increase in amounts payable in the future under the terms of the power sales contract	(908,999)	(1,077,870)
Total nonoperating expenses	<u>(3,521,429)</u>	<u>(3,528,386)</u>
Net revenues and expenses	<u>\$ -</u>	<u>\$ -</u>
Change in net position	-	-
Net position, beginning of year	-	-
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Berkshire Wind Power Cooperative Corporation

Statements of Cash Flows
Years Ended December 31, 2016 and 2015

	2016	2015
Cash flows from operating activities:		
Received from sales to participants and RECs	\$ 7,913,059	\$ 6,840,165
Paid to suppliers for goods and services	(1,776,331)	(1,926,674)
Net cash provided by operating activities	<u>6,136,728</u>	<u>4,913,491</u>
Cash flows from capital and related financing activities:		
Capital expenditures	-	(933,035)
Insurance proceeds	-	813,763
Principal payments on long-term debt	(2,565,000)	(2,440,000)
Interest payments on long-term debt	(2,836,405)	(2,958,405)
Net cash used in capital and related financing activities	<u>(5,401,405)</u>	<u>(5,517,677)</u>
Cash flows from investing activities:		
Purchases of investments	(14,505,115)	(11,618,496)
Proceeds from sales and maturities of investments	13,227,737	12,476,389
Gain (loss) on investments	(27,071)	37,058
Interest received	72,336	75,156
Net cash provided by (used in) investing activities	<u>(1,232,113)</u>	<u>970,107</u>
Net change in cash and cash equivalents	(496,790)	365,921
Cash and cash equivalents, beginning of period	<u>3,243,841</u>	<u>2,877,920</u>
Cash and cash equivalents, end of period	<u>\$ 2,747,051</u>	<u>\$ 3,243,841</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating income	\$ 3,521,429	\$ 3,528,386
Noncash items included in operating income:		
Depreciation and accretion of asset retirement obligations	1,743,515	1,733,862
Changes in assets and liabilities:		
Increase (decrease) in:		
Accounts receivable	(75,305)	(171,095)
Prepaid expenses	(70,164)	(105,378)
Renewable energy credits available for sale	88,696	228,314
Increase (decrease) in:		
Account payable	(48,041)	(96,702)
Accounts payable - MMWEC	(37,312)	(67,440)
Advances from Participants	1,009,632	(143,636)
Accrued expenses	4,278	7,180
Net cash used in operating activities	<u>\$ 6,136,728</u>	<u>\$ 4,913,491</u>
Reconciliation of cash and cash equivalents to the balance sheets:		
Cash and cash equivalents	\$ 1,033,450	\$ 836,716
Total restricted special funds	11,270,127	10,686,273
Total cash and investments	12,303,577	11,522,989
Less: Noncash equivalents	(9,556,526)	(8,279,148)
Total cash and cash equivalents	<u>\$ 2,747,051</u>	<u>\$ 3,243,841</u>

The accompanying notes are an integral part of these financial statements.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS

The financial statements of the Berkshire Wind Power Cooperative Corporation (Cooperative) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the Cooperative are described below.

Reporting Entity/Nature of Business

The Cooperative is organized under Chapter 164: Section 47C and Chapter 157 of the General Laws of the Commonwealth of Massachusetts and is constituted as a municipal lighting plant cooperative. The Cooperative was formed by the Massachusetts Municipal Wholesale Electric Company (MMWEC) and 14 Municipal Light Departments (Participants) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility). MMWEC and the Participants are the members of the Cooperative. At inception any Municipal Light Department may have become a member of the Cooperative by executing a Berkshire Wind Power Cooperative Agreement with MMWEC and agreeing to comply with such reasonable terms and conditions for membership as established by the Cooperative's By-laws.

The powers of the Cooperative are exercised by a Board of Directors who conducts the business and carries on the operations of the Cooperative. The Board of Directors is comprised of one director who represents and is appointed by MMWEC and four directors who are elected by the Participants.

The Cooperative has ten 1.5-megawatt wind turbines which together with necessary equipment and related facilities comprise the Berkshire Wind Facility. The Cooperative sells energy and capacity to MMWEC pursuant to the Berkshire Wind Power Sales Contract (Power Sales Contract) dated May 21, 2008. MMWEC entered into the Power Sales Contract with the Cooperative pursuant to which MMWEC has agreed to purchase 100% of the capacity and energy output and, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of a wind power generating facility by the Berkshire Wind Facility. MMWEC, in turn will sell such capacity and energy to each of the Participants, in their pro rata share, pursuant to 14 identical take or pay Berkshire Wind Power Purchase Agreements (Power Purchase Agreements) dated May 21, 2008. This business will be a self-sustaining operation, capable of providing operational and financial value to MMWEC and the Members.

The Power Purchase Agreements authorize MMWEC to rely on the Participants to provide the necessary working capital funds in the event that financing cannot be obtained from an outside source.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes, and disclosure of contingent liabilities at the date of the financial statements. Estimates are used for, but not limited to, provision necessary for contingent liabilities, accrued expenses and other similar charges. The Cooperative believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

Comparative Data

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the Statements of Net Position and Statement of Revenues, Expenses, and Changes in Net Positions.

Cash and Investments

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on methods and inputs as outlined in Note 7. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statements as increases or decreases in investment income. Market values may have changed significantly after year end.

For the purposes of the Statements of Cash Flows, cash and cash equivalents are made up of accounts having original maturities of three months or less from date of acquisition. Unrestricted cash and cash equivalents are presented as cash and cash equivalents in the accompanying Statements of Net Position. Restricted cash and cash equivalents are presented within the current and noncurrent portion of restricted funds in the accompanying Statements of Net Position.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on the validity of contracts and collection history, an allowance for doubtful accounts is not considered necessary. Should these circumstances change, an allowance for doubtful accounts would be provided for those accounts receivable considered to be uncollectible at the end of the year, and the bad debts would be written off against the allowance when identified.

Inventories

Spare parts inventories are valued at the lower of cost or market and recorded and accounted for by the average cost method. At December 31, 2016 and 2015, total spare parts inventory amounted to \$64,379.

Renewable Energy Credits Available for Sale

During the course of business, the Cooperative generates renewable energy credits (RECs) at a rate of one REC for each megawatt hour (MWH) of energy generated. These RECs are available for sale in accordance with New England Power Pool (NEPOOL) markets and are stated at the contract sales price for the years ended December 31, 2016 and 2015. The NEPOOL REC markets are held 3 or more months in arrears of the period the RECs were generated (i.e. the market for Q3 RECs is open in January). Revenue from the sale of RECs is credited to the Participants through billing.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

Restricted Special Funds

Mandatory segregations of cash are presented as restricted special funds. Such segregations are required by the General Bond Resolution (GBR) pursuant to which the Cooperative issued its Series 1 Revenue Bonds (see Note 6). In addition to the GBR funds, a separate fund was required by Western Massachusetts Electric Company to maintain funds to cover a possible CIAC tax. The restricted special funds are held in accordance with the provisions of the GBR, as applicable.

The composition of restricted special funds as of December 31 is as follows:

	<u>2016</u>	<u>2015</u>
Reserve Account to provide for the benefit and security of the Series 1 Revenue Bonds	\$ 5,546,015	\$ 5,521,552
Revenue Fund to receive revenues and disburse them to other funds	88	9
Bond Fund Interest, Principal and Retirement Accounts to pay principal and interest on bonds	2,706,727	2,700,687
Reserve and Contingency Fund to make up deficiencies in the Bond Funds and pay for repairs and extraordinary costs	2,060,315	1,507,914
CIAC Tax Fund to maintain funds to cover costs of possible CIAC Tax	<u>956,982</u>	<u>956,111</u>
Total restricted special funds	11,270,127	10,686,273
Less - current portion	<u>(2,706,727)</u>	<u>(2,700,687)</u>
Restricted special funds, net of current portion	<u>\$ 8,563,400</u>	<u>\$ 7,985,586</u>

Prepaid Expenses

Prepaid expenses represent insurance premiums, workers compensation insurance, maintenance agreement, and payment in lieu of taxes paid in the current fiscal year benefiting future periods.

Land

Land represents amounts paid for the purchase of property and includes costs related to the purchase of easements for certain sites related to the Berkshire Wind Facility.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

Capital Assets - In Service

Capital assets – in service are generally defined by the Cooperative as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets of the Cooperative are recorded at cost at the date of acquisition. The Cooperative capitalizes interest as an element of the cost of Construction Work in Progress. A corresponding capitalized interest amount is reflected as a reduction of interest expense. The amount of interest capitalized is based on the cost of debt, including amortization of premiums, net of investment gains and losses, and interest income derived from unexpended restricted special funds. The Cooperative did not capitalize interest costs for the years ended December 31, 2016 and 2015.

Provisions for depreciation are computed using the straight-line method based on estimated useful life of 33 1/3 years for the Cooperative.

Accounts Payable and Accrued Expenses

At December 31, 2016, accounts payable and accrued liabilities total \$1,525,000 which include \$132,377 related to standard operating supplier and vendor accounts payable; \$38,565 for accounts payable to MMWEC and \$1,354,078 for accrued interest on long term debt.

At December 31, 2015, accounts payable and accrued liabilities total \$1,670,220 which include \$176,140 related to standard operating supplier and vendor accounts payable; \$75,877 for accounts payable to MMWEC and \$1,418,203 for accrued interest on long term debt.

Asset Retirement Costs and Obligations

The Cooperative has incurred certain asset retirement obligations ("AROs") associated with requirements under the Cooperative's easement agreements to remove all equipment and restore land to its original condition. The Cooperative must remove all equipment, including but not limited to turbines, transmission lines and communications equipment and to restore the area to its original condition. As such the Cooperative records the fair value of its legal liability for an asset retirement obligation in the period in which it commences the construction of the turbines and capitalized the cost of the liability by increasing the capital assets.

A reconciliation of the beginning and ending carrying amount of the ARO for the years ended December 31 is as follows:

	(In Thousands)	
	2016	2015
Asset retirement obligations, beginning of year	\$ 1,190,532	\$ 1,133,192
Accretion expense	60,241	57,340
Asset retirement obligations, end of year	<u>\$ 1,250,773</u>	<u>\$ 1,190,532</u>

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

Asset Retirement Costs and Obligations...continued

Accretion expense is included in other operating expenses in the Statements of Revenues, Expenses and Changes in Net Position. AROs are recorded at the present value of amounts expected to be paid and capitalized as part of the cost of the related tangible long-lived assets. In the absence of quoted market prices, the Cooperative estimated the present value of AROs using techniques involving discounted cash flow analysis.

Using such measurement techniques is dependent upon many subjective factors, including the selection of discount and cost escalation rates, identification of planned retirement activities and related cost estimates, and assertions of probability regarding the timing, nature and costs of such activities. Inputs and assumptions are based on the best information available at the time the estimates are made. However, estimates of future cash flows are highly uncertain by nature and may vary significantly from actual results.

Advances from Participants

The Cooperative maintains operating reserves and advances from its Participants in accordance with the Power Sales Agreements, which are considered current liabilities.

Long-Term Obligations

Long-term debt and other obligations are reported as Cooperative liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Deferred Inflows of Resources

Deferred inflows of resources are comprised of amounts payable in the future and the working capital reserve.

Amounts Payable in the Future

Billings to the Participants are structured to recover costs in accordance with the Power Purchase Agreements and Power Sales Contract, which, among other things, provide for billing debt service, operating expenses and reserve requirements. Expenses are reflected in the Statements of Revenues and Expenses in accordance with GAAP. The timing difference between amounts billed and expensed is charged, or credited, to amounts payable under terms of the Power Sales Contract. Such amounts will be recovered through future billings or an expense will be recognized to offset credit balances. The principal differences include depreciation, amortization, accretion, costs of financing, billing for certain interest, reserves and other costs. These amounts have been offset in amounts payable in the future in the Statements of Net Position.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

Revenues and Expenses

The Cooperative distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Cooperative's principal ongoing operations. The principal operating revenues of the Cooperative will be derived from the billings under the Power Sales Contract and Power Purchase Agreements. Operating expenses for the Cooperative include the cost of revenues, services, insurance and accounting and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net Position Classification

Net position is required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - consists of capital assets, net of accumulated depreciation and costs recoverable or payable from future billings, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted - consists of restricted assets, reduced by liabilities related to those assets, with constraints placed on their use either by a) external groups such as creditors (such as through debt covenants), contributors, or laws or regulations of other governments or b) law through constitutional provisions or enabling legislation.

Unrestricted - consists of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the net investment in capital assets or restricted component of net position.

Gain on Impairment of Asset

On March 16, 2015, a gear box on one of the turbines experienced a severe failure resulting in an impairment loss of \$641,967. All damaged components were replaced and the wind turbine returned to service on April 27, 2015. During the year ended December 31, 2015, there was an insurance recovery of \$813,763, resulting in a net gain on impairment of assets of \$171,797. There was no gain on impairment of assets in 2016.

Implementations of New Accounting Principles

In 2016, the Cooperative implemented the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*; defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. Statement No. 72 requires that investments should generally be measured at fair value, with certain investments, such as short-term money market instruments, being specifically excluded from the requirement. Disclosures required by the standard include a description of the inputs and methods used to measure fair value.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

Implementations of New Accounting Principles...continued

The adoption of Statement No. 72 resulted in the addition of new disclosures to the Cooperative's financial statement footnotes, describing assets and liabilities reported at fair value and the valuation techniques used to determine fair value.

Effect of Future Accounting Standards on Current Period Financial Statements

GASB has approved GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, Statement No. 80, *Blending Requirements for Certain Component Units, an amendment of GASB Statement No. 14*, Statement No. 81, *Irrevocable Split-Interest Agreements*, Statement No. 82, *Pension Issues, an amendment of GASB Statements No. 67, No. 68, and No. 73* Statement No. 83, *Certain Asset Retirement Obligations* and Statement No. 84, *Fiduciary Activities*. When they become effective, application of these standards may restate portions of these financial statements.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

2. CASH AND CASH EQUIVALENTS AND RESTRICTED SPECIAL FUNDS

The Cooperative's cash and investments at December 31, 2016 and 2015 were comprised of the following:

	2016		2015		
	Carrying Value	Bank Value	Carrying Value	Bank Value	
Cash and Cash Equivalents:					
Checking Account	\$1,033,450	\$1,148,167	\$ 836,716	\$ 1,067,218	Custodial Credit Risk
Money Market Funds	1,705,746	1,705,746	1,719,125	1,719,125	Custodial Credit Risk
U.S Agency	-	-	688,000	688,000	Custodial Credit Risk, Interest rate Risk
Total Cash and Cash Equivalents	2,739,196	2,853,913	3,243,841	3,474,343	
Other Investments:					
U.S. Agency Bonds	\$8,284,436	\$ 8,284,436	\$ 6,585,373	\$ 6,585,373	Credit Risk, Concentration of Credit Risk, Interest Rate Risk
Municipal Bonds	682,875	682,875	502,820	502,820	Credit Risk, Concentration of Credit Risk, Interest Rate Risk
U.S. Treasury Notes	597,070	597,070	1,190,955	1,190,955	Credit Risk, Interest Rate Risk, Concentration of Credit Risk
Total Other Investments	9,564,381	9,564,381	8,279,148	8,279,148	
Totals	\$ 12,303,577	\$ 12,418,294	\$ 11,522,989	\$ 11,753,491	

The difference between the bank and investment value and carrying value is due to outstanding checks and/or deposits in transit.

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Cooperative's deposits may not be returned to the Cooperative. Interest bearing accounts are insured up to \$250,000 per depositor by the Federal Deposit Insurance Corporation ("FDIC"). As of December 31, 2016 and 2015, \$2,239,196 and \$2,743,841, respectively, of the Cooperative's interest bearing bank balance was uninsured and uncollateralized and subject to custodial credit risk.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

2. CASH AND CASH EQUIVALENTS AND RESTRICTED SPECIAL FUNDS...continued

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, MMWEC will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

All investment securities are held in book entry form, not physically held, in the Cooperative's name.

Custodial credit risk is not addressed by the investment policy followed by the Cooperative.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2016, the Cooperative's investments were rated as follows:

Investment Type	Standard & Poor's	Fitch Ratings	Moody's Investors Service
Federal National Mortgage	AA+	AAA	Aaa
U.S. Treasury	AA+	AAA	Aaa
Federal Home Loan Bank	AA+	AAA	Aaa
Federal Home Loan Mortgage	AA+	AAA	Aaa
Municipal Bonds	AA to AA+	Not rated	Aa2 to Aa1

As of December 31, 2015, the Cooperative's investments were rated as follows:

Investment Type	Standard & Poor's	Fitch Ratings	Moody's Investors Service
Federal National Mortgage	AA+	AAA	Aaa
U.S. Treasury	AA+	AAA	Aaa
Federal Farm Credit Bank	AA+	AAA	Aaa
Federal Home Loan Bank	AA+	AAA	Aaa
Federal Home Loan Mortgage	AA+	AAA	Aaa
Municipal Bonds	AA	Not rated	Aa2

The investment policy followed by the Cooperative addresses credit risk by defining allowable investments and a maximum allocation to each asset class.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

2. CASH AND CASH EQUIVALENTS AND RESTRICTED SPECIAL FUNDS...continued

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Cooperative's investment in a single issuer.

At December 31, the Cooperative investment portfolio was concentrated as follows:

Issuer	Investment Type	Percentage of Portfolio	
		2016	2015
Federal National Mortgage	U.S. Agency Securities	20.63%	53.94%
Federal Home Loan Bank	U.S. Agency Securities	32.47%	17.42%
Federal Home Loan Mortgage	U.S. Agency Securities	33.51%	9.75%
U.S. Treasury	U.S. Treasury	6.24%	13.28%
Municipal Bonds	U.S Agency Securities	7.14%	5.61%

The investment policy followed by the Cooperative minimizes concentration of credit risk in a single issuer by diversification of investment types using maximum limits for single issuers.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

At December 31, 2016, the Cooperative's investments were as follows:

Investment Type	Fair Value	Maturity In Years		
		Less than 1	1 – 5	Over 5
U.S. Treasury Securities	\$ 597,070	\$ -	\$ 597,070	\$ -
U.S. Agency	8,284,436	3,058,895	4,771,929	453,612
Municipal Bonds	682,875	-	682,875	-
Total	<u>\$ 9,564,381</u>	<u>\$ 3,058,895</u>	<u>\$ 6,051,874</u>	<u>\$ 453,612</u>

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

2. CASH AND CASH EQUIVALENTS AND RESTRICTED SPECIAL FUNDS...continued

Interest Rate Risk...continued

At December 31, 2015, the Cooperative's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity In Years</u>		
		<u>Less than 1</u>	<u>1 – 5</u>	<u>Over 5</u>
U.S. Agency	\$ 7,872,039	\$ 2,587,583	\$ 5,284,456	\$ -
U.S. Treasury	592,289	-	592,289	-
Municipal Bonds	502,820	-	502,820	-
Total	<u>\$ 8,967,148</u>	<u>\$ 2,587,583</u>	<u>\$ 6,379,565</u>	<u>\$ -</u>

The investment policy followed by the Cooperative specifies that the Cooperative shall seek to maximize the return on investments consistent with requirements for safety, minimization of risk and liquidity. Monies will not be invested for terms in excess of the projected use of funds nor exceed an average life of ten years.

During the years ended December 31, 2016 and 2015, investment income was \$72,335 and \$75,156, respectively.

During the years ended December 31, 2016 and 2015, interest income consisted of interest income and realized gains as follows:

	<u>2016</u>	<u>2015</u>
Interest income	\$ 77,223	\$ 73,807
Realized gains	583	1,349
	<u>\$ 77,806</u>	<u>\$ 75,156</u>

3. RELATED PARTIES

The Cooperative entered into the Berkshire Wind Power Service Contract (Service Contract) with MMWEC on May 21, 2008, under which MMWEC is to serve as the Cooperative's agent in all matters with respect to financing, permitting, constructing, purchasing, owning and operating the Berkshire Wind Facility and to serve as the Cooperative's representative in NEPOOL and in matters relating to ISO New England, Inc. (ISO-NE) in connection with the Berkshire Wind Facility and other property or interests therein. Pursuant to the Service Contract on the books of the Cooperative, MMWEC records and accounts for bills received and paid related to the Cooperative. MMWEC accounts for charges rendered and payments received from the Participants pursuant to the Power Purchase Agreements. MMWEC also executes the sale of renewable energy credits for the Cooperative and provides the resulting revenues to the Cooperative. During the years ended December 31, 2016 and 2015, the Cooperative incurred charges of \$268,171 and \$354,595, respectively, for services provided by MMWEC on behalf of the Cooperative. As of December 31, 2016 and 2015, the Cooperative had balances due to MMWEC of \$38,565 and \$75,877, respectively. There were no amounts due to the Cooperative from MMWEC at December 31, 2016 and 2015.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for 2016 is as follows:

	Balance 1/1/2016	Additions/ Reclassi-fications	Deletions/ Reclassi-fications	Balance 12/31/2016
Capital assets not being depreciated:				
Land	\$ 4,363,134	\$ -	\$ -	\$ 4,363,134
Capital assets being depreciated:				
In service	55,781,077	-	-	55,781,077
Less: Accumulated depreciation	7,663,199	1,683,274	-	9,346,473
Net In service	<u>\$ 52,481,012</u>	<u>\$ (1,683,274)</u>	<u>\$ -</u>	<u>\$ 50,797,738</u>

A summary of changes in capital assets for 2015 is as follows:

	Balance 1/1/2015	Additions/ Reclassi-fications	Deletions/ Reclassi-fications	Balance 12/31/2015
Capital assets not being depreciated:				
Land	\$ 4,363,134	\$ -	\$ -	\$ 4,363,134
Capital assets being depreciated:				
In service	55,515,009	916,535	650,467	55,781,077
Less: Accumulated depreciation	5,986,677	1,676,522	-	7,663,199
Net In service	<u>\$ 53,891,466</u>	<u>\$ (759,987)</u>	<u>\$ (650,467)</u>	<u>\$ 52,481,012</u>

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

5. AMOUNTS PAYABLE IN THE FUTURE

Differences in amounts billed to Participants and revenues and expenses recognized are included in amounts payable in the future under the terms of the power sales contract. These differences are made up of debt service collections, including amounts collected for the Reserve and Contingency fund, and unbilled operating and non-operating expenses and revenues. A summary of the items included in amounts payable in the future under the terms of the power sales contract for the years ended December 31, 2016 and 2015 is as follows:

	2016	2015
Beginning balance - January 1	\$ 4,732,481	\$ 3,654,612
Unbilled operating and non-operating expenses and revenues:		
Depreciation	(1,683,274)	(1,676,523)
Accretion	(60,241)	(57,341)
Amortization of bond premiums and discounts, net	109,115	162,878
Realized and unrealized gains (losses) on investments	(27,071)	37,058
Gain on impairment of asset	-	171,797
Debt service collections:		
Billed principal on long-term debt	2,565,000	2,440,000
Ending Balance - December 31	<u>\$ 5,636,010</u>	<u>\$ 4,732,481</u>

6. DEBT

Series 1 Revenue Bonds

On December 22, 2010, the Cooperative issued and sold Berkshire Wind Project Revenue Bonds, Berkshire Series 1 (Series 1 Bonds) in the face amount of \$64,705,000 pursuant to the GBR as adopted by the Cooperative. The Series 1 Bonds were issued at a net premium of \$1,532,351 which will be amortized over the life of the bonds using the effective interest method. The Series 1 Bonds are payable from and secured by the revenues derived from the Berkshire Wind Facility. A portion of the bond proceeds were used to pay off the Series 2009 Bonds which were redeemed, in whole, prior to maturity at the option of the Cooperative on December 22, 2010 at a redemption price of \$53,240,469 which was equal to 100% of the principal amount of \$52,500,000 plus accrued interest through the redemption date of \$740,469. Interest is payable in semi-annual installments beginning July 1, 2011 and on January 1 and July 1 for each year thereafter. The Series 1 Bonds bear interest at a fixed rate ranging from 3.0% to 5.25% for the various issues.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

6. DEBT...continued

Series 1 Revenue Bonds...continued

The Series 1 Bonds are subject to mandatory redemption by the Cooperative in annual principal installments commencing on July 1, 2012 and occurring on July 1 of each year thereafter with the final installment in an amount equal to the entire then outstanding principal amount of the Series 1 Bonds due and payable on the final maturity date of July 1, 2030. The Series 1 Bonds maturing on or after July 1, 2020 are subject to redemption at the option of the Cooperative, in whole or in part, on any date on or after January 1, 2020, at a redemption price of 100 percent of the principal amount plus interest accrued to the date fixed for the redemption.

The following is a summary of total debt service requirements for the bonds outstanding at December 31, 2016:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 2,690,000	\$ 2,708,155	\$ 5,398,155
2018	2,825,000	2,573,655	5,398,655
2019	2,965,000	2,432,405	5,397,405
2020	3,115,000	2,284,155	5,399,155
2021	3,270,000	2,128,405	5,398,405
2022-2026	18,955,000	8,042,838	26,997,838
2027-2030	19,035,000	2,562,262	21,597,262
Total	<u>\$ 52,855,000</u>	<u>\$ 22,731,875</u>	<u>\$ 75,586,875</u>

The following summarizes changes in the long-term debt, net of premiums, for 2016 and 2015:

Year	Balance January 1	Additions	Payments	Amortization of Premium	Balance December 31
2016	<u>\$ 55,795,457</u>	<u>\$ -</u>	<u>\$ (2,565,000)</u>	<u>\$ (109,115)</u>	<u>\$ 53,121,342</u>
2015	<u>\$ 58,398,335</u>	<u>\$ -</u>	<u>\$ (2,440,000)</u>	<u>\$ (162,878)</u>	<u>\$ 55,795,457</u>

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

7. FAIR VALUE MEASUREMENT

The Cooperative records assets and liabilities in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, which determines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurement.

Fair value is defined in Statement No. 72 as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Fair value is a market-based measurement for a particular asset or liability based on assumptions that market participants would use in pricing the asset or liability. Such assumptions include observable and unobservable inputs of market data, as well as assumptions about risk and the risk inherent in the inputs to the valuation technique.

As a basis for considering market participant assumptions in fair value measurements, Statement No. 72 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- **Level 1** inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date. U.S. Government Treasury securities are examples of Level 1 inputs.
- **Level 2** inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Government agency and mortgage-backed securities are examples of Level 2 inputs.
- **Level 3** inputs are unobservable inputs that reflect the Cooperative's own assumptions about factors that market participants would use in pricing the asset or liability (including assumptions about risk).

Valuation methods of the primary fair value measurements disclosed below are as follows:

- The majority of investments in equity securities are valued using Level 1 measurements. Investments in equity securities are typically valued at the closing price in the principal active market. For equity securities, these markets include published exchanges such as the National Association of Securities Dealers Automated Quotations and the New York Stock Exchange.
- Most investments in debt securities are valued using Level 2 measurements because the valuations use interest rate curves and credit spreads applied to the terms of the debt instrument (maturity and coupon interest rate) and consider the counterparty credit rating.

Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement. The Cooperative's assessment of the significance of a particular input to the fair value measurement requires judgment and may affect the valuation of fair value assets and liabilities and their place within the fair value hierarchy levels.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

7. FAIR VALUE MEASUREMENT...continued

The following table presents fair value balances and their levels within the fair value hierarchy as of December 31, 2016 and 2015:

	2016			Total
	Level 1	Level 2	Level 3	
Investments and Cash Equivalents				
U.S. Treasury Notes	\$ 597,070	\$ -	\$ -	\$ 597,070
U.S. Agency Bonds	-	8,284,436	-	8,284,436
Municipal Bonds	-	682,875	-	682,875
Investments and Cash Equivalents	<u>\$ 597,070</u>	<u>\$ 8,967,311</u>	<u>\$ -</u>	<u>\$9,564,381</u>
	2015			
Investments and Cash Equivalents				
U.S. Treasury Notes	\$ 1,190,955	\$ -	\$ -	\$1,190,955
U.S. Agency Bonds	-	6,585,373	-	6,585,373
U.S. Agency Discount Notes	-	688,000	-	688,000
Municipal Bonds	-	502,820	-	502,820
Investments and Cash Equivalents	<u>\$ 1,190,955</u>	<u>\$ 7,776,193</u>	<u>\$ -</u>	<u>\$8,967,148</u>

8. COMMITMENTS AND CONTINGENCIES

Easements

The Cooperative has easement agreements with two landowners for turbine sites related to the Berkshire Wind Facility. Under the easement agreements, upon commencement of commercial operations, the Cooperative has agreed to pay each landowner a completion of construction payment equal to \$1,000 per megawatt of wind turbine(s) installed on their property and reimburse or pay a fee in lieu of each landowner's personal residence electrical costs. The Cooperative will also pay each of the two landowners the greater of \$3,500 per wind turbine installed on their property or 3.5% of the gross annual revenue generated by the wind turbine(s) installed on their property upon commencement of commercial operations and annually thereafter over the term of operations.

Open Contracts

The Cooperative is party to an Interconnection Services Agreement (ISA), effective February 26, 2010, with the Western Massachusetts Electric Company (WMECO). Among the items to be charged to the Cooperative under the ISA is a charge for an income tax that WMECO may be obligated to pay associated with CIAC. The Cooperative and WMECO are unable to determine if the CIAC tax will be charged, but it is the belief of the Cooperative's management that the likelihood of WMECO being charged for CIAC tax is remote. Consequently, in April 2011, the Cooperative and WMECO entered into a Tax Reimbursement Agreement, under the terms of which, the Cooperative has agreed to maintain a fund in the Cooperative's Construction Fund held by the Bond Fund trustee pursuant to the GBR. This fund contains sufficient funds to pay for the CIAC tax, if assessed by the Internal Revenue Service against WMECO, at December 31, 2016 and 2015.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2016 and 2015

8. COMMITMENTS AND CONTINGENCIES...continued

Renewable Energy Production Incentive Payments

Pursuant to the Power Sales Contract, the Cooperative is obligated to pay MMWEC any Renewable Energy Production Incentive (REPI) or substantially similar program payments received. Under the terms of the Wind Energy Project Assets Purchase Agreement dated January 22, 2008 (Purchase Agreement) between MMWEC and the original developer of the Berkshire Wind Facility (Original Developer), MMWEC is obligated to pay the Original Developer any REPI or substantially similar program payments received from the Cooperative, until the cumulative amount of such payments equals \$1,000,000.

9. LITIGATION

The Cooperative is involved in various additional legal actions. Management believes that the ultimate resolution of litigation in which the Cooperative is currently involved will not have a material, adverse effect on the financial position of the Cooperative.

10. RISK MANAGEMENT

The Cooperative is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors, and omissions. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

11. CONCENTRATION OF CREDIT RISK/SIGNIFICANT CUSTOMERS

Credit risk represents the risk of loss that would occur if customers do not meet their financial obligations to the Cooperative. Concentration of credit risk occurs when significant customers possess similar characteristics that would cause their ability to meet contractual obligations to be affected by the same event.

The Cooperative has two municipal customers who are considered significant customers, which accounted for \$821,073 (18%) and \$574,390 (13%) of the Cooperatives revenues in 2016. At December 31, 2016, three municipal customers had significant accounts receivable balances of \$206,129 (25%), \$103,076 (12%), and \$97,306 (12%). The Cooperative has two municipal customers who are considered significant customers, which accounted for \$747,073 (18%) and \$522,623 (13%) of the Cooperatives revenues in 2015. At December 31, 2015, there were no municipal customers with significant accounts receivable balances.

12. SUBSEQUENT EVENTS

The Cooperative has evaluated subsequent events through April 28, 2017, the date which the financial statements were available to be issued and did not note any subsequent events requiring recording and disclosure in the financial statements for the year ended December 31, 2016.

Berkshire Wind Power Cooperative Corporation

Financial Statements
and
Required Supplementary Information

As Of And For The Years Ended December 31, 2015 and 2014

Berkshire Wind Power Cooperative Corporation

FINANCIAL STATEMENTS

As Of And For The Years Ended December 31, 2015 and 2014

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Berkshire Wind Power Cooperative Corporation
Holden, Massachusetts 01520

Report on the Financial Statements

We have audited the accompanying financial statements of Berkshire Wind Power Cooperative Corporation (the "Cooperative"), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Cooperative's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Cooperative's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Directors
Berkshire Wind Power Cooperative Corporation

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cooperative as of December 31, 2015 and 2014, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
April 27, 2016

Berkshire Wind Power Cooperative Corporation

Management's Discussion and Analysis (unaudited)
As of and for the years ended December 31, 2015 and 2014

The following discussion and analysis of the Berkshire Wind Power Cooperative Corporation ("Cooperative") provides an overview and analysis of the Cooperative's financial performance during the years ended December 31, 2015, 2014 and 2013. This discussion and analysis should be read in conjunction with the Cooperative's financial statements and the accompanying notes.

COMPANY OVERVIEW

The Cooperative is organized under Chapter 164: Section 47C and Chapter 157 of the General Laws of the Commonwealth of Massachusetts and is constituted as a municipal lighting plant cooperative. The Cooperative was formed by the Massachusetts Municipal Wholesale Electric Company ("MMWEC") and 14 Municipal Light Departments (Participants) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility). MMWEC and the Participants are the members of the Cooperative. Any Municipal Light Department may become a member of the Cooperative by executing a Berkshire Wind Power Cooperative Agreement with MMWEC and agreeing to comply with such reasonable terms and conditions for membership as established by the Cooperative's By-laws.

The Cooperative has ten 1.5-megawatt wind turbines, which together with necessary equipment and related facilities comprise the Berkshire Wind Facility. The Cooperative sells energy and capacity to MMWEC pursuant to the Berkshire Wind Power Sales Contract (Power Sales Contract) dated May 21, 2008. MMWEC entered into the Power Sales Contract with the Cooperative pursuant to which MMWEC has agreed to purchase 100% of the capacity and energy output and, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of a wind power generating facility by the Berkshire Wind Facility. MMWEC, in turn will sell such capacity and energy to each of the Participants, in their pro rata share, pursuant to 14 identical take or pay Berkshire Wind Power Purchase Agreements (Power Purchase Agreements) dated May 21, 2008. This business will be a self-sustaining operation, capable of providing operational and financial value to MMWEC and the Members.

The financial statements of the Cooperative have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Cooperative's financial statements include Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows. The Statements of Net Position report year-end assets and liabilities based on the original cost adjusted for any depreciation, amortization or unrealized gains/losses as appropriate. The Statements of Revenues, Expenses and Changes in Net Position present the Cooperative's operating revenues and expenses incurred as a result of the Cooperative's business activity. The Statements of Cash Flows report the cash provided and used for operating activities, as well as investing activities and capital and related financing activities.

Berkshire Wind Power Cooperative Corporation

Management's Discussion and Analysis (unaudited)
As of and for the years ended December 31, 2015 and 2014

FINANCIAL ANALYSIS

Analysis of the Cooperative's financial position includes a review of the Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows.

The following tables show the condensed Statements of Net Position, the Statements of Revenues, Expenses, and Changes in Net Position and the Statements of Cash Flows as of December 31, 2015, 2014 and 2013.

Condensed Statements of Net Position

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Current assets less current portion of restricted special funds	\$ 3,097,340	\$ 3,955,176	\$ 3,943,832
Restricted assets including current portion of restricted special funds	10,686,273	10,272,250	9,882,024
Capital assets	<u>52,481,012</u>	<u>53,891,466</u>	<u>55,566,739</u>
Total assets	<u>\$ 66,264,625</u>	<u>\$ 68,118,892</u>	<u>\$ 69,392,595</u>
Current liabilities less current maturities and accrued interests	\$ 4,627,952	\$ 4,953,550	\$ 4,596,517
Long-term debt, net of premiums, including current maturities and accrued interest	57,213,660	59,877,538	62,483,989
Noncurrent liabilities	1,190,532	1,133,192	1,208,232
Deferred inflows of resources	<u>3,232,481</u>	<u>2,154,612</u>	<u>1,103,857</u>
Total liabilities and deferred inflows of resources	<u>\$ 66,264,625</u>	<u>\$ 68,118,892</u>	<u>\$ 69,392,595</u>
Net investment in capital assets	\$ 3,715,022	\$ 2,707,599	\$ 1,432,325
Restricted	956,119	358,489	358,388
Unrestricted	<u>(4,671,141)</u>	<u>(3,066,088)</u>	<u>(1,790,713)</u>
Total net position	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Please refer to Independent Auditors' Report

Berkshire Wind Power Cooperative Corporation

Management's Discussion and Analysis (unaudited)

As of and for the years ended December 31, 2015 and 2014

FINANCIAL ANALYSIS...continued

Condensed Statements of Revenues, Expenses, and Changes in Net Position

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating revenues	\$ 6,926,582	\$ 6,833,660	\$ 6,805,595
Depreciation expense	1,676,523	1,675,273	1,675,273
Other operating expenses	<u>1,721,673</u>	<u>1,606,620</u>	<u>1,542,366</u>
Total operating expenses	<u>3,398,196</u>	<u>3,281,893</u>	<u>3,217,639</u>
Operating income	<u>3,528,386</u>	<u>3,551,767</u>	<u>3,587,956</u>
Investment income	75,156	73,791	51,489
Interest and amortization expense	(2,734,527)	(2,795,955)	(2,847,380)
Gain (loss) on investment	37,058	221,152	(129,617)
Gain on impairment of asset	171,797	-	-
Increase in amounts payable under terms of the power sales agreements	<u>(1,077,870)</u>	<u>(1,050,755)</u>	<u>(662,448)</u>
Total non-operating expenses	<u>(3,528,386)</u>	<u>(3,551,767)</u>	<u>(3,587,956)</u>
Net revenues and expenses	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Condensed Statements of Cash Flows

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Net cash provided by operating activities	\$ 4,913,491	\$ 5,718,178	\$ 6,727,673
Net cash used in investing activities	970,107	(879,448)	(574,661)
Net cash used in capital and related financing activities	<u>(5,517,677)</u>	<u>(5,402,406)</u>	<u>(5,462,971)</u>
Net change in cash and cash equivalents	365,921	(563,676)	690,041
Cash and cash equivalents – beginning of year	<u>2,877,920</u>	<u>3,441,596</u>	<u>2,751,555</u>
Cash and cash equivalents – end of year	<u>\$ 3,243,841</u>	<u>\$ 2,877,920</u>	<u>\$ 3,441,596</u>

Please refer to Independent Auditors' Report

Berkshire Wind Power Cooperative Corporation

Management's Discussion and Analysis (unaudited)

As of and for the years ended December 31, 2015 and 2014

STATEMENTS OF NET POSITION

The Cooperative's financial statements consist of the financial activity related to the operation of the Berkshire Wind Facility.

Comparison of 2014 Financial Results to 2013 Financial Results

Current assets, excluding the current portion of restricted special funds, increased by \$11,344. Cash and cash equivalents increased by \$220,489 primarily due to additional cash advanced in 2014 to pay future operational expenses. Prepaid expenses decreased \$75,135 related to the timing of payments in lieu of taxes. Accounts receivable decreased by \$88,826 due to the timing of payments from the Participants and a decrease in the monthly amount billed to the Participants. Renewable energy credits available for sale decreased by \$45,184 due to a decrease in generation.

Current and noncurrent restricted funds increased \$390,226 from 2013 to 2014 primarily driven by a higher balance in the Reserve and Contingency fund due to debt service requirements under the General Bond Resolution.

The net decrease of \$1,675,273 in capital assets is due to normal depreciation of assets.

The \$227,416 increase in current liabilities, excluding current maturities of long-term debt and accrued interest, is attributable to more funds collected for future planned maintenance and operational purchases, thus increasing the amount of advances from Participants by \$86,473. In addition accounts payable increased by \$140,943 due to timing of payments.

Long-term debt, including current maturities and accrued interest, decreased by \$2,606,451 primarily due to the extinguishment of long-term debt.

Other noncurrent liabilities, excluding long-term debt, increased \$1,105,332 due to accretion of asset retirement obligations.

Deferred inflows of resources increased \$1,050,755 due to changes in amounts payable under the terms of the power sales contract, which include temporary offsets of unbilled expenses, such as depreciation and unrealized gains/losses, and bond payment activity.

Comparison of 2015 Financial Results to 2014 Financial Results

Current assets, excluding the current portion of restricted special funds, decrease by \$857,836. Cash and cash equivalents decreased by \$905,995 primarily due to cash paid for operational expenses. Prepaid expenses increased \$105,378 related to the timing of payments made for the turbine maintenance agreement. Accounts receivable increased by \$171,095 due to the timing of payments from Participants. Renewable energy credits available for sale decreased by \$228,314 due to a decrease in generation.

Current and noncurrent restricted funds increased \$414,023 from 2014 to 2015 primarily driven by a higher balance in the CIAC fund due to fully funding the account offset by a decrease in the capital reserve.

The net decrease of \$1,410,454 in capital assets is due to normal depreciation of assets offset by fixed asset additions.

Please refer to Independent Auditors' Report

Berkshire Wind Power Cooperative Corporation

Management's Discussion and Analysis (unaudited)

As of and for the years ended December 31, 2015 and 2014

STATEMENT OF NET POSITION...continued

Comparison of 2015 Financial Results to 2014 Financial Results...continued

The \$325,598 decrease in current liabilities, excluding current maturities of long-term debt and accrued interest, is attributable to lower REC revenues held at year-end in 2015 to be returned to Participants, resulting in a decrease of \$143,636 in advances from Participants. In addition accounts payable and accrued expenses decreased by \$181,962 due to timing of payments.

Long-term debt, including current maturities and accrued interest, decreased by \$2,663,878 primarily due to the extinguishment of long-term debt.

Other noncurrent liabilities, excluding long-term debt, increased \$57,340 due to accretion of asset retirement obligations.

Deferred inflows of resources increased \$1,077,869 due to changes in amounts payable under the terms of the power sales contract, which include temporary offsets of unbilled expenses, such as depreciation and unrealized gains/losses, and bond payment activity.

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

Comparison of 2014 Financial Results to 2013 Financial Results

Operating revenues increased by \$28,065 due to operating revenues resulting from billings to the Participants for operating expenses, which were higher in 2014 than in the prior year.

Total operating expenses increased by \$64,254, due to increases in legal and maintenance expenses offset by a decrease in easement expense. The increase of \$101,688 in legal expense was primarily driven by payment in lieu of taxes disputes.

Interest income, which is a result of varying fund balances and interest rates, increased \$22,302 due to slightly better investment performance in 2014 as opposed to 2013.

Interest expense decreased \$81,201 due to lower interest cost incurred in 2014 than in 2013 as a result of reduced long-term debt balances due to scheduled principal payments. Amortization expense decreased by \$29,776 due to continued amortization of premiums.

The increase in gain on investments of \$350,769 is due to fluctuations in market performance and account balances.

The increase in amounts payable in the future under the terms of the power sales contract is discussed in Notes 1 and 5 of the accompanying financial statements.

Comparison of 2015 Financial Results to 2014 Financial Results

Operating revenues increased by \$92,922 due to increased expenses, resulting from increased billings to the Participants, in 2015 than in the prior year.

Total operating expenses increased by \$116,303, due to increases in insurance premiums and various operating and maintenance expenses offset by a decrease in easement expense.

Interest income, which is a result of varying fund balances and interest rates, increased \$1,365 due to slightly better investment performance in 2015 as opposed to 2014.

Please refer to Independent Auditors' Report

Berkshire Wind Power Cooperative Corporation

Management's Discussion and Analysis (unaudited)

As of and for the years ended December 31, 2015 and 2014

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION...continued

Comparison of 2015 Financial Results to 2014 Financial Results...continued

Interest expense decreased \$108,000 due to lower interest cost incurred in 2015 than in 2014 as a result of reduced long-term debt balances due to scheduled principal payments. Amortization expense decreased by \$46,572 due to continued amortization of premiums.

The decrease in gain on investments of \$184,094 is due to fluctuations in market performance and account balances.

On March 16, 2015, a gear box on one of the turbines experienced a severe failure resulting in an impairment loss of \$641,967. All damaged components were replaced and the wind turbine returned to service on April 27, 2015. There was an insurance recovery of \$813,763, resulting in a net gain on impairment of assets of \$171,797.

The increase in amounts payable in the future under the terms of the power sales contract is discussed in Notes 1 and 5 of the accompanying financial statements.

STATEMENTS OF CASH FLOWS

As discussed in Note 1 to the accompanying financial statements, for purposes of the Statements of Cash Flows, cash and cash equivalents are made up of accounts having original maturities of three months or less from date of acquisition. Cash and cash equivalents decreased by \$563,676 from 2013 to 2014. This is due to decreased renewable energy credits (REC) revenue and the timing of cash received for the RECs. Cash and cash equivalents increased by \$365,921 from 2014 to 2015. This is due to an increase on investment maturities.

OPERATING STATISTICS

For calendar year 2015, the Berkshire Wind Facility developed the following operating statistics:

- Total Generation: 49,413 MWh
- Availability Factor: 95.4%
- Capacity Factor: 37.6%

For calendar year 2014, the Berkshire Wind Facility developed the following operating statistics:

- Total Generation: 51,208 MWh
- Availability Factor: 95.0%
- Capacity Factor: 39.0%

For calendar year 2013, the Berkshire Wind Facility developed the following operating statistics:

- Total Generation: 51,700 MWh
- Availability Factor: 94.8%
- Capacity Factor: 39.4%

Please refer to Independent Auditors' Report

Berkshire Wind Power Cooperative Corporation

Statements of Net Position
As of December 31, 2015 and 2014

	2015	2014
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 836,716	\$ 1,742,711
Accounts receivable	759,736	588,641
Inventories	64,379	64,379
Prepaid expenses	182,583	77,205
Renewable energy credits available for sale	1,253,926	1,482,240
Current portion of restricted special funds	2,700,687	2,699,293
Total current assets	<u>5,798,027</u>	<u>6,654,469</u>
Noncurrent assets:		
Restricted special funds	<u>7,985,586</u>	<u>7,572,957</u>
Capital assets:		
Land	4,363,134	4,363,134
In service	55,781,077	55,515,009
Accumulated depreciation and amortization	(7,663,199)	(5,986,677)
Total capital assets	<u>52,481,012</u>	<u>53,891,466</u>
Total assets	<u>\$ 66,264,625</u>	<u>\$ 68,118,892</u>
LIABILITIES		
Current liabilities:		
Accounts payable	\$ 168,960	\$ 290,662
Accounts payable - MMWEC	75,877	143,317
Advances from Participants	4,375,935	4,519,571
Accrued expenses	7,180	-
Current liabilities payable from restricted assets:		
Accrued interest	1,418,203	1,479,203
Current maturities of long-term debt	2,565,000	2,440,000
Total current liabilities	<u>8,611,155</u>	<u>8,872,753</u>
Noncurrent liabilities:		
Long-term debt, net of premiums and current maturities	53,230,457	55,958,335
Asset retirement obligations	1,190,532	1,133,192
Total noncurrent liabilities	<u>54,420,989</u>	<u>57,091,527</u>
DEFERRED INFLOWS OF RESOURCES		
Amounts payable in the future under terms of the power sales contract	<u>3,232,481</u>	<u>2,154,612</u>
Total liabilities and deferred inflows of resources	<u>\$ 66,264,625</u>	<u>\$ 68,118,892</u>
NET POSITION		
Net investment in capital assets	\$ 3,715,022	\$ 2,707,599
Restricted	956,119	358,489
Unrestricted	(4,671,141)	(3,066,088)
Total net position	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Berkshire Wind Power Cooperative Corporation

Statements of Revenues, Expenses and Changes in Net Position
Years Ended December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Operating revenues:		
Revenues	<u>\$ 6,926,582</u>	<u>\$ 6,833,660</u>
Operating expenses:		
Maintenance	504,944	476,440
Easement	201,917	228,321
Payment in lieu of taxes	169,610	191,139
Accounting and administrative	137,064	122,377
Insurance	172,064	139,368
Engineering	154,305	106,878
Legal	197,346	180,402
Other operating	184,423	161,695
Depreciation and amortization	1,676,523	1,675,273
Total operating expenses	<u>3,398,196</u>	<u>3,281,893</u>
Operating income	<u>3,528,386</u>	<u>3,551,767</u>
Nonoperating revenues (expenses):		
Interest income	75,156	73,791
Interest expense on long-term debt	(2,897,405)	(3,005,405)
Amortization of bond premiums and discounts, net	162,878	209,450
Gain (loss) on investments	37,058	221,152
Gain on impairment of asset	171,797	-
Increase in amounts payable in the future under the terms of the power sales contract	(1,077,870)	(1,050,755)
Total nonoperating expenses	<u>(3,528,386)</u>	<u>(3,551,767)</u>
Net revenues and expenses	<u>\$ -</u>	<u>\$ -</u>
Change in net position	-	-
Net position, beginning of year	-	-
Net position, end of year	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

Berkshire Wind Power Cooperative Corporation

Statements of Cash Flows
Years Ended December 31, 2015 and 2014

	2015	2014
Cash flows from operating activities:		
Received from sales to participants and RECs	\$ 6,840,165	\$ 7,054,143
Paid to suppliers for goods and services	(1,926,674)	(1,335,965)
Net cash provided by operating activities	<u>4,913,491</u>	<u>5,718,178</u>
Cash flows from capital and related financing activities:		
Capital expenditures	(933,035)	-
Insurance proceeds	813,763	-
Principal payments on long-term debt	(2,440,000)	(2,350,000)
Interest payments on long-term debt	(2,958,405)	(3,052,406)
Net cash used in capital and related financing activities	<u>(5,517,677)</u>	<u>(5,402,406)</u>
Cash flows from investing activities:		
Net maturities and purchases of investments	857,893	(1,174,391)
Gain (loss) on investments	37,058	221,152
Interest received	75,156	73,791
Net cash provided by (used in) investing activities	<u>970,107</u>	<u>(879,448)</u>
Net change in cash and cash equivalents	365,921	(563,676)
Cash and cash equivalents, beginning of period	<u>2,877,920</u>	<u>3,441,596</u>
Cash and cash equivalents, end of period	<u>\$ 3,243,841</u>	<u>\$ 2,877,920</u>
Reconciliation of operating loss to net cash used in operating activities:		
Operating income	\$ 3,528,386	\$ 3,551,767
Noncash items included in operating income:		
Depreciation and accretion of asset retirement obligations	1,733,862	1,729,850
Changes in assets and liabilities:		
Increase (decrease) in:		
Accounts receivable	(171,095)	88,826
Prepaid expenses	(105,378)	75,135
Renewable energy credits available for sale	228,314	45,184
Increase (decrease) in:		
Account payable	(96,702)	65,526
Accounts payable - MMWEC	(67,440)	75,417
Advances from Participants	(143,636)	86,473
Accrued expenses	7,180	-
Net cash used in operating activities	<u>\$ 4,913,491</u>	<u>\$ 5,718,178</u>
Reconciliation of cash and cash equivalents to the balance sheets		
Cash and cash equivalents	\$ 836,716	\$ 1,742,711
Total restricted special funds	10,686,273	10,272,250
Total cash and investments	11,522,989	12,014,961
Less: Noncash equivalents	(8,279,148)	(9,137,041)
Total cash and cash equivalents	<u>\$ 3,243,841</u>	<u>\$ 2,877,920</u>

The accompanying notes are an integral part of these financial statements.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS

The financial statements of the Berkshire Wind Power Cooperative Corporation (Cooperative) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The significant accounting principles and policies utilized by the Cooperative are described below.

Reporting Entity/Nature of Business

The Cooperative is organized under Chapter 164: Section 47C and Chapter 157 of the General Laws of the Commonwealth of Massachusetts and is constituted as a municipal lighting plant cooperative. The Cooperative was formed by the Massachusetts Municipal Wholesale Electric Company (MMWEC) and 14 Municipal Light Departments (Participants) for the purpose of financing, owning, constructing and operating wind generation facilities located on Brodie Mountain in the towns of Hancock and Lanesborough, Massachusetts (Berkshire Wind Facility). MMWEC and the Participants are the members of the Cooperative. At inception any Municipal Light Department may have become a member of the Cooperative by executing a Berkshire Wind Power Cooperative Agreement with MMWEC and agreeing to comply with such reasonable terms and conditions for membership as established by the Cooperative's By-laws.

The powers of the Cooperative are exercised by a Board of Directors who conducts the business and carries on the operations of the Cooperative. The Board of Directors is comprised of one director who represents and is appointed by MMWEC and four directors who are elected by the Participants.

The Cooperative has ten 1.5-megawatt wind turbines which together with necessary equipment and related facilities comprise the Berkshire Wind Facility. The Cooperative sells energy and capacity to MMWEC pursuant to the Berkshire Wind Power Sales Contract (Power Sales Contract) dated May 21, 2008. MMWEC entered into the Power Sales Contract with the Cooperative pursuant to which MMWEC has agreed to purchase 100% of the capacity and energy output and, to the extent uncommitted to any third party under existing agreements, associated environmental energy attributes of a wind power generating facility by the Berkshire Wind Facility. MMWEC, in turn will sell such capacity and energy to each of the Participants, in their pro rata share, pursuant to 14 identical take or pay Berkshire Wind Power Purchase Agreements (Power Purchase Agreements) dated May 21, 2008. This business will be a self-sustaining operation, capable of providing operational and financial value to MMWEC and the Members.

The Power Purchase Agreements authorize MMWEC to rely on the Participants to provide the necessary working capital funds in the event that financing cannot be obtained from an outside source.

Cash and Investments

For the purposes of the Statements of Cash Flows, cash and cash equivalents are made up of accounts having original maturities of three months or less from date of acquisition. Unrestricted cash and cash equivalents are presented as cash and cash equivalents in the accompanying Statements of Net Position. Restricted cash and cash equivalents are presented within the current and noncurrent portion of restricted funds in the accompanying Statements of Net Position.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2015 and 2014

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...**continued

Cash and Investments...continued

Investments are stated at fair value, which is the amount at which an investment could be exchanged in a current transaction between willing parties. Fair values are based on quoted market prices. No investments are reported at amortized cost. Adjustments necessary to record investments at fair value are recorded in the operating statements as increases or decreases in investment income. Market values may have changed significantly after year end.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes, and disclosure of contingent liabilities at the date of the financial statements. Estimates are used for, but not limited to, provision necessary for contingent liabilities, accrued expenses and other similar charges. The Cooperative believes that the estimates utilized in preparing its financial statements are reasonable and prudent. Actual results could differ from these estimates.

Comparative Data

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the Statements of Net Position and Statement of Revenues, Expenses, and Changes in Net Positions.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Based on the validity of contracts and collection history, an allowance for doubtful accounts is not considered necessary. Should these circumstances change, an allowance for doubtful accounts would be provided for those accounts receivable considered to be uncollectible at the end of the year, and the bad debts would be written off against the allowance when identified.

Inventories

Spare parts inventories are valued at the lower of cost or market and recorded and accounted for by the average cost method. At December 31, 2015 and 2014, total spare parts inventory amounted to \$64,379 and \$64,379, respectively.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

Renewable Energy Credits Available for Sale

During the course of business, the Cooperative generates renewable energy credits (RECs) at a rate of one REC for each megawatt hour (MWH) of energy generated. These RECs are available for sale in accordance with New England Power Pool (NEPOOL) markets and are stated at fair market value. The NEPOOL REC markets are held 3 or more months in arrears of the period the RECs were generated (i.e. the market for Q3 RECs is open in January). Revenue from the sale of RECs is credited to the Participants through billing.

Restricted Special Funds

Mandatory segregations of cash are presented as restricted special funds. Such segregations are required by the General Bond Resolution (GBR) pursuant to which the Cooperative issued its Series 1 Revenue Bonds (see Note 6). In addition to the GBR funds, a separate fund was required by Western Massachusetts Electric Company to maintain funds to cover a possible CIAC tax. The restricted special funds are held in accordance with the provisions of the GBR, as applicable.

The composition of restricted special funds as of December 31 is as follows:

	<u>2015</u>	<u>2014</u>
Reserve Account to provide for the benefit and security of the Series 1 Revenue Bonds	\$ 5,521,552	\$ 5,452,285
Revenue Fund to receive revenues and disburse them to other funds	9	310
Bond Fund Interest, Principal and Retirement Accounts to pay principal and interest on bonds	2,700,687	2,699,294
Reserve and Contingency Fund to make up deficiencies in the Bond Funds and pay for repairs and extraordinary costs	1,507,914	1,760,064
CIAC Tax Fund to maintain funds to cover costs of possible CIAC Tax	<u>956,111</u>	<u>358,171</u>
Total restricted special funds	10,686,273	10,270,124
Less - current portion	<u>(2,700,687)</u>	<u>(2,699,294)</u>
Restricted special funds, net of current portion	<u>\$ 7,985,586</u>	<u>\$ 7,570,830</u>

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

Prepaid Expenses

Prepaid expenses represent insurance premiums and Payment In Lieu of Taxes paid in the current fiscal year benefiting future periods. For the year ending December 31, 2015 and 2014 the prepaid insurance premiums are \$112,106 and \$77,205, respectively. For the years ending December 31, 2015 and 2014 the prepaid Payment In Lieu of Taxes are \$70,477 and \$0, respectively.

Land

Land represents amounts paid for the purchase of property and includes costs related to the purchase of easements for certain sites related to the Berkshire Wind Facility.

Capital Assets-In Service

Capital assets-in service are generally defined by the Cooperative as assets with an initial, individual cost of more than \$1,000 and an estimated useful life in excess of one year. Capital assets of the Cooperative are recorded at cost at the date of acquisition. The Cooperative capitalizes interest as an element of the cost of Construction Work in Progress. A corresponding capitalized interest amount is reflected as a reduction of interest expense. The amount of interest capitalized is based on the cost of debt, including amortization of premiums, net of investment gains and losses, and interest income derived from unexpended restricted special funds. The Cooperative did not capitalize interest costs for the years ended December 31, 2015 and 2014.

Provisions for depreciation are computed using the straight-line method based on estimated useful life of 33 1/3 years for the Cooperative.

Accounts Payable and Accrued Expenses

At December 31, 2015, accounts payable and accrued liabilities total \$1,670,220 which include \$176,140 related to standard operating supplier and vendor accounts payable; \$75,877 for accounts payable to MMWEC and \$1,418,203 for accrued interest on long term debt.

At December 31, 2014, accounts payable and accrued liabilities total \$1,913,182 which include \$290,662 related to standard operating supplier and vendor accounts payable; \$143,317 for accounts payable to MMWEC and \$1,479,203 for accrued interest on long term debt.

Asset Retirement Costs and Obligations

The Cooperative has incurred certain asset retirement obligations ("AROs") associated with requirements under the Cooperative's easement agreements to remove all equipment and restore land to its original condition. The Cooperative must remove all equipment, including but not limited to turbines, transmission lines and communications equipment and to restore the area to its original condition. As such the Cooperative records the fair value of its legal liability for an asset retirement obligation in the period in which it commences the construction of the turbines and capitalized the cost of the liability by increasing the capital assets.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

Asset Retirement Costs and Obligations...continued

A reconciliation of the beginning and ending carrying amount of the ARO for the years ended December 31 is as follows:

	2015	2014
	(In Thousands)	
Asset retirement obligations, beginning of year	\$ 1,133,192	\$ 1,078,615
Accretion expense	<u>57,340</u>	<u>54,577</u>
Asset retirement obligations, end of year	<u>\$ 1,190,532</u>	<u>\$ 1,133,192</u>

AROs are recorded at the fair value calculated using the present value of amounts expected to be paid and capitalized as part of the cost of the related tangible long-lived assets. In the absence of quoted market prices, the Cooperative estimated the present value of AROs using techniques involving discounted cash flow analysis. Using such measurement techniques is dependent upon many subjective factors, including the selection of discount and cost escalation rates, probability regarding the timing, nature and costs of such activities. Inputs and assumptions are based on the best information available at the time the estimates are made. However, estimates of future cash flows are highly uncertain by nature and may vary significantly from actual results.

Advances from Participants

The Cooperative maintains operating reserves and advances from its Participants in accordance with the Power Sales Agreements. Advances from Participants for 2015 and 2014, which are considered current liabilities, were \$4,375,935 and \$4,519,571, respectively.

Long-Term Obligations

Long-term debt and other obligations are reported as Cooperative liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method.

Amounts Payable in the Future

Billings to the Participants are structured to recover costs in accordance with the Power Purchase Agreements and Power Sales Contract, which, among other things, provide for billing debt service, operating expenses and reserve requirements. Expenses are reflected in the Statements of Revenues and Expenses in accordance with GAAP. The timing difference between amounts billed and expensed is charged, or credited, to amounts payable under terms of the Power Sales Contract. Such amounts will be recovered through future billings or an expense will be recognized to offset credit balances. The principal differences include depreciation, amortization, accretion, costs of financing, billing for certain interest, reserves and other costs. These amounts have been offset in amounts payable in the future in the Statements of Net Position.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2015 and 2014

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS**...continued

Revenues and Expenses

The Cooperative distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Cooperative's principal ongoing operations. The principal operating revenues of the Cooperative will be derived from the billings under the Power Sales Contract and Power Purchase Agreements. Operating expenses for the Cooperative include the cost of revenues, services, insurance and accounting and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Net Position Classification

Net position is required to be classified into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

Net investment in capital assets - consists of capital assets, net of accumulated depreciation and costs recoverable or payable from future billings, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt also should be included in this component of net position. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets.

Restricted - consists of restricted assets, reduced by liabilities related to those assets, with constraints placed on their use either by a) external groups such as creditors (such as through debt covenants), contributors, or laws or regulations of other governments or b) law through constitutional provisions or enabling legislation.

Unrestricted - consists of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the net investment in capital assets or restricted component of net position.

Gain on Impairment of Asset

On March 16, 2015, a gear box on one of the turbines experienced a severe failure resulting in an impairment loss of \$641,967. All damaged components were replaced and the wind turbine returned to service on April 27, 2015. There was an insurance recovery of \$813,763, resulting in a net gain on impairment of assets of \$171,797.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2015 and 2014

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NATURE OF OPERATIONS...continued

Future Pronouncements of Accounting Principles

GASB Statement No. 72, *Fair Value Measurement and Application*, defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at a measurement date. Statement No. 72 requires that investments should generally be measured at fair value, with certain investments, such as short-term money market instruments, being specifically excluded from the requirement. Disclosures required by the standard include a description of the inputs and methods used to measure fair value.

The provisions of GASB Statement No. 72 will be adopted by the Cooperative beginning in its fiscal year ending December 31, 2016. The Cooperative is currently evaluating the impact that adoption of this Statement will have on its financial statements.

2. CASH AND CASH EQUIVALENTS AND RESTRICTED SPECIAL FUNDS

	2015		2014		Associated Risks
	Carrying Value	Bank Value	Carrying Value	Bank Value	
Cash and Cash Equivalents:					
Checking Account	\$ 836,716	\$ 1,067,218	\$ 1,742,711	\$ 1,743,603	Custodial Credit Risk
Money Market Funds	1,719,125	1,719,125	1,135,209	1,135,209	Custodial Credit Risk
U.S Agency	688,000	688,000	-	-	Custodial Credit Risk, Interest Rate Risk
Total Cash and Cash Equivalents	<u>\$ 3,243,841</u>	<u>\$ 3,474,343</u>	<u>\$ 2,877,920</u>	<u>\$ 2,878,812</u>	
Other Investments:					
U.S. Agency Bonds	\$ 6,585,373	\$ 6,585,373	\$ 7,559,658	\$ 7,558,032	Credit Risk, Concentration of Credit Risk, Interest Rate Risk
Municipal Bonds	502,820	502,820	499,570	499,570	Credit Risk, Concentration of Credit Risk, Interest Rate Risk
U.S. Treasury Notes	1,190,955	1,190,955	1,077,813	1,077,813	Credit Risk, Interest Rate Risk, Concentration of Credit Risk
Total Other Investments	<u>8,279,148</u>	<u>8,279,148</u>	<u>9,137,041</u>	<u>9,135,415</u>	
Totals	<u>\$ 11,522,989</u>	<u>\$ 11,753,491</u>	<u>\$ 12,014,961</u>	<u>\$ 12,014,227</u>	

Investments are stated at fair value as described earlier in fair value measurements policy in Note 1. Fair values are based on quoted market prices of identical or similar securities. No investments are reported at amortized cost. The difference between the carrying value and the bank value is due to outstanding checks and/or deposits in transit.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2015 and 2014

2. CASH AND CASH EQUIVALENTS AND RESTRICTED SPECIAL FUNDS...continued

Custodial Credit Risk

Deposits

Custodial credit risk is the risk that in the event of a financial institution failure, the Cooperative's deposits may not be returned to the Cooperative. Interest bearing accounts are insured up to \$250,000 per depositor by the Federal Deposit Insurance Corporation ("FDIC"). As of December 31, 2015 and 2014, \$2,743,841 and \$2,377,920, respectively, of the Cooperative's interest bearing bank balance was uninsured and uncollateralized and subject to custodial credit risk.

Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, MMWEC will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

All investment securities are held in book entry form, not physically held, in the Cooperative's name.

Custodial credit risk is not addressed by the investment policy followed by the Cooperative.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

As of December 31, 2015, the Cooperative's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Fitch Ratings</u>	<u>Moody's Investors Service</u>
Federal National Mortgage	AA+	AAA	Aaa
U.S. Treasury	AA+	AAA	Aaa
Federal Home Loan Bank	AA+	AAA	Aaa
Federal Home Loan Mortgage	AA+	AAA	Aaa
Municipal Bonds	AA	Not rated	Aa2

As of December 31, 2014, the Cooperative's investments were rated as follows:

<u>Investment Type</u>	<u>Standard & Poor's</u>	<u>Fitch Ratings</u>	<u>Moody's Investors Service</u>
Federal National Mortgage	AA+	AAA	Aaa
U.S. Treasury	AA+	AAA	Aaa
Federal Farm Credit Bank	AA+	AAA	Aaa
Federal Home Loan Bank	AA+	AAA	Aaa
Federal Home Loan Mortgage	AA+	AAA	Aaa
Municipal Bonds	AA	Not rated	Aa2

The investment policy followed by the Cooperative addresses credit risk by defining allowable investments and a maximum allocation to each asset class.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2015 and 2014

2. CASH AND CASH EQUIVALENTS AND RESTRICTED SPECIAL FUNDS...continued

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the Cooperative's investment in a single issuer.

At December 31, the Cooperative investment portfolio was concentrated as follows:

<u>Issuer</u>	<u>Investment Type</u>	<u>Percentage of Portfolio</u>	
		<u>2015</u>	<u>2014</u>
Federal National Mortgage	U.S. Agency Securities	53.94%	42.60%
Federal Home Loan Bank	U.S. Agency Securities	17.42%	24.22%
Federal Home Loan Mortgage	U.S. Agency Securities	9.75%	15.92%
U.S. Treasury	U.S. Treasury	13.28%	11.80%
Municipal Bonds	U.S. Agency Securities	5.61%	5.47%

The investment policy followed by the Cooperative minimizes concentration of credit risk in a single issuer by diversification of investment types using maximum limits for single issuers.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

At December 31, 2015, the Cooperative's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity In Years</u>		
		<u>Less than 1</u>	<u>1 – 5</u>	<u>Over 5</u>
U.S. Agency	\$7,872,039	\$2,587,583	\$5,284,456	\$ -
U.S. Treasury	592,289	-	592,289	-
Municipal Bonds	502,820	-	502,820	-
Total	<u>\$8,967,148</u>	<u>\$2,587,583</u>	<u>\$6,379,565</u>	<u>\$ -</u>

At December 31, 2014, the Cooperative's investments were as follows:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity In Years</u>		
		<u>Less than 1</u>	<u>1 – 5</u>	<u>Over 5</u>
U.S. Agency	\$7,559,658	\$1,452,310	\$4,879,533	\$1,227,815
U.S. Treasury	1,077,813	490,000	587,813	-
Municipal Bonds	499,570	-	499,570	-
Total	<u>\$9,137,041</u>	<u>\$1,942,310</u>	<u>\$5,966,916</u>	<u>\$1,227,815</u>

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2015 and 2014

2. CASH AND CASH EQUIVALENTS AND RESTRICTED SPECIAL FUNDS...continued

The investment policy followed by the Cooperative specifies that the Cooperative shall seek to maximize the return on investments consistent with requirements for safety, minimization of risk and liquidity. Monies will not be invested for terms in excess of the projected use of funds nor exceed an average life of ten years.

There were no unrealized gains on investments for the years ending December 31, 2015 and 2014.

During the years ended December 31, 2015 and 2014, investment income was \$75,156 and \$73,791, respectively.

3. RELATED PARTIES

The Cooperative entered into the Berkshire Wind Power Service Contract (Service Contract) with MMWEC on May 21, 2008, under which MMWEC is to serve as the Cooperative's agent in all matters with respect to financing, permitting, constructing, purchasing, owning and operating the Berkshire Wind Facility and to serve as the Cooperative's representative in NEPOOL and in matters relating to ISO New England, Inc. (ISO-NE) in connection with the Berkshire Wind Facility and other property or interests therein. Pursuant to the Service Contract on the books of the Cooperative, MMWEC records and accounts for bills received and paid related to the Cooperative. MMWEC accounts for charges rendered and payments received from the Participants pursuant to the Power Purchase Agreements. MMWEC also executes the sale of renewable energy credits for the Cooperative and provides the resulting revenues to the Cooperative. During the years ended December 31, 2015 and 2014, the Cooperative incurred charges of \$354,595 and \$245,158, respectively, for services provided by MMWEC on behalf of the Cooperative. As of December 31, 2015 and 2014, the Cooperative had balances due to MMWEC of \$75,877 and \$143,317, respectively. There were no amounts due to the Cooperative from MMWEC at December 31, 2015 and 2014.

4. CHANGES IN CAPITAL ASSETS

A summary of changes in capital assets for 2015 is as follows:

	Balance 1/1/2015	Additions/ Reclassi- fications	Deletions/ Reclassi- fications	Balance 12/31/2015
Capital assets not being depreciated:				
Land	\$ 4,363,134	\$ -	\$ -	\$ 4,363,134
Capital assets being depreciated:				
In service	55,515,009	916,535	650,467	55,781,077
Less: Accumulated depreciation	<u>5,986,677</u>	<u>1,676,522</u>	<u>-</u>	<u>7,663,199</u>
Net In service	<u>\$ 53,891,466</u>	<u>\$ (759,987)</u>	<u>\$(650,467)</u>	<u>\$ 52,481,012</u>

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2015 and 2014

4. CHANGES IN CAPITAL ASSETS...continued

A summary of changes in capital assets for 2014 is as follows:

	Balance 1/1/2014	Additions/ Reclassi- fications	Deletions/ Reclassi- fications	Balance 12/31/2014
Capital assets not being depreciated:				
Land	\$ 4,363,134	\$ -	\$ -	\$ 4,363,134
Capital assets being depreciated:				
In service	55,515,009	-	-	55,515,009
Less: Accumulated depreciation	<u>4,311,404</u>	<u>1,675,273</u>	<u>-</u>	<u>5,986,677</u>
Net In service	<u>\$ 55,566,739</u>	<u>\$(1,675,273)</u>	<u>\$ -</u>	<u>\$ 53,891,466</u>

5. AMOUNTS PAYABLE IN THE FUTURE

Differences in amounts billed to Participants and revenues and expenses recognized are included in amounts payable in the future under the terms of the power sales contract. These differences are made up of debt service collections, including amounts collected for the Reserve and Contingency fund, and unbilled operating and non-operating expenses and revenues. A summary of the items included in amounts payable in the future under the terms of the power sales contract for the years ended December 31, 2015 and 2014 is as follows:

	2015	2014
Beginning balance - January 1	\$2,154,612	\$1,103,857
Unbilled operating and non-operating expenses and revenues:		
Depreciation	(1,676,523)	(1,675,273)
Accretion	(57,341)	(54,578)
Amortization of bond premiums and discounts, net	162,878	209,450
Realized and unrealized gains (losses) on investments	37,058	221,152
Other timing differences, related to billing	-	4
Gain on impairment of asset	171,797	-
Debt service collections:		
Billed principal on long-term debt	<u>2,440,000</u>	<u>2,350,000</u>
Ending Balance - December 31	<u>\$3,232,481</u>	<u>\$2,154,612</u>

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2015 and 2014

6. DEBT

Series 1 Revenue Bonds

On December 22, 2010, the Cooperative issued and sold Berkshire Wind Project Revenue Bonds, Berkshire Series 1 (Series 1 Bonds) in the face amount of \$64,705,000 pursuant to the GBR as adopted by the Cooperative. The Series 1 Bonds were issued at a net premium of \$1,532,351 which will be amortized over the life of the bonds using the effective interest method. The Series 1 Bonds are payable from and secured by the revenues derived from the Berkshire Wind Facility. A portion of the bond proceeds were used to pay off the Series 2009 Bonds which were redeemed, in whole, prior to maturity at the option of the Cooperative on December 22, 2010 at a redemption price of \$53,240,469 which was equal to 100% of the principal amount of \$52,500,000 plus accrued interest through the redemption date of \$740,469. Interest is payable in semi-annual installments beginning July 1, 2011 and on January 1 and July 1 for each year thereafter. The Series 1 Bonds bear interest at a fixed rate ranging from 3.0% to 5.25% for the various issues.

The Series 1 Bonds are subject to mandatory redemption by the Cooperative in annual principal installments commencing on July 1, 2012 and occurring on July 1 of each year thereafter with the final installment in an amount equal to the entire then outstanding principal amount of the Series 1 Bonds due and payable on the final maturity date of July 1, 2030. The Series 1 Bonds maturing on or after July 1, 2020 are subject to redemption at the option of the Cooperative, in whole or in part, on any date on or after January 1, 2020, at a redemption price of 100 percent of the principal amount plus interest accrued to the date fixed for the redemption.

The following is a summary of total debt service requirements for the bonds outstanding at December 31, 2015:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 2,565,000	\$ 2,836,405	\$ 5,401,405
2017	2,690,000	2,708,155	5,398,155
2018	2,825,000	2,573,655	5,398,655
2019	2,965,000	2,432,405	5,397,405
2020	3,115,000	2,284,155	5,399,155
2021-2025	18,045,000	8,952,455	26,997,455
2026-2030	<u>23,215,000</u>	<u>3,781,050</u>	<u>26,996,050</u>
Total	<u>\$ 55,420,000</u>	<u>\$ 25,568,280</u>	<u>\$ 80,988,280</u>

The following summarizes changes in the bonds payable for 2015 and 2014:

<u>Year</u>	<u>Balance January 1</u>	<u>Additions</u>	<u>Payments</u>	<u>Amortization of Premium</u>	<u>Balance December 31</u>
2015	<u>\$ 58,398,335</u>	<u>\$ -</u>	<u>\$ (2,440,000)</u>	<u>\$ (162,878)</u>	<u>\$ 55,795,457</u>
2014	<u>\$ 60,957,786</u>	<u>\$ -</u>	<u>\$ (2,350,000)</u>	<u>\$ (209,451)</u>	<u>\$ 58,398,335</u>

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2015 and 2014

7. COMMITMENTS AND CONTINGENCIES

Easements

The Cooperative has easement agreements with two landowners for turbine sites related to the Berkshire Wind Facility. Under the easement agreements, upon commencement of commercial operations, the Cooperative has agreed to pay each landowner a completion of construction payment equal to \$1,000 per megawatt of wind turbine(s) installed on their property and reimburse or pay a fee in lieu of each landowner's personal residence electrical costs. The Cooperative will also pay each of the two landowners the greater of \$3,500 per wind turbine installed on their property or 3.5% of the gross annual revenue generated by the wind turbine(s) installed on their property upon commencement of commercial operations and annually thereafter over the term of operations.

Open Contracts

The Cooperative is party to an Interconnection Services Agreement (ISA), effective February 26, 2010, with the Western Massachusetts Electric Company (WMECO). Among the items to be charged to the Cooperative under the ISA is a charge for an income tax that WMECO may be obligated to pay associated with contributions in aid of construction (CIAC tax). The Cooperative and WMECO are unable to determine if the CIAC tax will be charged, but it is the belief of the Cooperative's management that the likelihood of WMECO being charged for CIAC tax is remote. Consequently, in April 2011, the Cooperative and WMECO entered into a Tax Reimbursement Agreement, under the terms of which, the Cooperative has agreed to maintain a fund in the Cooperative's Construction Fund held by the Bond Fund trustee pursuant to the GBR. The purpose of this fund is to accumulate sufficient funds over a 24 month period commencing in April 2011 to pay for the CIAC tax, if assessed by the Internal Revenue Service against WMECO.

Renewable Energy Production Incentive Payments

Pursuant to the Power Sales Contract, the Cooperative is obligated to pay MMWEC any Renewable Energy Production Incentive (REPI) or substantially similar program payments received. Under the terms of the Wind Energy Project Assets Purchase Agreement dated January 22, 2008 (Purchase Agreement) between MMWEC and the original developer of the Berkshire Wind Facility (Original Developer), MMWEC is obligated to pay the Original Developer any REPI or substantially similar program payments received from the Cooperative, until the cumulative amount of such payments equals \$1,000,000.

Asset Retirement Obligations

The Cooperative has identified certain asset retirement obligations associated with the termination of the easement agreements, which are not significant.

8. LITIGATION

The Cooperative is involved in various additional legal actions. Management believes that the ultimate resolution of litigation in which the Cooperative is currently involved will not have a material, adverse effect on the financial position of the Cooperative.

Berkshire Wind Power Cooperative Corporation

Notes to Financial Statements

As of and for the years ended December 31, 2015 and 2014

9. RISK MANAGEMENT

The Cooperative is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors, and omissions. These risks are covered through the purchase of commercial insurance, with minimal deductibles. Settled claims have not exceeded the commercial liability in any of the past three years. There were no significant reductions in coverage compared to the prior year.

10. CONCENTRATION OF CREDIT RISK/SIGNIFICANT CUSTOMERS

Credit risk represents the risk of loss that would occur if customers do not meet their financial obligations to the Cooperative. Concentration of credit risk occurs when significant customers possess similar characteristics that would cause their ability to meet contractual obligations to be affected by the same event.

The Cooperative has two municipal customers who are considered significant customers, which accounted for \$747,073 (18%) and \$522,623 (13%) of the Cooperatives revenues in 2015. At December 31, 2015, there were no municipal customers with significant accounts receivable balances. The Cooperative has two municipal customers who are considered significant customers, which accounted for \$646,544 (18%) and \$452,296 (13%) of the Cooperatives revenues in 2014. At December 31, 2014, two municipal customers had significant accounts receivable balances of \$104,053 (18%) and \$72,791 (13%).

11. SUBSEQUENT EVENTS

The Cooperative has evaluated subsequent events through April 27, 2016, the date which the financial statements were available to be issued and did not note any subsequent events requiring recording and disclosure in the financial statements for the year ended December 31, 2015.

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