

Press Release- For Immediate Release -- July 13, 2020

Norwich, CT – Moody's affirms Aa3 for Connecticut Municipal Electric Energy Cooperative and Connecticut Transmission Municipal Electric Energy Cooperative; assigns Aa3 for planned forward sale bonds

Moody's Investor Services has affirmed the Aa3 ratings for the Connecticut Municipal Electric Energy Cooperative's (CMEEC) outstanding 2012 series A transmission services revenue bonds, and 2013 series A power supply system revenue bonds, as well as the outstanding 2012 series A transmission system revenue bonds of its sister organization, the Connecticut Transmission Municipal Electric Energy Cooperative ("Transco"). The outlook remains stable.

Moody's also assigned the Aa3 rating to the forward delivery refunding bonds that were priced by CMEEC and Transco in late April, which will be used to refund existing debt and will result in more than \$9 million in net present value savings on interest payments over the life of the debt, and will also have a positive impact on transmission revenues.

In its review, Moody's noted that CMEEC "benefits from its ability to provide reliable power supply and transmission services under reasonably competitive rates in comparison to similar service providers in the region. These credit supportive traits remain intact as CMEEC transitions under the leadership of a new CEO appointed in December 2019 which further distances itself from [previous] credit negative governance related issues."

CMEEC and Transco were also given a rating outlook of stable, which "reflects the smooth transition to a new CEO and effective strategies implemented to cope with [recent] shifts in supply responsibilities."

Kevin Barber, Chairperson of the CMEEC Board of Directors, said that "this is another affirmation of the positive steps the CMEEC Board has recently taken to strengthen corporate governance and controls," and that he is "pleased with this ratings affirmation by Moody's." Dave Meisinger, CMEEC Chief Executive Officer, added that "this helps to ensure that CMEEC and its member municipal electric utilities will have competitive access to financial markets, which further positions the CMEEC members to maintain their low retail electric rates."

CMEEC's member municipal electric utilities include the Jewett City Department of Public Utilities, Norwich Public Utilities, Groton Utilities, Bozrah Light & Power, Third Taxing District of the City of Norwalk and South Norwalk Electric and Water.

A copy of the related press releases from Moody's Investor Services are attached, and can be found here:

https://www.moodys.com/research/Moodys-affirms-Aa3-for-Connecticut-Municipal-Electric-Energy-Cooperative-assigns--PR_906548918

https://www.moodys.com/research/Moodys-affirms-Aa3-for-Connecticut-Transmission-Municipal-Electric-Energy-Cooperative-assigns--PR_906552091

Rating Action: Moody's affirms Aa3 for Connecticut Municipal Electric Energy Cooperative; assigns Aa3 for planned forward sale bonds; outlook stable

09 Jul 2020

Approximately \$96.6 million of debt securities affected

New York, July 09, 2020 -- Moody's Investors Service has affirmed the Aa3 ratings for \$47.98 million of Connecticut Municipal Electric Energy Cooperative's (CMEEC) 2013 series A power supply system revenue bonds and about \$17.93 million of 2012 series A transmission services revenue bonds. Concurrently, Moody's has assigned Aa3 ratings to CMEEC's planned forward delivery of about \$19.255 million of Power Supply System Revenue Bonds, 2022 series A in October 2022 and about \$11.41 million of Transmission Services Revenue Bonds, 2021 series A in October 2021. The outlook remains stable.

RATINGS RATIONALE

The rating actions reflect the benefits that CMEEC derives from producing stable and predictable revenue and cash flow through strong all requirements take-or-pay contracts with members and other power supply contracts with participants whose weighted average creditworthiness approximates A1. The contracts contain an unlimited step-up clause in the event of a member non-payment, which is a significant credit positive. The credit profile also reflects that CMEEC is likely to maintain its historically sound liquidity, fixed obligation charge coverage and adjusted debt ratios at levels stronger than most peers. CMEEC has no incremental debt financing needs for the next several years, debt is amortizing and debt service requirements will continue to decline. CMEEC also benefits from its ability to provide reliable power supply and transmission services under reasonably competitive rates in comparison to similar service providers in the region. These credit supportive traits remain intact as CMEEC transitions under the leadership of a new CEO appointed in December 2019 which further distances itself from the previous credit negative governance related issues resulting in the termination of its former CEO that occurred following the November 2018 federal indictments against several senior officials alleging conspiracy and misuse of CMEEC funds.

RATING OUTLOOK

The stable outlook is based on the stable credit position of CMEEC's members and participants, the transmission cost benefits being derived from the transmission assets owned through the affiliated Connecticut Transmission Municipal Electric Energy Cooperative (TRANSCO), sound risk management practices, and strong financial metrics. The outlook also reflects the smooth transition to a new CEO and effective strategies implemented to cope with shifts in supply responsibilities following the municipal electric utility for the Town of Wallingford's (Wallingford)'s decision to terminate its contract relating to the MicroGen project effective at the end of 2018.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Improvement of CMEEC member/participant credit quality

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- Material CMEEC member/participant credit quality decline coupled with materially weaker financial metrics
- If unexpected operating and financial pressures result in the event that Wallingford exercises its option to exit its Pierce project contract that otherwise expires at the end of 2021
- Challenges by any municipal utility of their take-or-pay or other contract obligations
- If liquidity becomes strained

LEGAL SECURITY

Power Supply Revenue Bonds:

Generally, the 2013 series A power supply system revenue bonds issued and outstanding under the Amended and Restated Power Supply System Revenue Bond Resolution are secured by revenues and receipts from purchasers of power provided by CMEEC under replacement power sales contracts (RPSCs), under the Wallingford Pierce unit power sales contract, and under the Mohegan Tribal Utility Authority (MTUA) Pierce unit power sales contract. The RPSCs extend at least until April 2053, which is well beyond CMEEC's longest dated debt maturity date, and require the 6 contracting power purchasers under the RPSCs on a take-or-pay basis to take their full requirements from CMEEC to serve their retail load. The security for the planned forward delivery of 2022 series A power supply system revenue bonds in October 2022 will be the same as the existing series 2013 series A power supply system revenue bonds excluding the above referenced Wallingford and MTUA Pierce unit power sales contracts. The Wallingford and MTUA Pierce unit power sales contracts will continue to secure the unrefunded portion of the 2013 series A power supply system revenue bonds for the duration of their respective contract terms. With respect to the Wallingford and MTUA Pierce Unit power sales contracts, the maturity date of the unrefunded portion of the 2013 series A power supply system revenue bonds extends beyond the respective terms of the current Pierce unit power sales contracts with Wallingford and MTUA. Although the contracting parties can extend the terms of expiration dates, this is not required. Accordingly, in the absence of any extension, Wallingford and MTUA would not have any liability with respect to the debt service on the unrefunded portion of 2013 series A power supply system revenue bonds beyond the current expiration dates of their respective contracts. In this instance, fixed costs previously paid by Wallingford and MTUA in that instance would be allocated pro rata among the remaining power purchasers according to their entitlement allocations in CMEEC's Pierce project and given the take-or-pay nature of their obligations. The power supply system revenue bonds are also secured by a maximum annual debt service reserve requirement, and CMEEC is required to establish rates at least equal to 110% of aggregate debt service.

Transmission Services Revenue Bonds:

Generally, the 2012 series A transmission services revenue bonds issued and outstanding and the planned forward delivery of 2021 series A transmission services revenue bonds in October 2021 under the Transmission Services Revenue Bond Resolution are secured by a net revenue pledge from revenues produced from long-term take-or-pay General Transmission Services Agreements (GTSAs) executed with the six current members through December 31, 2052. The expiration date of the GTSAs is well beyond CMEEC's longest dated debt maturity. Neither Wallingford nor the MTUA have any obligation with respect to debt service under the Transmission Services Revenue Bond Resolution or expenses related to the TRANSCO Project. The transmission services revenue bonds are also secured by a maximum annual debt service reserve requirement, and CMEEC is required to establish rates at least equal to 110% of aggregate debt service.

USE OF PROCEEDS

Proceeds of the 2022A power supply system revenue bonds will be used to currently refund a portion of CMEEC's Power Supply System Revenue Bonds, 2013 Series A, which currently have about \$47.98 million outstanding and to pay for the cost of issuing the 2022A Bonds.

Proceeds of the 2021A bonds will be used for the purpose of currently refunding in full the outstanding CMEEC Transmission Services Revenue Bonds, 2012 Series A and to pay for the cost of issuing the 2021A Bonds.

PROFILE

CMEEC is a joint action agency that is currently a full requirements power supplier to six municipal electric utilities in Connecticut (City of Groton; Borough of Jewett City; City of Norwich; Second (South Norwalk) and Third (East Norwalk) Taxing Districts of the City of Norwalk; and Bozrah Light & Power) and to the Mohegan Tribal Utility Authority (MTUA). Wallingford ceased being a full requirements customer of CMEEC as of January 1, 2014. However, Wallingford is still responsible for all of its allocable share of costs of the Pierce Project, but has the option to opt out of the Project at the end of 2021. In 2009, CMEEC also created Connecticut Transmission Municipal Electric Energy Cooperative (TRANSCO: Aa3 stable), an affiliated legally separate, special purpose, publicly-owned, joint-action transmission entity under CMEEC's existing statutes to acquire and own transmission assets comprising part of the regional electric grid administered by the Independent System Operator - New England, Inc. Each of TRANSCO's members is a member or participant in CMEEC.

METHODOLOGY

The principal methodology used in these ratings was US Municipal Joint Action Agencies Methodology

published in August 2019 and available at https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_1163699. Alternatively, please see the Rating Methodologies page on www.moody.com for a copy of this methodology.

REGULATORY DISCLOSURES

For further specification of Moody's key rating assumptions and sensitivity analysis, see the sections Methodology Assumptions and Sensitivity to Assumptions in the disclosure form. Moody's Rating Symbols and Definitions can be found at: https://www.moody.com/researchdocumentcontentpage.aspx?docid=PBC_79004.

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Rating Action: Moody's affirms Aa3 for Connecticut Transmission Municipal Electric Energy Cooperative; assigns Aa3 for planned forward sale bonds; outlook stable

09 Jul 2020

Approximately \$37.1 million of debt securities affected

New York, July 09, 2020 -- Moody's Investors Service has affirmed the Aa3 ratings for about \$20.69 million of Connecticut Transmission Municipal Electric Energy Cooperative's (TRANSCO) 2012 series A transmission system revenue bonds. Concurrently, Moody's has assigned a rating of Aa3 to TRANSCO's planned forward delivery of about \$16.36 million of Transmission System Revenue Bonds, 2021 Series A in October 2021. The outlook remains stable.

RATINGS RATIONALE

The rating actions reflect the fact that TRANSCO's Aa3 credit profile is supported by stable and predictable revenue and cash flow, which is expected to remain the norm, and the benefits of its strong ties through various financial, operational and contractual relationships with affiliated Connecticut Municipal Electric Energy Cooperative (CMEEC; Aa3 stable). The TRANSCO credit profile reflects the collective strength of the approximate A1 weighted average credit quality of TRANSCO's members, the lower risk nature of the transmission business, and the various transmission services contracts that provide strong legal protections to TRANSCO's bondholders. These credit supportive traits remain intact as TRANSCO and CMEEC transition under the leadership of a new CEO appointed in December 2019, which further distances the entities from governance related challenges that led to the termination of the prior CEO following the November 2018 federal indictments against several senior officials alleging conspiracy and misuse of CMEEC funds.

RATING OUTLOOK

The stable outlook reflects the sound weighted average credit quality of the members, the strong contractual arrangements with members, the transmission cost benefits from owning transmission assets, sound risk management practices, and a good liquidity profile.

FACTORS THAT COULD LEAD TO AN UPGRADE OF THE RATINGS

- Improvement of the members' credit quality

FACTORS THAT COULD LEAD TO A DOWNGRADE OF THE RATINGS

- If there is material decline in the members' credit quality or any of TRANSCO's or CMEEC's members/participants challenge their contractual obligations
- If liquidity for CMEEC and by association, TRANSCO, becomes strained

LEGAL SECURITY

Transmission Finance and Service Agreements (TFSA):

For the 2012 series A transmission system revenue bonds issued and outstanding and the planned forward delivery of 2021 series A transmission system revenue bonds in October 2022 under the Transmission System Revenue Bond Resolution, there is a pledge of revenue pursuant to the TFSA between TRANSCO and CMEEC, under which TRANSCO agrees to provide transmission services to CMEEC. Under the TFSA, CMEEC agrees on a take-or-pay basis to pay all monthly transmission costs incurred by TRANSCO, including debt service on the transmission system revenue bonds. These sum sufficient payments from CMEEC are considered absolute and unconditional regardless of whether any transmission services are provided and are considered operating expenses of CMEEC, payable ahead of any debt service payment on any CMEEC bonds outstanding. The sole source of funds for payment under the TFSA comes from payments made under the general transmission service agreements (GTSAs) that CMEEC has with its members, thereby effectively

making the GTSAs part of the security package for TRANSCO's transmission system revenue bonds. Since the terms of the GTSAs require collection of sufficient funds to pay all CMEEC transmission related operating costs and debt service, Moody's views the risks to investors in TRANSCO debt and CMEEC transmission services revenue bonds as effectively the same. Since the municipal utility for the Town of Wallingford (Wallingford) and Mohegan Tribal Utility Authority (MTUA) are not owners of the TRANSCO transmission assets, no costs of the assets owned by TRANSCO are allocable to them, and they have no responsibility for, and receive no economic benefits from, the assets. The TRANSCO bonds are also secured by a maximum annual debt service reserve (DSR) requirement.

General Transmission Services Agreements (GTSAs):

The GTSAs are full requirements, take or pay contracts with CMEEC members for transmission services and will be in effect through at least December 31, 2052, which date is well beyond the longest dated debt maturity. The GTSAs are not part of the security for the CMEEC power supply system revenue bonds. Costs are divided into fixed costs and usage costs under the GTSAs; fixed costs include debt service under the transmission services revenue bond resolution, as well as costs for new projects or other financial contracts. Since neither Wallingford nor the MTUA participated in the TRANSCO Project they are not obligated to pay any fixed costs, instead Wallingford makes direct payment to ISO-NE for transmission services they receive based on the ISO-NE tariff and MTUA pays CMEEC for transmission services under the arrangement it has for bundled supply services provided under its power supply contract with CMEEC. Members must charge sufficient retail rates to meet all obligations to CMEEC and payments to CMEEC under the GTSAs are operating expenses of the members. CMEEC segregates the transmission usage receipts from MTUA, and these transmission service payments are part of the Revenues under the CMEEC Transmission Services Bond Resolution and are available to pay for certain TRANSCO usage cost billings and other administrative and financial costs of CMEEC, but not debt service under the CMEEC Transmission Services Bond Resolution or the TRANSCO Transmission System Revenue Bond Resolution.

USE OF PROCEEDS

Proceeds of the 2021 series A transmission system revenue bonds will be used to currently refund TRANSCO's 2012 series A Transmission System Revenue Bonds and to pay for the cost of issuing the 2021 series A Bonds.

PROFILE

TRANSCO is a legally separate, special purpose, publicly-owned, joint-action electric transmission entity created under CMEEC's existing statutes to acquire and own transmission assets comprising part of the regional electric grid administered by the Independent System Operator - New England, Inc. (ISO-NE). Each of TRANSCO's members is a member in CMEEC. CMEEC is a joint action agency that is currently a full requirements power supplier to six municipal electric utilities in Connecticut (City of Groton; Borough of Jewett City; City of Norwich; Second (South Norwalk) and Third (East Norwalk) Taxing Districts of the City of Norwalk; and Bozrah Light & Power) and to the MTUA.

METHODOLOGY

The principal methodology used in these ratings was US Municipal Joint Action Agencies Methodology published in August 2019 and available at https://www.moodys.com/researchdocumentcontentpage.aspx?docid=PBC_1163699. Alternatively, please see the Rating Methodologies page on www.moodys.com for a copy of this methodology.

REGULATORY DISCLOSURES

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the support provider's credit rating. For provisional ratings, this announcement provides certain regulatory disclosures in relation to the provisional rating assigned, and in relation to a definitive rating that may be assigned subsequent to the final issuance of the debt, in each case where the transaction structure and terms have not changed prior to the assignment of the definitive rating in a manner that would have affected the rating. For further information please see the ratings tab on the issuer/entity page for the respective issuer on www.moodys.com.

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