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FOR IMMEDIATE RELEASE

HOLYOKE GAS & ELECTRIC PURCHASES
HYDROELECTRIC DAM AND RELATED HOLDINGS FROM NORTHEAST UTILITIES

HOLYOKE, MA - The City of Holyoke's Gas and Electric Department (HG&E) has completed its purchase of the Hadley Falls hydro-electric dam, its system of canals, and other assets from Holyoke Water Power Company (HWP). The purchase also resolves all outstanding legal disputes between the parties regarding service territories.

Under the terms of the sale, HG&E will now take ownership of all HWP hydro-electric generation assets; the HWP electric distribution system, franchise rights, and related contracts; and designated land parcels in Holyoke, South Hadley and Chicopee, Massachusetts. The acquisition does not include the Mt. Tom Station, a 147 megawatt coal-fired plant owned by HWP.

The hydro-electric assets included in the purchase produce 43.6 megawatts of electricity, with the HWP distribution system currently serving approximately 30 industrial customers. In announcing today's acquisition, HG&E manager James M. Lavelle said, "This acquisition will allow us to continue offering some of the lowest electric rates in the region by providing us direct control over a larger portion of the energy that is consumed by our customers." The energy output from the hydropower assets included in this transaction will equal over 40% of the energy used by HG&E's customers. "HG&E is proud to have such a large portion of its power needs served by environmentally-friendly hydroelectric power," added Lavelle.

HG&E is also planning to work with the Holyoke Economic and Industrial Development Corporation (HEIDC) to aid in the development of several real estate parcels acquired through the transaction, thus adding new jobs and tax revenues to the City.

HG&E is a municipally-owned utility that was formed in 1902. Today the Department provides electricity, natural gas, steam and telecommunications services to over 18,000 customers.

12/14/01