

Mainlines

JUNE/JULY 2008

A newsletter for the customers of the Holyoke Gas & Electric Department

Rate Adjustment for Natural Gas Customers

Driven by near record high natural gas prices, the Purchased Gas Adjustment (PGA) has been increased to \$1.20/ccf for the June billing cycle. This increase is unfortunate, but necessary to cover the current cost of natural gas which has nearly doubled since last summer to its current rate of more than \$12/MMBTU. The average residential customer, using 30 ccf per month, will see an increase of approximately \$12 per month, or a 21% increase in their summer bill.

Why is PGA being increased?

The cost of natural gas has nearly doubled over the past year due to increased world-wide demand. The PGA increase is required to cover the increased cost of gas so that HG&E can pay its natural gas suppliers. As you are aware, most fuel prices are increasing at a rapid rate. At the time of publication of this newsletter unleaded gasoline had just broken the \$4.00 per gallon level. In addition, crude oil has reached \$135/ barrel and #2 home heating oil has already risen 59% from last year's historically high levels to over \$3.60/gallon.

When are gas rates going to be reduced?

With the current PGA adjustment, natural gas rates will be at near-historic levels. Natural gas prices spiked in 2005 after Hurricanes Katrina and Rita struck the Gulf Coast disrupting the production and transportation of natural gas. But that was a short term spike driven by interruption to major sources of gas supply. The present situation is different because there is no problem with production of natural gas. The current problem, which is a major concern, is that worldwide demand for natural gas is growing rapidly and there does not seem to be any abatement of that demand in the near-term. In addition, the energy markets remain extremely volatile due to record high oil prices and other commodity prices, volatility in the financial markets, and the risk of hurricanes and cold winter weather forecasts.

What can customers do to lower their bill?

We recognize that these rate increases will hurt everyone, especially the fixed-income and low-income families, who have been struggling to keep up with heating and electricity costs even at the current rates. The best thing that customers can do is to conserve energy. You can find more information about our energy conservation programs on the back page of this newsletter.

What can customers do if they are having difficulty paying their utility bill?

HG&E can help customers establish a budget payment plan to help equalize their monthly utility payments over an annual period. In addition, we can help eligible customers apply for fuel assistance through the Valley Opportunity Council and the Salvation Army's Good Neighbor Energy Fund. Contact numbers for these programs are to the right.

Are other utilities raising rates?

Other natural gas utilities have already raised their rates, and are expected to do so again this summer. The rate comparison chart shows rates of various Massachusetts natural gas utilities.

Prepare for Heating Season now!

We urge every customer to make preparations for the upcoming heating season now. HG&E offers its customers a variety of programs to aid in energy conservation efforts. And by using less energy your family can offset some of the impact of this unfortunate increase. You will find more information about these programs on the back page of this newsletter and on our website.

▶ Despite rising wholesale prices, natural gas remains an excellent choice to heat your home.

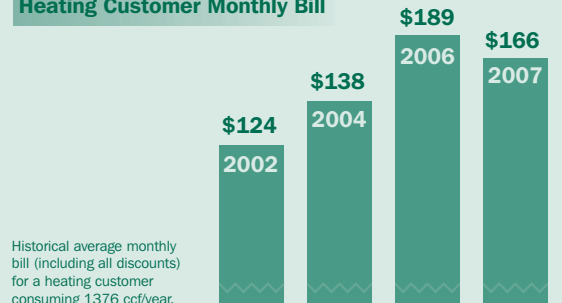
Wholesale cost of Heating Fuels

	Natural Gas per CCF	Heating Oil per gallon
May 2002	\$.53	\$.67
May 2004	\$.98 +85%	\$ 1.02 +52%
May 2006	\$ 1.09 +106%	\$ 1.97 +194%
May 2008	\$ 1.20 +126%	\$ 3.61 +439%

Pricing based on US Government EIA Data updated 6/4/08
Natural Gas - City Gate Price (MA)
Heating Oil - No. 2 Spot Price (NY Harbor)
May 2008 Gas Price from AGA (EIA data not yet posted)

▶ Despite an over 125% rise in wholesale gas costs over the past 5 years, HG&E has been able to maintain stable rates.

Average HG&E Residential Heating Customer Monthly Bill



helpful telephone numbers

HG&E Customer Accounts
for general account and incentive program questions **(413)536-9300**

HG&E Credit Department
to discuss past due bills and set-up payment arrangements **(413)536-9300**

MuniHELPS Audit Hotline
for conservation questions or to schedule an energy audit **(888)335-7203**

Valley Opportunity Council
to apply for low-income fuel assistance programs **(413)552-1548**

Salvation Army Good Neighbor Energy Fund
offers eligible families up to \$275 to help pay heating bills **(800)262-1320**

Electric Rate Comparison

June 2008 - Residential customer consuming 500 kwh per month. Amounts shown include all discounts and use the fixed default generation supply price.

HG&E	\$59.09	
National Grid <small>serving Northampton</small>	\$86.34	+46.1%
Western Mass Electric <small>serving Springfield</small>	\$86.99	+47.2%

Natural Gas Rate Comparison

Average Projected Annual Bill - November 2007-October 2008 Residential customer consuming 115 CCF/month. (1376 CCF Annual Consumption) Amounts shown include all discounts.

HG&E	\$174.12	
Berkshire Gas <small>serving Pittsfield</small>	\$188.78	+8.4%
Boston Gas <small>serving Boston</small>	\$197.34	+13.3%

We're working to improve your HG&E service.

Smith's Ferry Gas Line / Natural Gas Service Extension to North Holyoke

Construction has begun on Northampton Street for the new Smith's Ferry natural gas line! The new plastic gas main will serve as the backbone for future gas line replacements in the area up to Mt. Tom Road, and will be extended to deliver gas to customers in north Holyoke up to Smith's Ferry Road. The installation on Route 5 will be completed in October, 2008. We will strive to cause minimal disruptions to traffic and tranquility. For information on obtaining gas service, please call us at 536-9347.

Electric Distribution System Upgrades

Crews will be active in sections of the following areas this summer as we work to upgrade circuits and replace aging distribution cable.

Circuit Upgrades

- Wyckoff Park (Mt. View Dr / Steiger Rd)
- South Holyoke (between Sargeant St and Dwight St)

Wire and Cable Replacement

- Easthampton Rd (Northampton St - Southampton Rd)
- Jarvis Ave (Easthampton Rd - Cherry St Ext)
- Northampton St (Dwight St - Lincoln St)

Brief electric outages may be required in these areas as work progresses. Advanced notice will be provided to affected customers prior to any electrical outage.

Energy conservation saves money.

Residential Energy Conservation Program www.hged.com/conserve — (413)536-9300

HG&E customers can receive up to \$5,000 in interest-free assistance to insulate your walls or attic, install high-efficiency replacement windows or skylights, purchase an efficient new central air conditioning system, or install a new gas-fired water heater, boiler or furnace. The finance savings alone under this program is worth more than \$700 over the five-year repayment term, and the average homeowner can expect to save 10% or more on their monthly HG&E energy bill by taking these conservation measures.

Free Home Energy Audits / Conservation Advise www.hged.com/energyaudit — (888)335-7203

Contact the MuniHELPS with any questions concerning energy conservation in your home. Also call the toll-free hotline to see if you qualify for a free energy audit. MuniHELPS operators have a wealth of information about all aspects of residential energy conservation.

Energy Star Rebates www.hged.com/energystar — (413)536-9300

HG&E offers rebates towards the purchase of Energy Star rated home appliances. Customers can receive a \$50 rebate towards the purchase of a new refrigerator, dishwasher or clothes washer; or a \$25 rebate towards the purchase of a new window air conditioning unit.

Budget Billing Plan www.hged.com/budgetplan — (413)536-9300

If you think you will have trouble paying your utility bills this winter, we can help you set-up a payment plan now so that you won't fall behind on your bills during the cold winter season.

Salvation Army Good Neighbor Energy Fund www.magoodneighbor.org — (800)262-1320

This fund provides needy families with up to \$275 per heating season to homes that have a gross household income that falls within 200 and 275 percent of the Federal Poverty Income Guidelines. You may also make a contribution to this fund and help needy families.

Financial Assistance Programs www.valleyopp.com — (413)552-1548

If your family is on a low or fixed income, contact the Valley Opportunity Council now to learn about fuel assistance programs. Millions of dollars are set aside by the federal government to help low-income individuals with winter heating and weatherization needs.

New Payment Dropbox Locations

We have added a payment dropbox at the C-Mart on Northampton Street, replacing the dropbox previously located at Rite Aid in that same shopping plaza. In addition, our payment drop box at the CVS on South Street has moved to the store's new location at 400 Beech Street. Payments made at these locations are credited to your bill on the next business day.

- NEW!** • C-Mart, 1500 Northampton St, 536-2372
- NEW!** • CVS/Pharmacy, 400 Beech Street, 536-1432
- Stop & Shop, 28 Lincoln Street, 536-12471
 - Stop & Shop, 2265 Northampton St, 536-9287
 - Exxon Union Mart, 297 Apremont Highway, 533-1631
 - Koffee Kup, 514 Westfield Road, 535-2253

community news

Information is presented as a public service by HG&E. HG&E does not administer these programs.

A special program for first-time homebuyers

The Solutions Community Development Corporation offer residents Individual Development Accounts which match your savings THREE TO ONE with additional dollars for up to one year! At the end of this period, these savings can be used for a down payment on your new home. You will also receive free money management training, credit training and have access to first time home buyers workshops.

Call Maria Salgado at 413-315-6017 to learn more.

To participate in this program your Annual Household Income must be below the following levels:

# of people in household	annual income
1	\$19,600
2	\$26,400
3	\$33,200
4	\$40,000
5	\$46,800
6	\$53,600
7	\$60,400
8	\$67,200

HAVING CONFLICT WITH A NEIGHBOR? WE CAN HELP

Resolve it quickly and satisfactorily with the

Holyoke Community Mediation Service
444 Dwight Street
Holyoke, MA 01040

We are trained volunteer mediators who assist neighbors in conflict to come to their own resolution. It's a win-win for everyone.

- FREE
- CONVENIENT
- CONFIDENTIAL
- FAST

For Additional Information Call: 413-540-5323