

**HOLYOKE GAS & ELECTRIC DEPARTMENT
1902-2002**

The First One Hundred Years

compiled by Dave Moore

INTRODUCTION

By Francis Hoey

Holyoke's modern day history spans about 150 years, tracing its founding to an industrial need. The City's beginnings were remarkable and unique. It was the first planned and laid out city in the United States, and founded as a commercial and industrial center to take advantage of the 57-foot drop in the Connecticut River at Hadley Falls. Its earliest resource was water power and its potential was the basis behind its founding in 1847 by The South Hadley Falls Company (formerly the Holyoke Water Power Company and now the Holyoke Gas and Electric Department). This water power attracted textile industries at first, paper mills later.

Holyoke's growth was dramatic in the second half of the 19th Century increasing from a town of 5,000 to a city of 50,000 by 1900. At the turn of the century Holyoke was every bit a model modern-day city boasting, among other things, the largest hydroelectric dam, lighted city streets and public water and sewer to over 90% of its residents, a feat accomplished by few, if any, other cities at that time.

As America approached a new century, Holyoke in the late 1800s was already a thriving industrial city. Situated on the banks of the Connecticut River, Holyoke had access to a tremendous natural resource for water power. The construction of a dam and a

sophisticated canal system, gave rise to the success of numerous textile and paper mills, and by 1889, Holyoke had already earned the nickname "Queen of the Industrial Cities." Life was good in this bustling, modern city, and its citizens, along with the rest of the country, marveled at the rapidly changing face of Industry. New conveniences, including the electric motor and the incandescent light bulb, were among the myriad of inventions, which would forever change the ways the citizens of Holyoke, along with the rest of country, worked and played.

Recognizing that electricity would provide better and more efficient illumination on its streets, this forward-looking city began converting its street lamps from gas to electricity. In 1890, the City entered into a contract with the Holyoke Water Power Company to supply its electricity for the next five years. This contract enabled the City to start reaping the benefits of electricity, though it would still be many years before any but its wealthiest citizens could afford the luxury in their homes. Nevertheless, the citizens of Holyoke had already begun to rely on the safety and convenience of the electric street lamps, and had begun to dream about the possibilities electricity might afford in the future.

As the City neared the end of the original five-year term with the Water Power Company, it was clear that the market for electricity was growing exponentially. Since there were no regulatory agencies at the time, nor any other competing power suppliers, the Holyoke Power Company saw this as an opportunity to impose an enormous rate increase on the City. The City leaders saw only two options: either submit to being held hostage by ever-increasing rate hikes which might eventually bankrupt the City coffers, or agree to a three-year contract, during which time they would construct a plan to manage their own

power company. They chose the latter of the two options, and the first steps of establishing a municipally-owned power plant were put into motion.

On January 8, 1898, the Holyoke Water Power Company offered to sell both its gas and electric plants to the City for a price of \$1,000,000. This price tag, more than twice what the City had predicted the two plants were worth, became the catalyst for contentious debate. Advocates for a municipal plant formed the Municipal Light League, and pointed out that the Holyoke Water Power had reported to the State Gas & Electric Commission a sworn estimate of \$241,197 as the value of the two plants for the assessors. The dispute eventually ended up being settled by the Supreme Judicial Court, but not until after a total of 109 hearings had taken place in Boston and Springfield. The combined value on the plants was determined to be \$706,543; with litigation costs of \$103,004.40, it brought the total purchasing price to \$809,547.40. The formal decision was pronounced on November 18, 1902, and the court set December 15, 1902 as the date the City would acquire the gas and electric plants.

The HG&E's first year was one of rapid growth. At the time of the transfer from the Holyoke Water Power Company to the Holyoke Gas & Electric Department, the buildings and electric stations were in good condition, but the electrical equipment was already obsolete and overloaded. Thus, on the very first day of operation the Department implemented an equipment upgrade and addition program that it has sustained throughout its existence. By the end of 1903, HG&E's customers had increased in number from 273 to 340, and two dozen transformers had been added to the original eight, bringing the total up to 32.

With very few exceptions, the staff that had run the Holyoke Water Power Company stayed on to manage the new Gas & Electric Department. Mr. William H. Snow, Gas Works Superintendent, was named Manager of the new Department, and Mr. A.W. Darby was

assigned to aid him in the Electrical Department. The selection of these two men at that critical moment in the fledgling Department's history was most significant. Municipal power ownership was a new and interesting idea, but a concept still in its infancy. There were, at the time, similar plants in existence around the country which might be looked to as models, but no testimony to the certainty of the success of such a venture. In addition, the Holyoke municipal power situation was a unique one, in that its Charter and enactment immediately placed it into direct competition with the already existing Holyoke Water Power Company. Superior management would be crucial at this time, and Messrs. Snow and Darby were about to set the tone for the next 100 years.

Snow was lucky in that he had the complete support of the local government, including the very powerful Mayor Arthur B. Chapman. A local newspaper, several years later, reported that, "Mayor Chapman backed up Mr. Snow to the limit. After a while people learned that the Gas & Electric Department was being run for the benefit of the City, not a Department to furnish promotions for politicians and their friends." But Snow was also a strong, capable manager on his own, one with intense convictions to which he clung unwaveringly. The same article states, "Mr. Snow holds the City record for saying no more times to the would-be position fillers, petty politicians, place hunters and like hordes that immediately swooped down upon the Department when it was organized, than any living man...there were regular choruses of rage that used to waft out from the City Hall...The Board of Alderman even refused for some time to vote money for Mr. Snow's salary [because] they were so peeved over his refusal to allow his department to become a picnic ground for the place hunters." Once City Hall accepted the strength of Snow's convictions, calmer days followed. But not for long.

Just five months from the time of sale of the plant and its franchise rights the Holyoke Water Power Company, with the concurrence of the Mayor, went to the Massachusetts Legislature and asked for renewal of its franchise, claiming that the new Department was unable to serve the growing needs of the City. The Legislature agreed and a limited franchise was given back to the Holyoke Water Power Company. HWP was allowed to serve customers with power loads greater than 100 hp. Thus, in 1903, the second year of operation for the Holyoke G&E, an extremely significant factor was introduced that would cause 100 years of contentious competition.

William Snow continued at the helm of the G&E for the next decade. He left in 1912 for a new position in New Bedford, Massachusetts. But the role he played in guiding the infant G&E was undisputed. He'd taken over a fledgling company, inefficient and nearly obsolete, and on his first day as Manager, begun a process of rapid plant and facility expansion and renovation, which allowed the new City department to meet every need for electric power that was requested of it. Not a single customer was turned away. In addition Mr. Snow set the way for all future managers by making it clear early, that the Gas & Electric Department belonged to the citizens of Holyoke, and its Manager and staff would run it accordingly.

Like every other U.S. industrial city at the time, Holyoke and its new Gas and Electric Department were on the cusp of a period of tremendous expansion. Suddenly, the Gas & Electric Department, created, for the most part, to help the City and its citizens get control of the cost of street lighting, found itself immersed in a second Industrial Revolution, one driven by the demand for electric power. Holyoke was in the midst of giant growth in new

businesses, and all the newcomers needed electric power to energize motors to manufacture their products. At the same time, the City begins to see a significant rise in its residential customers. To its residents, it seemed that new household gadgets, which would ultimately grant them the luxury of more leisure time, were coming onto the market faster than they could be acquired.

Throughout all these early years the infant gas and electric department somehow met the need. Most important, the new department kept up with an ever-increasing demand far greater than any one could have considered in 1902, and met the demand head-on with a pledge to the public that exists in the Department 100 years later.

The early years saw great need for plant and facility improvement and expansion. This was done without a dime of taxpayer funds. All funds necessary for capital expansion and improvement were raised then as now with bonds and repaid with interest out of Department revenues. This is the same concept that supplied the funds to originally purchase the Department in 1902.

The Gas & Electric Department's philosophy of providing reliable service at the lowest possible rate was established early on in the Department's history. In 1904 the Department offers its first glimpse of its rate setting practices, and of the ways in which it intends to treat its customers. The Annual Report states, "Commencing with December 1, 1904 the Department will charge the city \$90 per street park light instead of \$100 as heretofore." This process continues, despite the ever-increasing costs of necessary updates to the electrical plant and equipment, which are necessary to meet the ever-increasing demand for power. As the Department's customer base continued to grow, it found by 1907 that the substantial increase in business allowed it to further reduce the per street lamp charge to \$60 annually.

Reductions were reflected in residential rates, as well. As stated in the Department's Annual Report of 1907, "Owing to this increase [in business], it is found practicable to reduce the price of electricity for lighting from 10 cents per kilowatt to 6 cents...a reduction of 40% in the price. Commencing with the first of February, 1908, the price will be 8 cents with 2 cents discount per kilowatt on all bills paid on or before the 10th of the month, making the net price 6 cents per kilowatt."

By 1916, the use of electricity was well established in Holyoke. Though the City had seen enormous growth, the G&E remarkably kept electric rates affordable. According to an annual report of the time, "the last year that the plants were operated by a private company, the City paid \$28,346.38 for street lighting, at which time the city had but 263 street lamps in use. For the year 1916, the city paid the department \$31,230.16 for street lighting. In 1916 there were 1,041 street lamps in use." In other words, in the 14 years the City had operated the Gas & Electric Company, the cost of paying for street lighting increased just slightly more than 10%, even though the number of street lights it operated had increased by more than 400%!

The years from 1912 up to the U.S. entering World War I were not unlike previous years, in that both the City and this Department experienced tremendous growth. John J. Kirkpatrick, took over as Manager upon William Snow's departure in 1912. Kirkpatrick was both a trained engineer and a well-known public power advocate. He had served as a member of the Municipal Light League, which helped create the original Department, and he was ready to take it to the next level. Under his guidance, the HG&E expanded in both the gas and electric aspects of the business. Kirkpatrick was responsible for the addition or

replacement of boilers, turbines, turbo generators, pumps, and condensers, providing the once-underpowered Department with the capability to produce an abundance of hydro- and steam-electric power, and also enough gas to more than adequately meet the needs of every customer. In addition, Kirkpatrick and his staff implemented a plan to bury conduit and wires in the main part of the City, and the overhead distribution system was also expanding in order to keep pace with the northward and westward growth of the City. 1913's Annual Report states, "About 17 miles of wire and 286 poles have been added to the overhead distribution system, which includes the line run to Smiths Ferry; 24 transformers and 1,054 new meters were set. There are now in service 5,197 electric meters."

During Kirkpatrick's second year as Manager, the Gas & Electric Department contracted with the neighboring Town of South Hadley to supply them with electricity, a significant milestone for a 12 year-old electric company barely on its feet. The Department's expansion and much-improved efficiency, not only allowed the G&E to satisfy the needs of all its commercial and residential customers in Holyoke, but also to generate enough excess power to sell at a fair but profitable rate to a friendly neighbor.

The management was now beginning to gain a greater understanding of its role as a public power entity, and of its responsibilities to the community it served. In a manner most uncharacteristic of a profit-making venture, the Gas & Electric Department proved that it valued its human resources as highly as its corporate ones. According to an annual report, "Several mains were laid in various parts of [Holyoke], which resulted in improving the gas pressure through the City. Under ordinary conditions, the major part of such work would be distributed over a period of years, but owing to the general business depression, which affected this City as badly as any city in the country, it was thought advisable to do an

unusual amount of this work in order to give work to the unemployed." The infant Gas & Electric Department and its new Manager were growing up fast. The City was the beneficiary.

The war that started in Europe in 1914, the war that so many in Americans hoped to avoid, inevitably engaged the whole world. Holyoke was not, of course, exempt from the intense pressure that was put upon American industry. The greatly inflated wartime costs of wages and gas, oil, coal and other materials increased operating expenses for the G&E dramatically. But because the Department was stable and properly managed, its customers saw only a slight rise in the price of gas, and virtually no increase in electricity consumed for either domestic or commercial purposes. Electricity at this time was still being sold at the rate of six cents per kilowatt, the same price it had been in 1908. America knew that the world was watching and there was great pressure for American Industry to produce in great quantities and to contribute to the war efforts.

With most young men on their way overseas to serve their country, one of the most pressing problems facing Industry, was finding the necessary skilled workforce. Many companies offered previously-unheard of wages to able-bodied men who would leave their current employer to work for them. But because of the progressive way it had treated its employees in the past and the civic gestures that put people to work with good jobs during recent bad times, Holyoke's Gas & Electric's workforce remained true to its employer. The Department had instilled a spirit of loyalty in its employees, and the management acknowledged their behavior in its Annual Report. "The City owes a debt of gratitude to the many loyal workers in the Department who resisted the temptation to leave their work for greatly increased wages offered by surrounding manufacturers. We admire their loyalty and

appreciate the sacrifices they made." Each wartime annual report also included a list of HG&E employees who entered the service of the United States. The list always concluded with "they will be welcomed back into the Department as soon as the Government releases them."

The Department continued to mature, and it made remarkable progress during the war years, in spite of tremendous financial pressure. Customers had steady rates and steady supply; Holyoke's citizens had steady jobs. When the world was in turmoil, the Gas & Electric Department, still not quite 20 years old, was stable and in control of its mission.

Notwithstanding the severe pressure during the war years, the new Holyoke Gas & Electric Department's first two decades were years of great triumph and, for the most part, tranquility. In 1922 an act was approved by the Board of Alderman to establish a commission to oversee the Holyoke Gas & Electric Company, the members of which would be residents of Holyoke, appointed by the Mayor. By establishing the Commission, the City leaders made possible the independence that the rapidly growing and progressing department needed to firmly establish itself as a professional organization committed to sustaining its mission, and placed the City firmly on the road to continued success. Because of its enactment, the Commissioners could act as a Board of Directors of the Department whose sole role is that of setting and guiding policy and allow the Manager to act properly as Chief Executive Officer, responsible for the operation and financial results of the Department. In 1922, the Holyoke Gas & Electric Department, publicly-owned for the benefit of its owners, became a real business.

The Roaring 20s swept across America and into Holyoke as well. Things changed fast in society. The Holyoke Gas & Electric Department continued to expand and improve. Items of great significance during this period were the connection of the City Gas Department with the works of the Springfield Gas Light Company. This connection, laid as a six-inch main across the Willimansett Bridge, would allow emergency service for both Departments. A similar electric connection was made with the Holyoke Water Power Company to supply electric power during an emergency. And the connections were made not a moment too soon.

On an autumn day in 1925, a giant turbine owned by the Department burned out, leaving the City without power. But service was restored in only eight minutes, with the use of the emergency connection. This incident heightened the understanding that in spite of the fact that the Holyoke Gas & Electric Department and the Holyoke Water Power Company were fierce, every day competitors, adequate connections must be in place on both sides to prevent catastrophe. But this incident was insignificant, compared with what would be in store for Holyoke in 1927.

During the last week in November of that year, an unprecedented flood hit Holyoke. An Annual Report recounts, "The flood at its highest filled every cellar at the Gas Works and flowed over the yard where coke was stored, washing away about one thousand tons of coke. The railroad sidings were submerged and out of commission for about ten days. During the time the plant, because of the high water, was unable to function. Gas was supplied to the City by the Springfield Gas Light Company through a connection at our mains on Canal Street, which was installed in the year 1925." The flood had ravaged much of the City, but its residents never suffered a loss of power.

The 1920s roared on, and the 1930s loomed large. And so arrived the Great Depression.

The young Gas & Electric Department had seen poor economic times in 1915 and throughout the post-war early 20s, however nothing could prepare the nation, Holyoke, and the Gas & Electric Department for the climate of the 1930s. The stock market crashed in 1929 and only hastened what was inevitable: The Depression had begun and no one would be spared its agony. Once again, Annual Reports illustrate this most clearly: "Worldwide depressions are no respecters of persons, firms, corporations or property. Each must pay its toll in proportion to its ability to pay. Municipal plants are not exempt from its destructive influences. During the present economic depression the receipts of this department have decreased yearly for the past four years, while the accounts receivable show an increase each year of the depression."

Under the strong leadership of Manager Kirkpatrick, the Department fought through these perilous times, keeping its employees and customers utmost in mind. The Department deposited nearly \$200,000 a month into the City's Treasury for the benefit of its citizens, and charged the City no interest on those funds, a gesture that saved the City a great deal of money at this critical time. In addition gas and electricity was always made available to the City's ever-increasing number of needy residents. The newest City department helped sustain its own residents. An additional reduction in gas rates was provided to the City's largest gas consumers to try to aid these financially-staggered manufacturers. Furthermore the Department decided to take funds already approved for a new gas holder, and earmark

them instead to extend the underground conduit system, thereby helping to relieve the intolerable unemployment situation.

In 1929, an event occurred that would help the HG&E shape its future relations with the City. An account from the Annual Report of 1930 states, "In 1929, shortly after the opening of the year, the Mayor attempted to take about \$100,000 from the receipts of the Department and apply it toward the reduction of taxes. This attempt was not successful, but it led to open hostility."

The Department stood its ground, protecting its profits for the good of the public. Thus, at the height of the Depression, the Department made the final payment on the original bonds that were used to purchase the Department in 1902. The last payment, made on December 1, 1932, like all payments before it, was paid for with funds solely from the earnings of the Department.

The Depression and world upheaval continued throughout the 1930s, but in spite of all this misfortune, the Holyoke Gas & Electric Department persevered. As if the country's worst ever economic depression was not enough, the Holyoke Gas & Electric Department was severely tested by the flood of 1936. Emergency interconnections of gas and electricity kept the Department operating. An account for the 1936 Annual Report stated, "A record breaking flood that was widespread enough to be effective in a dozen states swept through the Connecticut River Valley last March, causing a loss of millions of dollars to homes, business and industry. Machinery, tanks, gas oil in storage, coal, coke and other supplies were washed away. Railroad sidings were demolished. Two 12,000- gallon oil tanks having become separated from the cars to which they were attached, floated around like corks on the water. Waves, comparable only to the ocean's surf, banged these tanks against building

after building." Holyoke's strength was again tested two years later when a hurricane, of previously unheard-of proportions, hit the City in 1938. The City --and the Gas & Electric Department -- survived it, and brought that unforgettable decade to a close.

The front page of the Holyoke Daily Transcript for September 14, 1940 displays a photo of the New England Telephone Company building on the corner of Maple and Suffolk Streets, which the Department, that day, agreed to purchase and make its new headquarters. Ominously, the headline above the photo, laid out in extra large type, states, "Conscription Bill Passed". Shortly thereafter, America was plunged into war for the second time in that century. Just over a year after the purchase of its new building was announced, the G&E opened its new Headquarters. Manager John Kirkpatrick used the occasion to announce, at the very height of the war in Europe, that all 17,500 domestic customers would have their November electric bills cut by 50%. The announcement came as a complete surprise to the customers.

Kirkpatrick, as master Manger and wartime morale booster, used another public gathering at which he was a guest speaker during the early war years as a forum to praise the Gas & Electric Department and its employees. As quoted from a local newspaper, he said, "The success of [power] plants...whether municipal or privately owned is not due to the management. It is due to the excellent organization. There is no better group anywhere giving service night and day with great loyalty. Many of the group are underpaid. They give service that no private company could give."

As had the First World War, this new war impacted everyone and everything. An Annual Report of that time notes that, "1943 was a year during which the Federal

Government dictated orders regarding the wages, supplies, operation, maintenance, additions, inventories, purchases, sales and rates. . . . Everything was controlled, from the price of coal in the boiler room to the size of prospective customers who could be supplied with either gas or electricity. It seemed as if everything which was urgent enough to be permissible to purchase increased in price, but as a utility, the selling price of our products were frozen, and therefore could not be increased."

Nevertheless, the Department abided in its efforts to aid the war, and it authorized an expenditure of a quarter of a million dollars for the purchase of war bonds.

In 1944 the Commissioners approved a proposal to reduce the work week from 48 to 40 hours. Again, the Department's commitment to its employees was evident, and it mandated that no employee receive a reduction in wages. The 1944 Annual Report states, "Under the new schedules, the same total amount of wages formerly paid for 48 hours actual work will now be paid for 40 hours work."

By 1945 the Allies sensed victory in Europe and Asia, and the world knew the war would be over soon. The Second World War had taken its toll in loss of lives, ghastly injury, and mass destruction of property, but life went on in Holyoke and at the Holyoke Gas & Electric Department. It had to. It was expected.

The Holyoke Gas & Electric Department would soon survive another test, but not without great loss. After serving as Manager for 32 incredible years, John J. Kirkpatrick died in 1945. He had led the Department from late adolescence into early maturity. The Holyoke Gas & Electric Department was 43 years old, had survived and prospered through a

tumultuous startup, severe political pressures, intense competition, the Great Depression and two World Wars, and had been served by only two Managers.

Francis H. King became the Department's third Manager on March 21, 1947. A trained engineer, a military man and a staunch advocate of public power, King was a visionary, according to more than one key employee who worked with him. And it didn't take King long to prove them all right. Shortly after beginning his term as Manager, a dispute over rates for off-peak power purchases led King and the Department to the Connecticut River. King understood the nature and the control factor of hydro-power and how it related to the Connecticut River. The U.S. Congress had control of all navigable waters of the country that were used for interstate commerce, and the Connecticut River was one of those waterways. By virtue of this control, the Federal Power Commission could issue licenses for projects for hydroelectric development of the rivers of the country. King saw his opportunity, and he struck. At the time, he was determined to convince everyone that the current dam owner and project development were under-utilizing the river's hydropower potential, and furthermore, were operating without a license for their existing dam project. He understood, further, that a municipal electric company would have preference in such a Federal license procedure. The Department applied for a preliminary permit that would eventually lead to the application for the license to develop the hydro resource at the river site.

King got everyone's attention with this action, especially that of the Holyoke Water Power Company, the owners and controllers of the dam. The ensuing controversy led both firms to file for a license with the Federal Power Commission. The Holyoke Water Power Company accused King and the HG&E of attempting to confiscate their lawful property and they began to warn Holyoke citizens that the City will suffer a great tax loss if the license is

awarded to the Department. Undaunted, King countered with his own facts about buying the existing property at a fair value price and, as always, not using City tax revenue for any of the project's finances. In addition, any property tax losses would be more than compensated for by the additional revenues generated by the river's hydropower. When the Holyoke Water Power Company subsequently refiled its license application to include plans for full hydroelectric development of the river at the Holyoke site, King was certain he had carried the day.

The Federal Power Commission awarded the license to the Holyoke Water Power Company for the next fifty years. The Commission stated several municipal department limitations as major factors in the discussion.

World War II and the tough times that immediately followed were over. It was time for America to once again get moving. From this time on, the world as it had been known in the first half of the 20th Century was going to change and change fast. The next two decades would see more major events and achievements realized than in the fifty years previous. Holyoke was changing, and the Gas & Electric Department would have to adjust as well.

In October of 1951, Holyoke's gas system became the first in New England to use 100% natural gas. After conducting a thorough cost analysis of the conversion, the staff of the G&E staff determined that natural gas would provide increased efficiency, and could be installed without the necessity of replacing the existing underground pipe system. The entire conversion was done in a timely, efficient manner. The department's planning effort paid off in savings of time and cost, with the real benefits yet to come, as more customers would switch to gas heat. From an Annual Report at the time, "The Commission feels that it should

not let the matter of the completion of the gas conversion in the City go by without commending the Department staff and employees for the excellent manner in which all the problems of conversion of the gas system to natural gas were handled. The fact that the City was the first one in New England to complete conversion required much engineering initiative and pioneering on the part of the staff. . . .”

The Department celebrated its 50th Anniversary in 1952, and held a commemorative dinner at the Roger Smith Hotel, with entertainment provided by a talented dance band, made up entirely of Holyoke Gas & Electric Department employees.

During the early 1950s the Department continued to increase its plant size in order to sell more power to more customers, and efficiently add revenue. The tie with the Holyoke Water Power Company was improved during this period, so much so, that both companies began to rely on each other for emergency power, and as the tie equipment further improved, one company could purchase electricity from the other during peak load periods.

The decade of the 1960s saw as much change as the country had seen in the first five decades before it. For the Holyoke Gas & Electric Department, the mid-sixties held the most significance, and one incident in particular would test the Department, and reinforce its strength, like never before.

Discussions were underway between the HG&E and the Holyoke Water Power Company to see if an agreement could be reached regarding some pending litigation. Early on, parties met several times, but were unable to come to any resolution. During this period Frank King suggested the Commissioners consider an arrangement whereby the Holyoke Gas & Electric Department could acquire the industrial electric distribution system from the

Holyoke Water Power Company. In defending this proposal, King asserted that there would be benefits to the community, particularly "in the area of rising utility standards...the removal of unsightly duplicate electric lines, and competitive practices." Simultaneously, the Holyoke Water Power Company publicly announced its own proposal to lease its gas and electric plant from the City for a 30-year period, at a rate of \$1,250,000 per year.

Public power versus private power went public throughout the next year in Holyoke. Both sides attacked and countered, and always the rate-paying public, through the press, was the focus of both companies' attention. Both sides mounted lobbying efforts. As soon as one firm would make a presentation to an individual, an elected official, or a public or private interest group, so too would the other. It seemed as if the focus of both electric departments had shifted from providing power to selling newspapers. The Commissioners of the Department responded by taking their case directly to the rate-payers, the owners of the Municipal Gas and Electric Department. An open letter to the people was published in 1965 in a local newspaper:

"We, the duly elected Commissioners of your publicly-owned gas and electric department, have made a thorough and detailed evaluation of the Holyoke Water Power Company's lease proposal, and we unanimously agree that it will not serve the present and long-range best interest of the rate payers and tax payers of Holyoke."

The lines had been drawn in the sand. The Department had solid support from the Board of Aldermen, and there was just one missing ingredient for the Department to claim victory for public power. Frank King had previously encouraged the formation of an employees' guild, and that strategy was about to pay off. The Guild members were solid in

their objection to the lease proposal, but were unsure how to voice their disapproval.

Department management encouraged the Guild's board to get its membership involved, and that's exactly what they did. Every member was urged to contact at least 20 citizens, whether relatives, friends, neighbors or simply mild acquaintances, and ask for testimony against the Holyoke Water Power Company proposal. The plan worked. When the time came for a public hearing in Holyoke, called for by the State Legislature, and moderated by State and local legislative members, the City Gas & Electric Department prevailed. The Guild, that management had supported, carried the day.

The events that occurred during the Holyoke Water Power Company lease proposal are a further indication that the publicly-owned Holyoke Gas & Electric Department had become a mature, efficient, effective public utility capable of representing itself as a genuine business entity, aware of its mission and prepared to fight to honor that mission. Throughout its lifetime the Department had consistently provided its customers with the lowest possible rates, and in only eight months, it had ensured that any reference to reliability could be punctuated with an exclamation point. And in 1965 the Holyoke Gas & Electric Department was the epitome of reliable service.

John Ginley was Station Operator on duty late in the afternoon of November 9, 1965. He noticed trouble when the electric frequencies began to fluctuate a great deal. This was not a normal fluctuation. He started the gas turbine; it was up and on line in a few minutes. Ginley called his supervisor, Henry Duggan, at home. "We're having trouble and it looks like its coming in from the tie line [connecting the Holyoke Water Power Company and the rest of New England electrical distribution system]. It's pulling the frequency down."

Duggan promised to come in, and told Ginley to proceed. "You know what to do," he said. Shortly after Duggan made it to the station, he found himself on the two-way radio with Roger Allen, Electric Division Supervisor. He explained to Allen that, as Ginley had noted, whatever the problem was it was coming in from the tie line. Allen agreed and headed for the station. He was the only one of the three who knew at that time that something big was wrong. When he got to the station he told Duggan and Ginley what he had heard about the rest of the Northeast. They opened the tie.

The Northeastern portion of the United States was experiencing a power failure of enormous magnitude. It affected 30 million people, and its impact was felt over 100,000 square miles. Nearly the entire Northeast, including the major cities of New York and Boston, was completely without power. But not Holyoke. The tie was used to interconnect the Holyoke Gas & Electric Department's system through the Holyoke Water Power Company's system with the rest of the Northeast's electrical system. Once it was open, the interconnection stopped. Holyoke and its municipally-owned electric department stood alone in the Northeast. Most customers were not even aware of the catastrophe until they watched it later on television news or heard about it on their radios.

Prior to the Blackout, the Department had become one of the first electric departments to purchase a jet-powered power plant. It didn't provide enough power to run the entire city, but it could be used in an emergency and could be added to the line much more quickly than conventional large-scale power producing turbines.

The Holyoke Gas & Electric Department not only operated at full power throughout the Blackout but also helped restart the Holyoke Water Power Company's distribution system. As the events of the Blackout unfolded and the public became more aware of its magnitude,

Holyoke never wavered in its promise of reliability. Its incredible performance during the Blackout resulted in a feeling of great pride in the City. Customers felt it, but it was felt most especially among G&E employees, managers, and department heads. Everyone involved recognized what their efforts had achieved under those special circumstances, but the pride stemmed from the knowledge that they were doing their job. No one disputed that the men on duty that night had done exceptional work. But all were resolute in their belief that such dedication to service was paramount at all times, and employees within the entire Department made special efforts every day. The Blackout was "just another day on the job." Just how much were the lease proposal and the Blackout--the two big events of the 60s for the Department--related? Probably no one said it better than on the day after the Blackout when a Holyoke citizen yelled across the street to Henry Duggan, "Hey, Henry, who wants to sell the G&E now?"

As great public events were unfolding in the 1960s, events of even greater significance to the Department were taking place--events, which would dramatically affect its future. The Department signed an agreement with the Western Massachusetts Electric Company to enable the Department to participate in CONVEX, a power pooling group made up of mostly privately-owned power companies. The Department had tried to enter this marketplace unsuccessfully for many years.

The beginnings of the first oil crisis would be felt by 1969. This event alone had a great impact on all providers of electricity, and caused speculation about how they might survive their future.

The turbulent Sixties gave way to quieter times in the Seventies and Eighties, but not so far as significant Department milestones are measured. The 1970s are noted at the Holyoke Gas & Electric Department as years that the Department felt its most pressure from the rest of the world. These were the times when the Department would have to make the transition from seller and promoter to manager and conserver. As the energy crisis accelerated, America--the great consumer, the nation of unlimited supply of everything--was faced with fuel shortages, long lines at the gas station, unreliable suppliers and forced conservation. The country, which relied so heavily on fossil fuels, felt a keen unsteadiness about what lie ahead.

The Holyoke Gas & Electric Department, not unlike all utility companies in America, felt the crisis immediately with painful, staggering increases in the cost of fuels. The 1975 Annual Report notes that "the largest fuel price increase was in the cost of natural gas, which increased 114% during 1975. Since the energy crisis the increased cost of fuel has been No. 6 oil, 155%, natural gas 179%, and gas turbine 155%." Although the energy crisis would eventually subside, its impact on the G&E and its methods of operation, would be felt indefinitely.

After a long battle in the late 1960s, the Holyoke Gas & Electric Department was granted the right to participate in the CONVEX power pool. In 1973, power legislation was passed and signed into law, which allowed municipalities to enter and engage in New England Power Pool activities and to issue revenue bonds to finance power plant facilities. The Holyoke Gas & Electric department's entry, first into CONVEX, and later (and more importantly) NEPOOL, was itself perhaps one of the most significant events of the 1970s.

The Department had been unsuccessful over the years in gaining access to the New England Power Pool, which was made up of private power companies. Northeast Utilities, was in the process of a merger and acquisition phase, actually involving the acquisition of several power facilities, including the Holyoke Water Power Company. The Holyoke Gas & Electric Department saw an opportunity to intervene in the process at the Securities and Exchange Commission. This led to a decision in favor of the Department, and eventually, was cause for the Holyoke Gas & Electric Department and other municipal electric companies to participate in NEPOOL. This Act, the culmination of approximately twenty-five years of work by public power officials, resulted in the department's ability to share in power pooling with other municipalities, which subsequently allowed it to purchase power available on the open market at the lowest possible price. Just as significant was the ability to raise funds with revenue bonds sold on the open market and, especially in respect to the energy crisis, the ability to participate in purchase of power within the pool from the growing number of New England nuclear power plants.

As noted in the Annual Report of 1976, "on May 27, 1976 the Massachusetts Municipal Wholesale Electric Company (MMWEC) became a public corporation. The Holyoke Gas & Electric Department and twenty-seven other Massachusetts municipal electric systems became members of MMWEC under Chapter 775 of the Acts of 1975." MMWEC was made possible by the NEPOOL actions taken by the Department a few years before. One could not have happened without the other. Now, through joint action, municipal electric departments like the Holyoke Gas & Electric Department could buy less expensive power, raise capital, purchase portions of electric power generation plants, and act as only private power firms were allowed to in the past. These events became the cornerstone of the future

of the public power industry, and remarkably, the Holyoke Gas & Electric Department figured prominently in them. In fact, by this time, Frank King was already considered to be the dominant figure in New England public power.

"He was the leader," says long-time Holyoke Gas & Electric Department Legal Counsel, Maurice Ferriter.

The 1970s were also marked by a period of improvement and renovation to the department's LNG facility on Mueller Road. The addition of propane storage capacity ensured the department's gas customers a steady supply of gas during the peak periods when normal supplies were often inadequate. The improved facility and the improvements throughout the gas system would pay dividends in the near future as the Department would see more and more residential customers convert to gas heat.

Manager Frank King retired in 1976. George Leary, his assistant, a former Cadet Engineer, became the new Manager of the Holyoke Gas & Electric Department, its fourth, since its creation in 1902.

Not unlike the Seventies, the 1980s and 1990s would be calmer times for the Holyoke Gas & Electric Department. Despite apparent calm, however, the Department would feel the pressure to adapt to changes that were rapidly occurring in the world of energy production and transmission. And the City had changed too. The mills had already begun to close and Holyoke, once a hotbed of industrial activity was now suffering financial distress and full of vacant buildings. The G&E had to take advantages of opportunities that would lead to greater gains in revenues for the Department.

George Leary realized the necessity to plan for the future. "What we did mostly in my tenure as Manager is [build] our system, strengthen our inner connections," he said. And that it did. In the late Seventies, the Department engineers conducted a thorough study of the problem of increasing electrical supply capacity, which led to the decision to add a 115 KV interconnection in West Holyoke. Work on this vital project began in the early 1980s, and was significant for two reasons. First, it would give the department's electric system the capability to add a second link to outside-the-City electrical sources, and just as importantly, it allowed the Department to expand its electric distribution system further into West Holyoke, an area of unusual residential growth potential.

The new 115 KV interconnect, like many of the major products of the Eighties and Nineties, was not the sort of project that attracted a lot of public attention. By this time the Department was well established as an essential part of the community, one which was able to withstand challenges to all facets of its businesses, and adapt when circumstances warranted it. The public confidence in its own municipal electric department was very high, and the Department, following its charter and mission, offered power reliability and extremely low rates, both unmatched in the region. On top of that, its customer service was outstanding. Even though projects like the 115 KV interconnection were multi-million dollar undertakings, City residents knew they could count on the Department to continue to improve and upgrade while protecting their interest in their gas and electric department.

As noted in an Annual Report, "The final phase of the second 115 KV interconnector was completed in 1984. Completion of the project provided the Department with a loop transmission source to its two 115 KV bulk supply stations, resulting in a significantly more reliable power supply for the City of Holyoke."

At the same time that the 115 KV project was taking place, another, this one on the gas side of the business, was underway, which would also have lasting impact on the future of the Department. As the Holyoke Gas & Electric Department rebuilt its system, they also made a decision to increase gas transmission capabilities into West Holyoke to accommodate several housing projects that had begun to spring up in that area. The construction of all these additions was done by the Department, thereby saving the developers utility construction costs and also encouraging the continued development of that section of Holyoke. The gas main ran down Southampton Road: Holyoke on one side, Southampton on the other. Southampton residents wanted to be connected to the Holyoke system. It was a great opportunity for the Department but it required special legislation to allow the Department to supply power to residents of a neighboring community. Because of its reputation for high quality and service, and its commitment to its role as a public power provider, the Holyoke G&E was granted a gas distribution franchise in Southampton. Southampton residents, previously poorly served by private power interests, were added to the Holyoke Gas & Electric Department's customers.

By the latter 1980s the Holyoke Gas & Electric Department was as strong a business as there was in Holyoke. In lieu of taxes, payments were made each year as they had been since 1964. The Department was usually fourth in ranking of the highest taxpayers in the City. In 1987 the Department advanced the City of Holyoke one million dollars to help the City work its way out of a bonding crisis related to the new vocational high school project. The Department would make similar gestures in the near future.

Residents of the City were, perhaps, unaware of the projects that Manager Leary had initiated. The Department undertook these projects in typical manner that successfully

allowed completion without upheavals in services to customers. As always, what the customer-owners of the Holyoke Gas & Electric Department did notice were the employees of the Department who read their meters, replaced and repaired their furnaces, accepted their bill payments and, in every way, represented the Department to the public by providing reliable service, low rates, and top customer care.

The strength of the Department has been, from the beginning, its strength of staff and its dedication to service. Paul Gladdu, retired Electric Division foreman, stated it simply. "The customer came first. Take care of the customers, make them happy. If they call, be there. They are your bread and butter. They are not only paying your salary, but they are keeping the City going. Keep them happy."

While the Department continued to renovate and improve its physical plant, Leary quietly made the Department increasingly cognizant of its role as a business. Its mission to serve the people had always been clear, but in order to do so at the highest level, Leary realized the Department had to prosper. And that it did. Leary credits the G&E staff, management, and the Commissioners he served for this success. " You're only as good as your board", said Leary. " The Holyoke Gas & Electric Department, by Charter, was set up very professionally with the Manager as Chief Operating Officer, and the Commissioner as the Board of Directors. The Manager, unlike other City Departments, has complete operations control. Thus, by law, we were professionally set up to run properly."

The Department has a strong tradition in the education and training of its staff and employees. The Cadet Engineering Program, first adopted at Frank King's urging in the 1950's, has provided the Department with both leaders and potential leaders. It provides

substantial scholarship assistance in engineering studies to as many as three or four local high school graduates annually.

It is not the only educational assistance provided. Employees are encouraged to improve their skills by pursuing educational opportunity with financial assistance from the Department. Jackie Watson, now Comptroller, was a working mother when she started working for the Department in the Eighties, a rarity at the time. But, being the mother of young children never prevented her from advancing professionally, and she credits the Department with helping her progress. "After I was here a couple of years, the educational assistance allowed me to continue my education. I went from finishing up my Associates to getting my Masters while working here. I was always encouraged. I was never denied."

In 1995 the HG&E purchased the former Vanguard Savings Bank Building from FDIC, saving the building from an uncertain future. The purchase and subsequent renovation of this beautiful building provided the G&E with much needed space and vastly improved facilities. It not only alleviated the overcrowding in the Department's current cramped offices on Maple and Suffolk Streets, but was also large enough to comfortably accommodate employees from most of its satellite offices. Having the majority of its departments under one roof increased interoffice efficiency and enhanced customer service. But it also symbolized the fact that this City-owned business was committed to maintaining a strong presence in downtown Holyoke.

It is fitting that, as the first century of G&E existence wound down, there was a combination of age-old challenges and some brand new challenges to address. In 1994 NU filed a Notice of Intent with FERC to apply for a new 50-year license to operate the

hydroelectric project at the Holyoke Dam. Also, a future stage of involvement, investment in and development of, a telecommunications phase began.

In 1995, the Department, after receiving overwhelming support by the voters through a referendum, again tried, through the re-licensing process, to obtain the FERC hydro license for the Holyoke Dam, which it had sought unsuccessfully fifty years before. The process began in earnest as Department and City officials lobbied the congressional delegation to get FERC to commit to issuing the new license by 1999. The re-licensing process went on for several years at significant cost to the Department and often with bitter contentiousness. The renewed license was granted to HWP for another forty years in August of 1999.

In 1998, the Commission authorized Mr. Leary to pursue the establishment of a municipal information network. This project was spearheaded by now Electric Division Superintendent, Brian Beauregard, who was Assistant Superintendent at the time. Mr. Beauregard designed a 16-mile fiber optic ring around much of the City that was used to interconnect most of the municipal buildings to provide high-speed Internet, data and voice transport services to the schools and City Departments. This network was the beginning of the establishment of the Telecommunications Division. According to Brian Beauregard, "It allowed the City to be on a common network – all the schools and all the public buildings. This network gave the City Departments and the Schools the best Internet connectivity available anywhere".

The Department also continued its efforts to aid Holyoke in its need for economic development. Throughout its lifetime, the Department worked with and for the City to help keep Holyoke growing. Some programs of the Nineties were quite unique. As an incentive to new homeowners, the Department instituted a program that gave a 40% discount on gas and

electric bills to anyone who was a first-time homebuyer in Holyoke. This discount was automatically deducted for the first year of service and was gradually reduced by 10% for each of the next three years. The program kept many young residents of Holyoke from settling elsewhere, and brought in many out-of-towners to the City. A similar program was developed for new or expanding businesses in Holyoke, and, it too, was very successful. Other successful programs introduced by the G&E at this time included those that would help with home and business energy efficiency, free energy audits, and 24-hour appliance service.

In 1998, Mr. Leary announced his retirement to become General Manager of MMWEC and Raymond Archambault, Electric Division Superintendent, who himself had indicated a desire to retire in the near future, was appointed Interim Manager while a search for a new Manager was begun.

Mr. Archambault's service, while not lengthy, was recognized to be as efficient and honorable as the man. He stepped in, accepted and exerted authority, and kept the Departmental structure in smoothly working order.

In early 1999, the Commission's search culminated with the appointment of James M. Lavelle to become only the fifth Manager in the Department's 100-year history. Lavelle came to HG&E after working several years for private industry in various engineering and management capacities.

Shortly after Lavelle took over as Manager, the FERC awarded the hydro license to HWP. There were also several significant ongoing contentious litigation issues between HWP and HG&E. " When I took over as Manager, it was clear that we had to find a way to resolve the disputes with HWP in order to fully concentrate on preparing the Department for

deregulation of the industry and the many other significant Departmental issues that required attention.”

Deregulation also prompted change within Northeast Utilities. As required by the new law, NU segregated regulated affiliates from non-regulated affiliates. The reorganization resulted in changes in the control of HWP, which was put under the management of an unregulated affiliate of NU. With new management and new vision for HWP and HG&E, each side looked for an opportunity to establish a cooperative resolution to the outstanding disputes.

That opportunity arose in mid-1999, during discussions between HG&E and NU regarding an expiring power supply contract between the two parties. It became clear from these discussions that there was the potential to work cooperatively to resolve some of the outstanding disputes. Over the next few months Mr. Lavelle and staff met with officials from NU to structure a broad settlement of issues. In June of 2000, HG&E and HWP signed a Memorandum of Understanding that outlined the settlement whereby HG&E would purchase the Holyoke Dam and canal system, the HWP retail franchise and customer base, and several real estate holdings for \$17.55 Million. With this purchase all outstanding litigation between the two parties was also resolved. The HG&E staff conducted extensive due diligence for the project and the Purchase and Sale Agreement was signed in October 2000. On December 14, 2001, one day short of the ninety-ninth anniversary of the HG&E, the unimaginable happened. The Holyoke Gas & Electric Department, with Jim Lavelle in charge closed the deal to purchase the Holyoke Dam, canal system, and retail franchise, and also resolved all outstanding disputes with HWP.

Lavelle believes the Department was able to accomplish the purchase due to the support of the Commission, the Mayor and the City Council. Says Lavelle, "We were extremely fortunate to have a very capable Commission that clearly understood the legal and technical implications at each stage. There was a tremendous amount of engineering and legal support from the Commission throughout the process. We were also fortunate to have a Mayor and City Councilors who were sincerely interested in doing the right thing for the City. Each took the time to study the issue. They asked tough questions and we gave them all of the information they asked for." The City council approved the financing for the acquisition by a 14-1 vote. Lavelle further stated that, "The City Council has always been very good to the HG&E. The Department is a large business with significant capital needs. Over the years, the Department has worked closely with the Mayors and City Council to keep them informed of the various capital needs. Obviously the Council and Mayors have appreciated that and have been supportive." Lavelle credits the Managers who preceded him for establishing that credibility. He also credits the success of the acquisition to the efforts of the numerous employees past and present.

What's in store for the next 100 years? At the pace the world is changing, Mr. Lavelle forecasts many challenges ahead and if the current pace is any indication, the next century will be very dynamic. The Department is busy with the integration of the acquired HWP assets as well as many other major projects. Hydro Division Superintendent Paul Duchenev explains, "The new license contains many requirements for capital upgrades and operational changes. We have established a comprehensive capital improvement plan that will implement the necessary capital improvements, the majority within the next five years."

Deregulation continues to evolve and the Department is making efforts to streamline all operations in order to successfully compete in the deregulated industry. The continued restructuring of the industry significantly impacts HG&E, one of the few Massachusetts municipal utilities that own transmission assets.

The Department has also broken ground on a \$6 Million upgrade to its steam operation. Two new high-efficiency boilers will be installed and running during 2003. Tim Shannon, Superintendent of the Gas and Steam Divisions, states "this investment will allow us to continue to provide low-cost steam to many municipal and industrial customers, and will put us in position to do it more profitably."

The Department has also taken the Telecommunications business from a municipal Internet network to one of the best Internet Service Providers in the Pioneer Valley. HG&E currently provides high-speed Internet, data and voice transport services to many large commercial and industrial customers as well as most of the municipal buildings. Not only does this service provide necessary capabilities, it provides real opportunities to run municipal government and businesses more efficiently. This Telecommunications Division has yet to become equivalent to gas and electric functions, but it shows the possibility. Management and the Commission feel that it is their obligation to encourage this development in order to make available to Holyoke citizens at fair rates all of the possibilities of it, many as yet unforeseen.

Mr. Lavelle emphasizes that the Department will also be focusing on its core mission to sustain its competitive position: "The Department will have to maintain its customer base by providing low rates, reliable services and great customer service."

Commissioner Fran Hoey agrees. "It's important to run the business as if we were in competition all the time," said Hoey. "It's not [about] one-time give backs, it's being able to have the business perform well enough to keep the rates down all the time. If you compare rates between the municipals and investor-owned utilities, you are going to find the municipal rates are better. If we continue to keep the rates better and continue to give our high level of service, we'll be successful in a competitive environment all the time."

"By the [time of the] dam acquisition we had accomplished so much in terms of minimizing litigation and conflict," says Neil Moriarty, Chairman of the Holyoke Gas & Electric Department Commission, "that now... it is a question of enhancing the effectiveness of the Department for the benefit of its rate payers. This is the kind of thing I foresee as needed and absolutely in the offing in the future."

No single decade in the G&E's history should be singled out as particularly monumental for the Department. During each, the Department made remarkable progress and made considerable improvements to its plant and its services. Nor should any particular Manager be singled out as especially influential; all of the individuals who have held that title since the G&E's inception have provided strong leadership and left their own indelible imprint. It is notable, however, that each of these managers attributes the Department's great successes to its employees. Customers note that the pride the employees take in delivering exceptional service is evident. And the loyalty the employees feel towards the Department is just as clear.

Angel Maldonado, Electric Division Underground Foreman, was in his early thirties when he was hired by the G&E, and expressed appreciation for the Department and his co-

workers. "I was lucky enough to work with a few great people [who] took me under their wing and showed me the ropes," he said. "All I know is that I owe it to them—those are the guys who taught me the trade." Maldonado took part in a 3-year apprentice program, and the Gas & Electric Department sent him to technical school for additional training that would enable him to move up through the ranks. "All my life I'd worked for minimum wage...G&E made the difference." And Maldonado is not alone. The spirit of loyalty that was instilled in employees in the G&E's infancy has never wavered. Employees at all levels, current and retired, as well as their families, have stories to tell about the ways in which the Department has impacted them throughout the years.

"It's the team thing," says Maldonado. "it's all about the team."