



THE BERKSHIRE GAS COMPANY
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TELEPHONE (413) 442-1511
www.berkshiregas.com

A UIL HOLDINGS COMPANY

December 2014

Dear Berkshire Gas Customer;

As you have no doubt heard in local media accounts, over the last two decades increased demand for natural gas, without any new pipeline capacity to deliver additional supplies to the region, has created a difficult situation for the energy industry and energy consumers alike.

Our customers in Franklin and Hampshire Counties are served by a pipeline that runs from the Tennessee Gas interstate delivery pipeline in Southwick, Massachusetts to Greenfield, where it ends.

We have worked proactively over the years independently and in collaboration with Tennessee Gas on a series of projects that have been implemented to increase our ability to deliver increased volumes of natural gas along this line.

Pipeline capacity however has its limits and we are very close to reaching full capacity on this delivery pipeline.

To be clear, inexpensive natural gas has never been more plentiful in the United States than it is today. It is the limited ability to deliver that natural gas to customers that presents today's challenge.

While we are hopeful that a new pipeline project being proposed by Tennessee Gas can provide the additional pipeline capacity that is needed, until such time as it is permitted and built, we are in the difficult position of having to limit demand on our system.

Simply put, because the delivery pipeline serving Franklin County is near capacity, as of December 1, 2014, **we have invoked a moratorium on any new natural gas service to the communities of Deerfield, Greenfield, Montague and Whately.** We expect to have to declare a similar moratorium by mid-2015, which will affect the communities of Amherst, Hadley, Hatfield and Sunderland.

As a current natural gas customer, your service will not be affected in any way and your service will continue with the same reliability that you have come to expect. It is important for you to know however, that during the moratorium period, you cannot add any additional natural gas burning equipment to your service. For example, if you currently use natural gas solely for purposes such as cooking, clothes drying or hot water, you cannot convert your home heating system to natural gas, as we are unable to deliver the additional natural gas that would be needed for that purpose.

Equipment installed previously, without notice to Berkshire Gas, cannot be served and your natural gas service may be at risk. We are able to monitor unauthorized load increases through our bill monitoring system.

If the Tennessee Gas/Kinder Morgan project is built according to their proposed timeline, the moratorium could be lifted as soon as November 1, 2018. Until such time however, it will remain in place. Should the Tennessee project not be built, the moratorium will continue indefinitely.

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Please know that we have exhausted every possibility in increasing deliverability to Franklin and Hampshire Counties, most recently working with Tennessee Gas on a \$2.5 million compressor project in Southwick, which increased pressures and deliverability along the line to Greenfield. We have also made considerable investments in energy efficiency improvements for many of our commercial and residential customers and will continue to do so.

Berkshire Gas has been meeting the energy needs of Western Massachusetts for more than 160 years. We are in the business of selling and delivering natural gas and as such, be assured that a moratorium is the last option that we would consider. But reasonable system planning and operation requires that we do so at this time to assure continued reliability for our existing customers.

We will keep you updated in the future, as circumstances warrant. In the meantime, should you have any questions about this please contact any of the following Berkshire Gas personnel:

Marketing: Dennis Hogan, Manager of Marketing

Direct Phone: 413-445-0257

Email: dhogan@berkshiregas.com

Operations/Service: Tom Pleasant, Director of Gas Field Operations

Direct Phone: 413-445-0310

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Communications: Chris Farrell, Manager of Corporate Communications and Government Relations

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Email: cfarrell@berkshiregas.com

Thank you for your understanding and thank you for your business.

Sincerely,

A handwritten signature in black ink that reads "Karen L. Zink". The signature is written in a cursive, flowing style.

Karen L. Zink
President & COO