



The Northeast Utilities System

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YANKEE GAS BREAKS GROUND FOR LNG FACILITY IN WATERBURY

Plant will support growing demand for clean energy, more stable prices for customers

BERLIN, Conn., January 27, 2005 (NYSE: NU) – Yankee Gas Services

Company, part of the Northeast Utilities System, held a formal groundbreaking ceremony today for the largest construction project in company history, a new 1.2 Bcf (billion cubic feet) liquefied natural gas (LNG) storage facility in Waterbury.

LNG is natural gas that is cooled to minus 260 degrees Fahrenheit for storage as a liquid. The \$108 million plant, which received construction approval from the Connecticut Department of Public Utility Control, is expected to be in service for the 2007/2008 heating season. Having an LNG facility will allow Yankee to buy natural gas in periods of low demand and lower cost, store it as a liquid, and use it during peak demand periods to offset gas costs to customers. It also will provide additional capacity, ensuring that Yankee's gas supply portfolio is sufficient to meet customer needs during peak demand periods.

"Today's groundbreaking is an important milestone in our ability to meet the growing demand for natural gas and to ensure the security and flexibility of having another source of in-state gas supply. This is good news for our customers because the facility will help to mitigate price volatility during the heating season, when natural gas prices tend to be the highest," said Dennis E. Welch, president and chief operating officer of Yankee Gas.

"This project is also a big win for the city of Waterbury because it will deliver significant tax revenue to city coffers; our investment here demonstrates our faith in the city's economic recovery and vitality," he said.

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Welch highlighted the collaboration among business, government and community as the model for success of the project. “We would not be here today if it were not for the willingness of the many neighborhood groups who worked with us, and the foresight of our state regulators at the Department of Public Utility Control in seeing the value of this project for the state’s energy security and reliability. We also thank the city of Waterbury, including the Mayor and his staff, who partnered with us to shepherd this project along so that we could arrive at this important milestone in our history,” said Welch.

Yankee’s project

The Waterbury facility will include a full containment LNG storage tank which will consist of an inner tank built of 9% nickel steel and an outer tank and roof built of reinforced concrete. The tank will stand approximately 150 feet high and 158 feet in diameter and will hold the equivalent of approximately 15 million gallons of liquid. Chicago Bridge & Iron (CB&I) of The Woodlands, Texas, was awarded the contract to build the facility. Yankee’s facility will include liquefaction and vaporization systems. The flexibility of having liquefaction and vaporization capabilities allows Yankee to choose the most cost-effective means of filling the tank – either by truck (specially designed trucks capable of hauling LNG from other LNG facilities) or by interstate pipeline (natural gas taken directly off the interstate pipeline, processed, liquefied and stored in the tank).

Tank construction to begin

Site preparation has been progressing for approximately 18 months, readying the location for construction of the new LNG facility. This work has included environmental remediation and demolition of old structures.

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CB&I is expected to begin moving equipment and materials on-site next month. Construction of the tank foundation is expected to begin in early March, with construction of the tank beginning this summer.

Yankee Gas Services Company (Yankee Gas) is Connecticut's largest natural gas distribution company, delivering safe, reliable natural gas service to approximately 194,000 customers in 71 cities and towns. Yankee Gas is expanding Connecticut's energy options and increasing customer choice by extending the availability of clean, efficient natural gas throughout the state. Yankee Gas is part of the Northeast Utilities System (NYSE: NU). For more information, please visit www.yankeegas.com.

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