

CAPE COD TIMES

NEWS

Local gas company buyout completed

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Colonial Gas becomes KeySpan Energy Delivery New England as the new parent company assumes its role.

SOUTH YARMOUTH - When Joe Jasie first got a job with the local gas company, his employer was Buzzards Bay Gas Co.

Thirty-five years and several owners later, Jasie's next paycheck will bear a new corporate name: KeySpan Energy Delivery New England.

This week, KeySpan Corp., a Brooklyn-based energy conglomerate, finalized its acquisition of Eastern Enterprises of Weston, the parent company of Colonial Gas, Boston Gas and Essex Gas.

Because the purchase also includes EnergyNorth, which was being acquired by Eastern, KeySpan becomes the biggest distributor of natural gas in the Northeast. In addition to distribution, KeySpan owns investments in natural gas exploration and production operations provides gas marketing and energy services and generates electricity.

The sale is valued at approximately \$2.5 billion - \$1.96 billion in equity as well as assumption of \$550 billion in debt. It increases KeySpan's customer base from 1.6 million to 2.4 million natural gas customers.

Officials from the state Department of Telecommunications and Energy were off for the Veterans Day holiday yesterday were not available for comment.

The last day of trading for shares of Eastern Enterprises was Wednesday. Eastern shareholders received an acquisition price of \$64.55 per share, paid in cash. Shareholders of record as of Wednesday also will receive a portion of Eastern's fourth-quarter dividend, equal to about 16 cents a share, according to the company. KeySpan's stock closed at \$34.25 yesterday.

Eastern Enterprises bought Boston Gas and Colonial Gas early last year. Last summer, the company announced it was getting out of the appliance repair business and would concentrate on its gas delivery business. The company services about 75,000 customers from Wareham to the Eastham-Wellfleet line. The KeySpan subsidiary that bought Colonial is also a gas delivery firm, although KeySpan owns a repair and service company known as KeySpan Home Energy Services.

In anticipation of the sale, Eastern has been offering early-retirement and separation packages for its employees. Locally, the work force has been reduced from 252 employees to 228 in the last year, said KeySpan spokesman Mike Connors. The local call center, which has 15 employees, will be closed out by April.

"A lot of the people who have taken the options on retirement were people who were at a point in their lives that they wanted to take advantage of it," said Jasie, who currently plans to work five more years until he's 65. "It worked out well."

Jasie, who lives in Yarmouthport, remembers the days when anyone who wanted a steady year-round job on the Cape worked for the hospital or one of the utility companies. The "family environment" continues at the gas company, he said, although perhaps there's less socializing.

"I think what you see happening, as the work force has been reduced, is that people have been asked to do more with less," he said. "So it doesn't give you time to communicate with your fellow workers like it used to."

However, Jasie, who owns company stock in his 401(k), sees benefits for employees in the latest ownership change. KeySpan has said it will honor all existing union contracts. "We're looking forward to the strength that comes with a bigger company," Jasie said. "There will be more benefits available to us for less money."

Meanwhile, customers shouldn't notice much of a difference in the short run except for the company logo on their bills, Connors said. The sale will have no effect on the 17 percent state-approved rate increase due to hit Cape gas consumers next month.

Long-run cost efficiencies, such as the consolidation of departments, may be passed on to consumers, he said.

"If you take a look at the Massachusetts gas picture, it was almost Balkanized," said Connors, referring to the 14 investor-owned gas companies that existed in the state into the 1970s. Eastern concentrated on expanding its customer base through the acquisition of other gas

companies, he said. KeySpan, on the other hand, has a history of attracting new customers by offering inexpensive packages on furnace conversions, which could benefit Cape residents considering the switch to gas heat.

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