<u>NEW HAMPSHIRE GAS CORPORATION</u>

Direct Testimony of Jennifer M. Boucher

Q. Please state your name, employer and business address.

A. My name is Jennifer Boucher. I am employed by The Berkshire Gas Company ("Berkshire") and my business address is 115 Cheshire Rd., Pittsfield, MA 01201.

Q. What is your position?

A. I am the Manager of Regulatory Economics for Berkshire.

Q. Could you please briefly describe your educational and professional background?

A. Yes. I graduated from the Massachusetts College of Liberal Arts in 1994 with a Bachelor of Science degree in Business Administration and from Western New England College in 1999 with a Masters of Business Administration. I joined Berkshire in 1997 and have held several positions including Planning Analyst, Administrator of Rates and Planning and Supervisor of Rates and Planning. I was promoted to the Manager of Regulatory Economics in March 2006.

Q. Please summarize your responsibilities.

A. As the Manager of Regulatory Economics, my primary responsibility is to prepare all of the external rate filings and reports to state regulatory agencies, including all semi-annual and out-of-period factor filings, monthly reports and annual reconciliations as related to the Cost of Gas Adjustment Clause ("CGAC") and Local Distribution Adjustment Clause ("LDAC"). I also manage retail service contracts with large customers and provide analysis on tariffs and pricing issues, as well as operating revenue forecasts for the Company's annual operating budget. Additionally, I am responsible for the oversight of gas supply, including planning and dispatch to secure a reliable and least cost gas supply for the benefit of customers. I also oversee the activities between the Company and third-party marketers. Finally, I assist New Hampshire Gas Corporation ("NHGC" or the "Company") with its regulatory filings.

Q. Have you testified as a witness in any other proceedings involving either company?

A. I have experience as a witness in Massachusetts testifying before the Massachusetts Department of Public Utilities ("MDPU"). I testified as a witness in several proceedings including Berkshire's last base rate case (D.T.E. 01-56), its most recent Forecast and Supply Plans (D.T.E. 05-07 and D.P.U. 08-39) and for approval of a gas supply contract with Coral Energy (D.T.E. 06-27). I testified before the New Hampshire Public Utilities Commission on several occasions with regards to the seasonal Cost of Gas ("COG") filings.

Q. What is the purpose of your testimony in this proceeding?

A. The purpose of my testimony is to explain the calculation of the Cost of Gas Adjustment to be billed from May 1, 2009 to October 31, 2009. My testimony will also address an analysis of the Propane Purchasing Stabilization Plan and other issues related to the summer period.

COST OF GAS ADJUSTMENT

Q. Please explain the calculation of the Cost of Gas ("COG") Rate on the proposed 39th revised Tariff Page 25.

A. The proposed 39th revised Tariff Page 25 contains the calculation of the 2009 Summer COG rate and summarizes the Company's forecast of propane sendout and propane costs. The estimated total cost of the forecasted propane sendout from May 1, 2009 through October 31, 2009 is $348,474.~~353,549.~~ The information presented on the tariff page is supported by Attachments A through E which will be described later in this testimony.

To derive the Total Anticipated Period Costs, the following adjustments have been made:

1) The prior period over-collection of ($21,833) is added to the forecasted propane costs. This calculation of the over-

collection is demonstrated on Attachment D.

2) Interest of ($1,096~~109~~) is added to the forecasted propane costs. Attachment C shows this forecasted interest calculation for the period November 2008 through October 2009. The interest calculation is based on the Wall Street Journal's posted prime rate.

The unit cost of gas sold of $1.0537~~0701~~ per therm is determined by dividing the forecasted Total Anticipated Period Costs of $325,545~~330,608~~ by the forecasted firm sales of 308,940 therms.

Q. Please describe Attachment A.

A. This attachment converts the produced gas costs to therms. The 351,461~~353,301~~ therms represent propane sendout as detailed on Attachment B and the $0.9915~~1.0007~~ per therm cost represents the average cost per therm for the summer season as detailed on line 64 of Attachment E.

Q. Please describe Attachment B.

A. Attachment B represents the under/(over) collection calculation for the 2009 summer period based on the anticipated volumes, the cost of gas, and any applicable interest charges. As shown on line 7, total sendout is the 2008 weather normalized summer period firm sendout plus the 2008 summer period Company use. Firm sales volumes shown on line 23 are derived from the 2008 weather normalized summer period firm sales.

Q. Are unaccounted-for gas volumes included in the filing?

A. Unaccounted-for gas volumes are included in the firm sendout volumes on line 3 and are displayed on line 9 of Attachment B. The Company continues to actively work to improve its level of unaccounted-for volumes that amounted to 3.25~~81~~% on the most recent DOT report.

Q. How is Attachment C represented in the COG calculation?

A. Attachment C represents the COG interest calculation through October 2009. The net cost of the prior period over-collection plus interest is also included on the tariff page.

Q. What is Attachment D?

A. Attachment D is the actual over-collection balance for the prior period May 2008 through October 2008, including interest. The ending balance of ($21,833) is included on line 1, column 1, of Attachment C.

Q. Please describe Attachment E.

A. Attachment E projects the cost of propane in inventory through October 2009. This attachment is important as the cost of propane sold includes spot market propane as well as propane withdrawn from storage

COG RATE AND BILL COMPARISONS

Q. How does the proposed 2009 summer COG rate compare with last summer's COG rate?

A. The projected summer 2009 COG of $1.0537~~0701~~ is a decrease of ($1.2011~~1847~~) per therm from the average summer 2008 COG of $2.2548. As shown on Supplemental Schedules A and B, to the average residential heat and hot water customers, this would be a ($202.64~~199.88~~) decrease for the summer 2009 COG period for the gas component of their bill only, which is a (53.3~~52.5~~%) decrease. If the Monthly Customer Charge, per therm Delivery Rates and Deferred Revenues Surcharge are factored into the analysis, the customer will see a decrease of ($211~~208~~) in their total bills for the period, a (36.2~~35.8~~%) decrease.

Q. What is the primary reason for the $1.2011~~1847~~ per therm summer COG decrease?

A. The primary reason for the increase is significantly lower projected spot market prices of propane versus the summer 2008 period.

Q. How were the gas prices determined?

A. The gas prices were determined from the Spot Market Purchase Cost Analysis included as Supplemental Schedule C. The spot market prices are based on Mt.

Belvieu settlement prices based on New York Mercantile propane futures market quotations as of April 15~~March 17~~, 2009, plus broker, pipeline and PERC fees.

Q. What amount of propane was pre-purchased?

A. We have not made any pre-purchases at this time for the 2009 summer COG period.

Q. Has there been any impact on pipeline, PERC or trucking fees on NHGC's cost of gas?

A. At the end of the 2008 Summer COG period, pipeline, PERC and trucking fees were $0.0799 per gallon, $0.005 per gallon and $0.0762 per gallon respectively. The pipeline and PERC fees are forecasted to remain the same, and the trucking fee has decreased to $0.0658 per gallon.

MISCELLANEOUS

Q. Has the Company performed any analysis with regards to its Propane Purchasing Stabilization Plan?

A. Yes. The Company evaluated 1) the estimated premium associated with securing the pre-purchased volumes (Attachment NHPUC-1); and 2) the contracted price to the average monthly spot-price of deliveries during the November 2008 through February 2009 period (Attachment NHPUC-2). First, with regards to the estimated premium associated with securing the pre-purchased volumes, the Company believes that the premium of slightly less than of less than $0.04 per gallon is reasonable. This premium represents approximately 2.0% of the cost of the pre-purchased gallons. Also, with regards to the comparison of the contracted price versus the average price of monthly spot deliveries, while the analysis shows that the cost of the pre-purchased gallons was significantly more than the average spot charges incurred over the November 2008 through February 2009 period, the Company still believes that the Plan should continue. The purpose of the Plan is to provide more price stability in the COG rate to customers by systematically purchasing supplies over a pre-determined period, not necessarily to obtain lower prices. Further, the systematic pre-purchases facilitate the offering of the Fixed Price Option Program.

Q. Has the Company issued a Request for Proposal ("RFP") to potential suppliers for the 2009-2010 period?

A. Yes, the Company issued an RFP to potential suppliers on March 2, 2009, which is provided as Attachment NHPUC-3. The Company will evaluate the merits of any proposal it receives before the summer cost of gas hearing.

Q. Is the Company requesting a waiver of N.H. Code Admin. Rule Puc 1203.05 which requires rate changes to be implemented on a service-rendered basis?

A. Yes, the Company is requesting a waiver of N.H. Code Admin. Rule Puc 1203.05 as was granted in previous COG and delivery rate proceedings. First, NHGC customers are accustomed to rate change on a bills-rendered basis and a change in policy may result in customer confusion. In addition, the Company's current billing system is not designed to accommodate changes to billing on a service-rendered basis and such a change would necessitate modifying or replacing the billing system at a substantial cost to NHGC.

Q. Does this conclude your testimony?

A. Yes, it does.