

STATE OF NEW HAMPSHIRE BEFORE THE
PUBLIC UTILITIES COMMISSION

New Hampshire Gas Corporation

Revised Summer 2008 Cost of Gas DG 08-045

June 19, 2008

Direct Testimony of Jennifer M. Boucher

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

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

4 **Q. What is your position?**

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

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

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

14 **Q. Please summarize your responsibilities.**

15 A. As the Manager of Regulatory Economics, my primary responsibility is to prepare
16 all of the external rate filings and reports to state regulatory agencies, including all
17 semi-annual and out-of-period factor filings, monthly reports and annual
18 reconciliations as related to the Cost of Gas Adjustment Clause (“CGAC”) and
19 Local Distribution Adjustment Clause (“LDAC”). I also manage retail service
20 contracts with large customers and provide analysis on tariffs and pricing issues,
21 as well as operating revenue forecasts for the Company’s annual operating
22 budget. Additionally, I am responsible for the oversight of gas supply, including

1 planning and dispatch to secure a reliable and least cost gas supply for the benefit
2 of customers. I also oversee the activities between the Company and third-party
3 marketers. Finally, I assist New Hampshire Gas Corporation (“NHGC” or the
4 “Company”) with its regulatory filings.

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

7 A. I have experience as a witness in Massachusetts testifying before the
8 Massachusetts Department of Public Utilities (“MDPU”). I testified as a witness
9 in several proceedings including Berkshire’s last base rate case (D.T.E. 01-56), its
10 most recent Forecast and Supply Plan (D.T.E. 05-07) and for approval of a gas
11 supply contract with Coral Energy (D.T.E. 06-27). I testified before the New
12 Hampshire Public Utilities Commission on several occasions with regards to the
13 seasonal Cost of Gas (“COG”) filings.

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

15 A. The purpose of my testimony is to explain the Company’s proposed cost of gas
16 rate for the remainder of the 2008 Summer (Off Peak) Period, beginning August
17 1, 2008 and ending October 31, 2008. Pursuant to Order No. 24,850 in Docket
18 DG 08-045, the Company has the authority without further action of the
19 Commission to adjust its COG rate within a twenty percent bandwidth of the
20 initial 2008 Summer Period rates set by the Commission. In the instant filing,
21 however, the Company is seeking Commission approval to revise its COG rate
22 beyond the twenty percent cap because significant increases in propane
23 commodity costs have been experienced in recent months and are expected to
24 continue throughout the remainder of the period. Additionally, the approval of a
25 new COG rate will provide the Company with the flexibility to further adjust rates
26 if commodity prices continue to climb; thus reducing the risk of a substantial
27 under collection at the end of the period that would be collected in next summer’s
28 COG, with interest.

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COST OF GAS ADJUSTMENT

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1 **Q. What is the cost of gas rate that the Company is proposing in this**
2 **proceeding?**

3 A. The Company proposes a COG rate of \$2.4819 as shown on Proposed Thirty-
4 Sixth Revised Page 25 to be effective for bills rendered beginning August 1,
5 2008.

6 **Q. What is the current approved cost of gas rate for the 2008 summer period?**

7 A. In Order No. 24,850 in Docket DG 08-045, the Commission approved a COG rate
8 of \$1.9720 per therm. Additionally, the Commission provided the Company with
9 the ability to adjust the COG rate upward or downward monthly, so long as the
10 adjusted rates were within twenty percent of the initial approved rates, thereby
11 creating a range of \$1.5776 to \$2.3664 per therm. For June 2008, the COG rate is
12 \$2.2839 per therm, which is near the high end of the range established by the
13 Commission's Order. The Company will adjust the COG rate to the maximum
14 allowable rate of \$2.3664 effective July 1, 2008.

15 **Q. If the Company does not increase the COG rate beyond maximum rate, what**
16 **is the projected under collection at October 31, 2008?**

17 A. As shown on Schedule A of the filing, if the Company is not authorized to update
18 its COG rate, and the maximum COG rate remains in effect through October 31,
19 2008, the Company projects an under collection of \$15,303 at the end of the
20 period. This under collection would necessitate a surcharge of \$0.045 per therm
21 next summer.

22 **Q. Under the Company's proposal in this filing, what is the projected under**
23 **collection for the 2008 Summer Period?**

24 A. If the Commission approves the COG rate being proposed by the Company in this
25 proceeding, the Company projects it will have no under collection at October 31,
26 2008. This is displayed on Schedule B of the filing.

27 **Q. Why is it necessary for the Company to increase its COG rates at this time?**

28 A. The primary reason for increasing the COG rates is the significant increase in the
29 commodity cost, as evidenced by the increase in the futures commodity price for
30 propane listed on the New York Mercantile Exchange ("NYMEX"). The
31 NYMEX price has increased from an average of \$1.5450 per gallon for the July

1 through October 2008 period at the start of the summer, to an average of \$1.8363
2 per gallon for the same time period as of the NYMEX close on June 18, 2008.
3 This 19% increase is reflected in the proposed revised cost of gas in the
4 Company's filing in this docket, and is displayed on Attachment C

5 . **Q. Did the Company update any other costs besides NYMEX pricing in this**
6 **revised COG filing?**

7 A. Yes, in addition to updating NYMEX pricing to reflect the recent drastic
8 increases, the Company also included the higher cost of trucking in its
9 calculations. At the beginning of the summer period trucking costs were expected
10 to be \$0.0739 per gallon, but as of June 15, 2008 Northern Transport has
11 increased its fuel surcharge to 37.5%, resulting in a cost of \$0.0791 per gallon.

12 **Q. How does the proposed average cost of gas rate in this filing compare to the**
13 **initial cost of gas rate approved by the Commission for the 2008 Summer**
14 **Period?**

15 A. The cost of gas rate proposed in this filing is \$0.5099 per therm, or nearly 26
16 percent, higher than the initial rate approved by the Commission for the 2008
17 Summer Period (\$1.9720 vs. \$2.4819).

18 **Q. What is the estimated impact of the proposed cost of gas rate on an average**
19 **heating customer's seasonal bill as compared to the current allowed**
20 **maximum COG factor?**

21 A. In June 2008, the Company increased its COG factor by \$0.3119 per therm or
22 16% over its approved May 2008 COG factor. The Company is also revising its
23 July 2008 COG to the maximum amount allowed rate per Order No. 24,850
24 (\$2.3664 per therm). The Company is proposing an increase in its COG factor of
25 \$0.1155 per therm or 4.9% in August 2008 as compared to its July 2008 COG
26 factor. The estimated impact of the proposed cost of gas rate on an average
27 heating customer's seasonal bill is approximately \$7.00 and is shown in detail on
28 Attachment D.

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MISCELLANEOUS

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.