

NEW HAMPSHIRE GAS CORPORATION

Direct Testimony of Jennifer 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

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

6 A. I am the Manager - Regulatory Economics for Berkshire.
7

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

10 A. Yes. I graduated from the Massachusetts College of Liberal Arts in 1994 with a
11 Bachelor of Science degree in Business Administration and from Western New
12 England College in 1999 with a Masters of Business Administration. I joined
13 Berkshire in 1997 and have held several positions including Planning Analyst,
14 Administrator of Rates and Planning and Supervisor of Rates and Planning. I was
15 promoted to the Manager of Regulatory Economics in March 2006.
16

17 **Q. Please summarize your responsibilities.**

18 A. As the Manager of Regulatory Economics, my primary responsibility is to prepare
19 all of the external rate filings and reports to state regulatory agencies, including all
20 semi-annual and out-of-period factor filings, monthly reports and annual
21 reconciliations as related to the Cost of Gas Adjustment Clause (“CGAC”) and
22 Local Distribution Adjustment Clause (“LDAC”). I also manage retail service
23 contracts with large customers and provide analysis on tariffs and pricing issues,
24 as well as operating revenue forecasts for the Company’s annual operating
25 budget. Additionally, I am responsible for the oversight of gas supply, including
26 planning and dispatch to secure a reliable and least cost gas supply for the benefit
27 of customers. I also oversee the activities between the Company and third-party

1 marketers. Finally, I assist New Hampshire Gas Corporation (“NHGC” or the
2 “Company”) with its regulatory filings.

3
4 **Q. Have you testified as a witness in any other proceedings involving either
5 company?**

6 A. I have experience as a witness in Massachusetts testifying before the
7 Massachusetts Department of Public Utilities (“MDPU”). I testified as a witness
8 in Berkshire’s last base rate case (D.T.E. 01-56), in its Forecast and Supply Plans
9 (D.T.E. 05-07 and D.P.U. 08-39), for approval of a gas supply contract with Coral
10 Energy (D.T.E. 06-27) and in a filing to gain approval of an Alliance with Shell
11 Energy North America (D.P.U. 07-31). I testified before the New Hampshire
12 Public Utilities Commission on several occasions with regards to the seasonal
13 Cost of Gas (“COG”) filings.

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

16 A. The purpose of my testimony is to explain the calculation of the Cost of Gas
17 Adjustment (“COG”) to be billed from November 1, 2009 to April 30, 2010. My
18 testimony will also address the status of the collection of rate case costs and other
19 issues related to the winter period.

20
21 **COST OF GAS ADJUSTMENT**

22
23 **Q. Please explain the calculation of the Cost of Gas (“COG”) Rate on the
24 proposed 38th revised Tariff Page 24.**

25 A. The proposed 38th revised Tariff Page 24 contains the calculation of the 2009 –
26 2010 Winter COG rate and summarizes the Company's forecast of propane
27 sendout and propane costs. The estimated total cost of the forecasted propane
28 sendout from November 1, 2009 through April 30, 2010 is \$1,255,082. The
29 information presented on the tariff page is supported by Attachments A through E
30 which will be described later in this testimony.

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

- 3 1) The prior period under-collection of \$38,839 is added to the
4 forecasted propane costs. This calculation of the under-
5 collection is demonstrated on Attachment D.
6
- 7 2) Interest of \$2,378 is added to the forecasted propane costs.
8 Attachment C shows this forecasted interest calculation for the
9 period May 2009 through April 2010. The interest calculation
10 is based on the Wall Street Journal's posted prime rate.
11

12 The Non-FPO rate of \$1.3743 per therm is forecasted by taking the Total
13 Anticipated Period Costs of \$1,296,299 less the expected revenues anticipated
14 from the Fixed Price Option program of \$288,143 (sales of 215,000 therms
15 multiplied by the FPO price of \$1.3402 = \$288,143). The remaining Anticipated
16 Period costs of \$1,008,156 are then divided by the non-FPO forecasted firm sales
17 of 733,562 therms. The unit cost of gas sold for the Fixed Price Option Program
18 ("FPO") rate was established at \$1.3402 per therm.
19

20 **Q. Please describe Attachment A.**

21 A. This attachment converts the produced gas costs to therms. The 1,013,307 therms
22 represent propane sendout as detailed on Attachment B and the \$1.2428 per therm
23 cost represents the average cost per therm for the winter season as detailed on line
24 72 of Attachment E.
25

26 **Q. Please describe Attachment B.**

27 A. Attachment B represents the combined (over)/under collection calculation for the
28 2009 – 2010 winter period based on the anticipated volumes, the cost of gas, and
29 any applicable interest charges. As shown on line 5, total sendout is the weather
30 normalized 2008-2009 winter period firm sendout and Company Use. Firm sales
31 volumes shown on line 22 are derived from the weather normalized 2008-2009

1 winter period firm sales. On line 16, the Company has also included the anticipated
2 \$0.02 per therm FPO premium revenues as a credit to propane costs.

3
4 **Q. Are unaccounted-for gas volumes included in the filing?**

5 A. Unaccounted-for gas volumes are included in the firm sendout volumes on line 1
6 and are displayed on line 7 of Attachment B. The Company continues to
7 implement measures to improve losses on its system and is pleased to report that as
8 of June 30, 2009, the 12 month-to-date unaccounted-for percentage was 3.48%. In
9 previous periods, the 12 month-to-date percentage was 3.25% (2007-2008), 3.53%
10 (2006-2007) and 6.44% (2005-2006).

11
12 **Q. How is Attachment C represented in the COG calculation?**

13 A. Attachment C represents the COG interest calculation through April 2010. This is
14 calculated utilizing the prior period over-collection plus interest, and amounts to
15 \$2,378.

16
17 **Q. What is Attachment D?**

18 A. Attachment D is the actual (over)/under collection balance for the prior period
19 November 2008 through April 2009, including interest. The ending balance of
20 \$38,839 is included on line 1, column 1, of Attachment C. The Company attributes
21 this level of under-collection to higher than expected propane commodity costs
22 coupled with lower than expected billing sales in April 2009.

23
24 **Q. Please describe Attachment E.**

25 A. Attachment E projects the cost of propane in inventory through April 2010. This
26 attachment is important as the cost of propane sold includes pre-purchased propane,
27 spot market propane as well as propane withdrawn from storage.

28
29 **FPO AND NON-FPO CUSTOMER PROGRAMS**

30
31 **Q. Will NHGC offer a FPO program for the winter 2009-2010 COG period?**

1 A. Yes. NHGC again offered the FPO program for the Winter 2009-2010 COG
2 period. This program allows customers to lock in their cost of gas and enrollment
3 in the program is limited to 50% of the expected winter usage with allotments
4 made available for both commercial and residential customer classes. Customers
5 are accepted into the program on a first-come, first-served basis.

6

7 **Q. Will there be a premium applied to the FPO cost of gas rate?**

8 A. Yes. As approved in Order No. 24,516, Docket DG 05-144, the Company has
9 applied a \$0.02 per therm premium to the COG rate to the FPO COG rate. The
10 Company FPO enrollment period closed on October 19, 2009 and based on
11 historical usage of those customers who subscribed, the Company expects FPO
12 volumes of approximately 215,000 therms.

13

14 **Q. Please describe the pre-purchased propane.**

15 A. The Company has again implemented its Propane Purchasing Stabilization Plan
16 (the "Plan") as approved in Order No. 24,617, docketed as DG 06-037.
17 Attachment B-2 provides a synopsis of the prices and gallons of propane
18 purchased with respect to the Plan. The weighted average price of the 650,000
19 gallons procured under the Plan is \$1.074 per gallon, or \$1.173 per therm. This
20 price can be seen on line 5 of Attachment B-1, and includes commodity, PERC
21 and transportation costs.

22

23 **Q. How were spot market prices determined?**

24 A. The spot market costs per gallon of propane shown on line 13 of Attachment B-1
25 are the ClearPort propane futures settlement prices as of October 19, 2009, plus
26 brokers', pipeline and transportation fees.

27

28 **Q. How are NHGC customers be notified of the availability of the FPO
29 program?**

30 A. In a letter to customers mailed in late September 2009, NHGC customers were
31 advised of the program and how they can participate in it.

1

2 **Q. How will the winter 2009-2010 Cost of Gas Rate (“CGR”) for residential**
3 **heating customers participating in the FPO program affect the average New**
4 **Hampshire Gas Corporation customer?**

5 A. The winter 2009-2010 CGR of \$1.3402 for customers participating in the FPO
6 program is a decrease of \$0.9006 per therm from the winter 2008-2009 FPO CGR
7 of \$2.2408. To the average residential heat customer, this would be an (\$858.36)
8 decrease for the 2009-2010 winter COG period for the gas cost component of
9 their bill only, or a (40.2%) decrease. If the proposed Monthly Customer Charge
10 and per therm Delivery Rates are factored into the analysis, the average
11 residential heat customer will see a (\$671.52) decrease in their total costs for the
12 2009-2010 winter COG period, or a (22.6%) decrease.

13

14 **Q. How will the winter 2009-2010 CGR for customers not participating in the**
15 **FPO program affect the average New Hampshire Gas Corporation**
16 **customer?**

17 A. The Winter 2009-2010 CGR of \$1.3743 for customers not participating in the
18 FPO program is a decrease of \$0.3604 per therm from the average winter 2008-
19 2009 CGR of \$1.7347. To the average residential heat customer, this would be a
20 (\$395.09) decrease for the 2009-2010 winter COG period for the gas cost
21 component of their bill only, or a (23.9%) decrease. If the proposed Monthly
22 Customer Charge and per therm Delivery Rates are factored into the analysis, the
23 customer will see a (\$156.69) decrease in their total costs for the 2009-2010
24 winter COG period, or a (6.3%) decrease.

25

26 **Q. What is the primary reason for the decrease in the FPO per therm winter**
27 **COG?**

28 A. The primary reason for the decrease is lower market prices of propane versus the
29 winter 2008-2009 period.

30

31 **Q. What is the primary reason for the decrease in the Non-FPO per therm**

1 **winter COG?**

2 A. The primary reason for the decrease is lower market prices of propane versus the
3 winter 2008-2009 period.

4
5 **Q. Please describe Supplemental Schedule E.**

6 A. Supplemental Schedule E provides a billing comparison between a typical FPO
7 customer and a non-FPO customer. For the Winter 2008-2009 period, a typical
8 FPO customer's winter billing amounted to approximately \$482 more than a non-
9 FPO customer's winter billing. This is due to the fact that commodity prices
10 decreased significantly during the winter period.

11

12 **Q. Has there been any impact on pipeline or trucking fees on NHGC's cost of
13 gas?**

14 A. At the end of the 2008-2009 winter season, pipeline and trucking fees were
15 \$0.0915 per gallon and \$0.0575 per gallon "base rate" respectively. The
16 forecasted pipeline fee is \$0.1002 per gallon, an increase of 9.5%, and the
17 forecasted trucking fee remains at \$0.0575 per gallon (exclusive of the fuel
18 surcharge).

19

20 **Q. Does Northern Gas Transport ("NGT") impose a fuel surcharge to their
21 trucking rates?**

22 A. Yes. At the end of the 2008-2009 Winter COG period, NGT charged a "fuel
23 surcharge" rate of 14.5% from Selkirk, New York. NGT's current "fuel
24 surcharge" is 17.5%. The surcharge is calculated using the weekly average diesel
25 gasoline prices, and contributes to the increased trucking fees.

26

27

MISCELLANEOUS

28

29 **Q. Will the Company meet its 7-day onsite storage requirements pursuant to PUC
30 506.03?**

1 A. Yes. As discussed in a letter submitted to the Commission on March 22, 2004, the
2 Company is meeting its 7-day onsite storage requirements through an arrangement
3 with Northern Gas Transport, Inc. and The Berkshire Gas Company. The storage
4 facilities provided by The Berkshire Gas Company are located in Greenfield,
5 Massachusetts.

6

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

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

16

17 **Q. Does this conclude your testimony?**

18 A. Yes, it does.

19