NEW HAMPSHIRE GAS CORPORATION

DG 10-249

Second Supplemental Testimony of Jennifer 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 - Regulatory Economics for Berkshire.

Q. Have you previously submitted testimony in this proceeding?

A. Yes. On September 15, 2010, I submitted testimony in support of New Hampshire Gas Company's ("NHGC") Cost of Gas ("COG") rates for the winter period, November 1, 2010 through April 30, 2011. Subsequently, on September 30, 2010, I submitted supplemental testimony to request that the Commission allow the Company to suspend its Fixed Price Option ("FPO") Program for the 2010-2011 winter COG period as a result of an embargo at the Selkirk, NY terminal of the Enterprise TE Products Pipeline Company LLC ("Enterprise TE").

Q. What is the purpose of your supplemental testimony today?

A. The purpose of my second supplemental testimony is to explain the updated calculation of a single COG rate for NHGC customers to be billed from November 1, 2010 to April 30, 2011.

UPDATED COST OF GAS ADJUSTMENT

Q. Please update the calculation of the COG Rate on the proposed 43rd revised Tariff Page 24.

A. The proposed 43rd revised Tariff Page 24 contains the updated calculation of a single 2010 – 2011 winter COG rate and summarizes the Company's forecast of propane sendout and propane costs. The updated estimated total cost of the forecasted propane sendout from November 1, 2010 through April 30, 2011 is $1,663,142. The information presented on the tariff page is supported by Attachments A through E described in my initial testimony, as revised and updated where necessary in this Second Supplemental Testimony.

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

1) The prior period over-collection of ($26,933) is added to the forecasted propane costs. This calculation of the under-collection is demonstrated on Attachment D. This attachment has not changed from the initial filing

2) Interest of $1,641 is added to the forecasted propane costs. Attachment C has been updated to show the forecasted interest calculation for the period May 2010 through April 2011. The interest calculation is based on the Wall Street Journal's posted prime rate.

As explained in my Supplemental Testimony filed on September 30, 2010, NHGC is seeking approval to suspend its FPO Program for the 2010-2011 winter COG period as a result of an embargo at the Selkirk, NY terminal. Accordingly, the proposed single COG rate applicable to all customers is forecasted to be $1.6356 per therm, derived by taking the Total Anticipated Period Costs of $1,663,142 divided by the Total Projected Gas Sales in Therms for the period of 1,016,812.

Q. Please describe Attachment A, as revised.

A. Attachment A converts the produced gas costs to therms. The 1,067,818 therms represent propane sendout as detailed on Attachment B and the $1.5812 per therm cost represents the average cost per therm for the winter season as detailed on line

72 of Attachment E.

Q. Please describe Attachment B, as revised.

A. Attachment B represents the combined (over)/under collection calculation for the 2010 – 2011 winter period based on the anticipated volumes, the cost of gas, and any applicable interest charges. As shown on line 5, total sendout is the weather normalized 2009-2010 winter period firm sendout and Company Use. Firm sales volumes shown on line 22 are derived from the weather normalized 2009-2010 winter period firm sales. Line 16 has been revised to eliminate any FPO premium revenues for the coming period due to the proposed suspension of the FPO program for the upcoming winter.

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

A. As previously explained, unaccounted-for gas volumes are included in the firm send-out volumes on line 1 and are displayed on line 7 of Attachment B. As I stated in my initial testimony, the Company continues to experience improvements in system loss and is pleased to report that as of June 30, 2010, the 12 month-to-date unaccounted-for percentage was reduced to 1.66%. Compared to previous periods, this represents a significant reduction in unaccounted-for percentage level of 6.44% in the 2005-2006 timeframe.

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

A. Attachment C represents the COG interest calculation through April 2011. As updated, the interest is calculated utilizing the prior period over-collection plus interest, and amounts to $1,641.

Q. What are Attachments D and E?

A. Attachment D has not changed since the initial filing on September 15. Attachment D is the actual (over)/under collection balance for the prior period November 2009 through April 2010, including interest. The ending balance of ($26,933) is included on line 1, column 1, of Attachment C. Attachment E is a projection of the cost of propane in inventory through April 2011, and has been updated to reflect changes since the initial filing. Attachment E is important as the cost of propane sold includes pre-purchased propane, spot market propane as well as propane withdrawn from storage.

Q. Please describe the pre-purchased propane.

A. As explained in my initial testimony, the Company has again implemented its Propane Purchasing Stabilization Plan (the "Plan") as approved in Order No. 24,617, in DG 06-037. Attachment B-2 (which is unchanged from the initial filing) provides a synopsis of the prices and gallons of propane purchased with respect to the Plan. The weighted average price of the 700,000 gallons procured under the Plan is $1.3613 per gallon, or $1.4877 per therm. This price can be seen on line 5 of Attachment B-1, and includes commodity, PERC and transportation costs. However, due to embargo at the Selkirk NY terminal, additional costs for trucking the pre-purchased volumes will be incurred from Watkins Glen. The estimated incremental trucking and transportation costs are shown on line 7 of Attachment B-1.

Q. How were spot market prices determined?

A. The spot market costs per gallon of propane shown on line 13 of revised Attachment B-1 are the ClearPort propane futures settlement prices as of October 8, 2010, plus brokers', pipeline and transportation fees. For the months of November and December, these costs are adjusted in anticipation of receiving the volumes from the Watkins Glen, NY terminal, instead of the Selkirk, NY terminal.

Q. Explain the impact of pipeline or trucking fees on NHGC's costs of gas?

A. For November and December 2010, due to the embargo at Selkirk, NY, the Company anticipates sourcing its propane from the Watkins Glen, NY terminal. The pipeline fee at Watkins Glen is $0.093 per gallon, (compared to the forecasted pipeline fee of $0.1125 per gallon from Selkirk described in my initial testimony). However, the trucking fee from Watkins Glen to Keene is estimated to be an additional $0.12 per gallon due to its location approximately 165 miles away from Selkirk. Further, it is expected that there will be at least 6 hours of additional detention time for trucks at Watkins Glen, which equates to $0.04 per gallon on top of these other charges. These cost estimates are included in revised Attachment B-1, as well as revised Supplemental Schedule C.

Q. How were NHGC customers notified of the Company's request to suspend the FPO program for the coming winter?

A. A letter to customers was mailed by October 5, 2010 advising them of the Company's request, the current propane situation and ways to contact the Commission with comment.

Q. How will the winter 2010-2011 cost of gas rate affect the average New Hampshire Gas Corporation customer who participated in the FPO program last winter?

A. If the FPO program is suspended for the upcoming winter, as requested, a single winter 2010-2011 cost of gas rate of $1.6356 will be billed to all NHGC customers. Under the single rate, customers who participated in the FPO program last winter will experience an increase of $0.2954 per therm over the winter 2009-2010 FPO cost of gas rate of $1.3402. As demonstrated on Supplemental Schedule A, to the average residential heat customer on the FPO rate last winter, this would be a $275.31 increase for the 2010-2011 winter COG period for the gas cost component of their bill only, or a 22.0% increase. If the proposed Monthly Customer Charge, per therm Delivery Rates and surcharge are factored into the analysis, the average residential heat customer will see a $261.32 increase in their total costs for the 2010-2011 winter COG period, or a 11.6% increase.

Q. How will the winter 2010-2011 cost of gas rate affect the average New Hampshire Gas Corporation customer who did not participate in the FPO program last winter?

A. The Winter 2010-2011 cost of gas rate of $1.6356 per therm for customers who did not participate in the FPO program last winter will result in an increase of $0.1456 per therm from the average winter 2009-2010 cost of gas rate of $1.4900 per therm. As illustrated on Supplemental Schedule A-1, to the average residential heat customer who did not choose the FPO rate last winter, this would be a $135.66 increase for the 2010-2011 winter COG period for the gas cost component of their bill only, or a 9.8% increase. If the proposed Monthly Customer Charge, per therm Delivery Rates and surcharge are factored into the analysis, the customer will see a $121.67 increase in their total costs for the 2010-2011 winter COG period, or a 5.1% increase.

Q. What is the primary reason for these increases?

A. The primary reason for these increases is higher market prices of propane versus the winter 2009-2010 period, coupled with the Selkirk NY embargo.

Q. Please describe Supplemental Schedule E.

A. Supplemental Schedule E has not changed from the initial filing. Although NHGC is requesting approval to suspend the FPO for the upcoming winter, as required, Supplemental Schedule E is a billing comparison between a typical FPO customer and a non-FPO customer for the winter 2009-2010 period, showing that a typical FPO customer's winter billing amounted to approximately ($140) less than a non-FPO customer's winter billing.

MISCELLANEOUS

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

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

Greenfield, Massachusetts. In addition, Berkshire and NHGC have reached an agreement in principal to lease additional space at Berkshire's storage facility in Pittsfield MA due to the uncertainty surrounding the Selkirk embargo situation.

Q. Are there any other changes to your initial testimony?

A. No. As directed in Order No. 25,039, with its initial filing, NHGC submitted revised tariffs to implement new delivery rates to increase revenues by an additional $57,747 beginning November 1, 2010. NHGC requests approval of the revised tariffs as filed. As previously stated, the Company's rate case surcharge will be completed on October 31, 2010, and reconciliation of approved expenses and revenues related to the rate case surcharge will be filed prior to the 2011 Summer COG. Any remaining (over)/under-collection will be (credited) or charged to the COG.

Q. Does the Company renew its request for 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. For the reasons stated in my initial testimony, the Company is requesting a waiver of N.H. Code Admin. Rule Puc 1203.05.

Q. Does this conclude your second supplemental testimony?

A. Yes, it does.