NEW HAMPSHIRE GAS CORPORATION

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 Plan (D.T.E. 05-07) 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, 2008 to October 31, 2008. My testimony will also address the status of the collection of rate case costs, 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 33rd revised Tariff Page 25.

A. The proposed 33rd revised Tariff Page 25 contains the calculation of the 2008 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, 2008 through October 31, 2008 is $646,682. 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 under-collection of $22,149 is added to the

forecasted propane costs. This calculation of the under-collection is demonstrated on Attachment D.

2) Interest of ($799) is added to the forecasted propane costs. Attachment C shows this forecasted interest calculation for the period November 2007 through October 2008. The interest calculation is based on the Wall Street Journal's posted prime rate.

The unit cost of gas sold of $1.9720 per therm is determined by dividing the forecasted Total Anticipated Period Costs of $668,031 by the forecasted firm sales of 338,752 therms.

Q. Please describe Attachment A.

A. This attachment converts the produced gas costs to therms. The 355,105 therms represent propane sendout as detailed on Attachment B and the $1.8211 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 2008 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 2007 weather normalized summer period firm sendout plus the 2007 summer period Company use. Firm sales volumes shown on line 23 are derived from the 2007 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 were reduced to 3.44% 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 2008. The net cost of the prior period under-collection plus interest is also included on the tariff page.

Q. What is Attachment D?

A. Attachment D is the actual under-collection balance for the prior period May 2007 through October 2007, including interest. The ending balance of $22,149 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 2008. 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 2008 summer COG rate compare with last summer's COG rate?

A. The projected summer 2008 COG of $1.9720 is an increase of $0.4238 per therm from the average summer 2007 COG of $1.5482. As shown on Supplemental Schedules A and B, to the average residential heat and hot water customers, this would be a $71.51 increase for the summer 2008 COG period for the gas component of their bill only, which is a 27.4% increase. If the Monthly Customer Charge, per therm Delivery Rates and Deferred Revenues Surcharge are factored into the analysis, the customer will see an increase of $71.00 in their total bills for the period, a 15.4% increase.

Q. What is the primary reason for the $0.3750 per therm summer COG increase?

A. The primary reason for the increase is higher projected spot market prices of propane versus the summer 2007 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 of April 11, 2008, 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 2008 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 2007 Summer COG period, pipeline, PERC and trucking fees were $0.0748 per gallon, $0.005 per gallon and $0.0695 per gallon respectively. The pipeline and PERC fees are forecasted to remain the same, and the trucking fee has increased to $0.0739 per gallon.

<u>MISCELLANEOUS</u>

Q. Are there other adjustments to rates for the summer 2008 Cost of Gas period that should be considered?

A. Yes. Throughout the period leading up to the implementation of maximum delivery rates, Order 24,102 authorized the Company to defer on its books the monthly difference between the amount of the actual rates being charged to customers and the amount that would have been charged to customers under the maximum rates. These "Deferred Revenues" amounted to $192,417.69. The 36-month collection period for these Deferred Revenues commenced May 1, 2006 as approved in Order 24,617. Supplemental Schedule D provides the calculation of this surcharge, which amounts to $0.047 per therm for the summer 2008 COG period.

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 through February period (Attachment NHPUC-2). First, with regards to the estimated premium associated with securing the pre-purchased volumes, the Company believes that the less than $0.05 per gallon premium is reasonable based on commodity costs of greater than $1.00 per gallon. This premium represents approximately 3.0% 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, the analysis demonstrates that customers saved more than $150,000 over the November 2007 through February 2008 period. This is an ancillary benefit, as 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.

Q. Has the Company issued a Request for Proposal ("RFP") to potential suppliers for the 2008-2009 period?

A. Yes, the Company issued an RFP to potential suppliers on February 25, 2008, 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.