NEW HAMPSHIRE GAS CORPORATION

Direct 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.

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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 Berkshire's last base rate case (D.T.E. 01-56), in its Forecast and Supply Plans (D.T.E. 05-07 and D.P.U. 08-39), for approval of a gas supply contract with Coral Energy (D.T.E. 06-27) and in a filing to gain approval of an Alliance with Shell Energy North America (D.P.U. 07-31). I testified before the New Hampshire Public Utilities Commission on several occasions with regards to the seasonal Cost of Gas ("COG") filings.

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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 ("COG") to be billed from November 1, 2009 to April 30, 2010. My testimony will also address the status of the collection of rate case costs and other issues related to the winter period.

COST OF GAS ADJUSTMENT

Q. Please explain the calculation of the Cost of Gas ("COG") Rate on the proposed 38th revised Tariff Page 24.

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

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

1) The prior period under-collection of $38,839 is added to the forecasted propane costs. This calculation of the under-collection is demonstrated on Attachment D.

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2) Interest of $2,378 is added to the forecasted propane costs. Attachment C shows this forecasted interest calculation for the period May 2009 through April 2010. The interest calculation is based on the Wall Street Journal's posted prime rate.

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

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Q. Please describe Attachment A.

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

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Q. Please describe Attachment B.

A. Attachment B represents the combined (over)/under collection calculation for the 2009 – 2010 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 2008-2009 winter period firm sendout and Company Use. Firm sales volumes shown on line 22 are derived from the weather normalized 2008-2009 winter period firm sales. On line 16, the Company has also included the anticipated $0.02 per therm FPO premium revenues as a credit to propane costs.

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

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

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

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

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Q. What is Attachment D?

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

Q. Please describe Attachment E.

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

FPO AND NON-FPO CUSTOMER PROGRAMS

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

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

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

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

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Q. Please describe the pre-purchased propane.

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

Q. How were spot market prices determined?

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

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

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

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

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

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

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

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

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

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

winter COG?

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

Q. Please describe Supplemental Schedule E.

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

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

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

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

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

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.

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.